

# Keeping the Water On

Addressing rising water-bill debt during the COVID-19 economic crisis



A RISING TOGETHER POLICY BRIEF  
January 2021

## Keeping the Water On

Addressing rising water-bill debt during the COVID-19 economic crisis



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for a Better City



# **Agenda**

- **Background: The Challenge of Rising Water Bill Debt**
- **The Role of Bill Discount Programs**
- **Policy Solutions**

# The Challenge of Rising Water Bill Debt

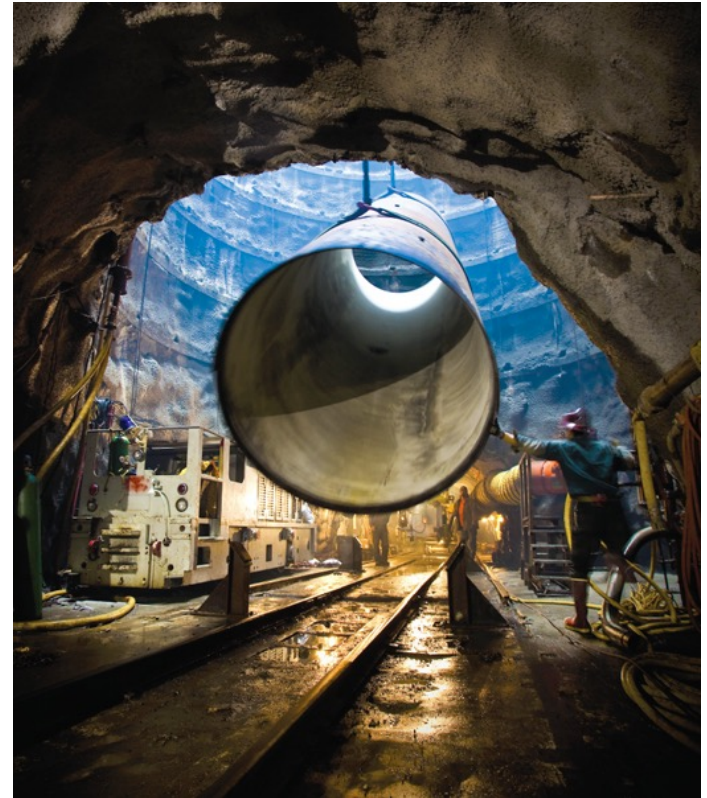


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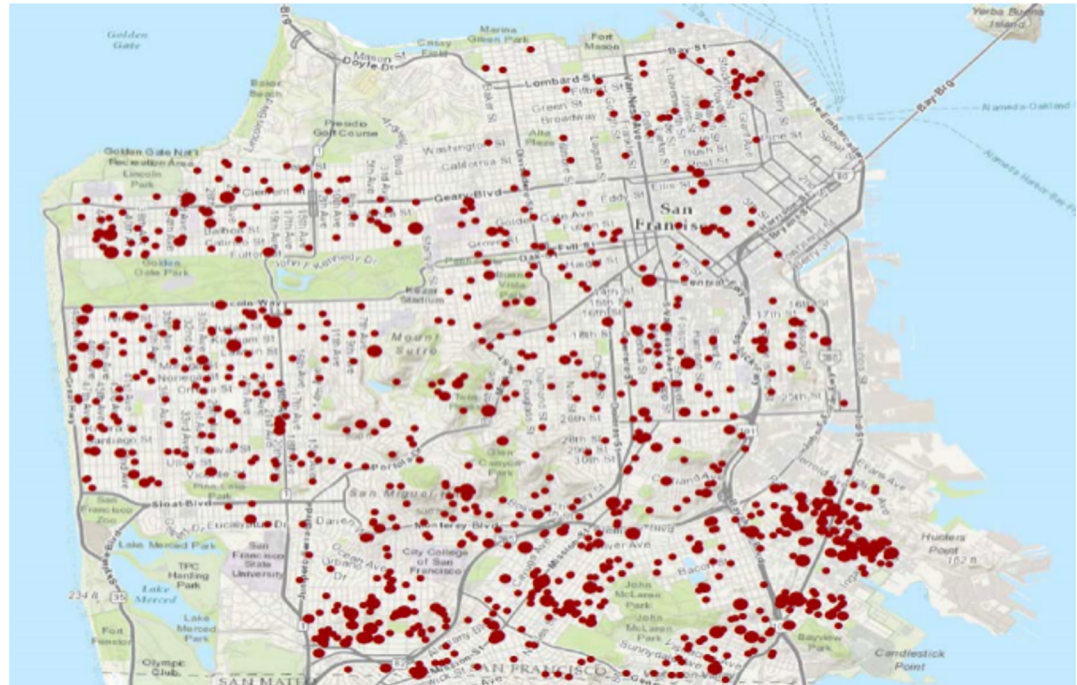
# The Challenge

- Water is essential for life and public health
- When customers fall behind on bills, they can be disconnected
- Water utilities rely on customers' bill payments to deliver safe drinking water
- Water utilities can't indefinitely accumulate debt



# Water Debt and Disconnections are an Environmental Justice Issue

- Governor Newsom issued a moratorium on water shutoffs April 2020
- Since the start of the pandemic, household water debt has ballooned to \$1 billion statewide
- Water debt and disconnections are more common in low-income communities of color



# QUESTIONS

# The Role of Bill Discount Programs



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# The Role of Bill Discount Programs

- Slow the rate at which customers accumulate debt
- About half of large U.S. water utilities offer a low-income assistance program
- All of the big three Bay Area water retailers offer low-income bill discount programs
- Usually low-income customers are offered shutoff protections if they are in good standing with the program



# Current Assistance Programs Fall Short

Income thresholds of 200% of federal poverty line are too low for the Bay Area  
(\$34,000 for a family of two)

Enrollment rates are extremely low.

- SFPUC: 4.5-7% of eligible customers
- EBMUD: 10-21% of eligible customers

# Why Are Enrollment Rates Low?

Water historically has been relatively inexpensive

The programs have historically had high barriers to enrollment

Public water agencies rarely share data with other social assistance programs

Lack of customer awareness: every utility has its own program

Proposition 218 limits public utilities' ability to fund assistance programs

# Best Practices

- East Bay Municipal Utility District offers assistance up to 300% of the Federal Poverty Line and a larger-than-typical discount
- San Francisco Public Utilities Commission eliminated shutoff and reconnection fees and is offering an emergency assistance program, with easier enrollment and eligibility up to 200% of Area Median Income
- San Jose Water shares data with PG&E and enrolls 50-60% of eligible customers

# QUESTIONS

# Policy Solutions



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# Arrearage Management and Shutoff Protections

- Offer arrearage management plans to customers with low incomes and those who have experienced a sudden loss of income.
- Customers in good standing with the arrearage management program should be exempt from shutoffs.

# Reduce fines and fees

- Reduce or eliminate water disconnection and reconnection fees for all customers

# Increase enrollment in assistance programs

- Simplify applications
- Share data with other social assistance programs
- Set an income eligibility threshold above the cost for basic needs in the utility's service area
- Expand outreach efforts to publicize the program

# Ideal Funding Mix for Water Bill Assistance

Federal stimulus funding provides one-time debt relief/arrearage management funding

Long-term state or federal funding provides some assistance for very low-income households (earning  $\leq 200\%$  of the Federal Poverty Line)

Water utilities with the worst affordability challenges supplement state or federal programs with their own revenue

- The capacity of public water agencies to offer robust assistance programs would be vastly improved with Proposition 218 reform

# QUESTIONS