

**Testimony of the National Consumer Law Center, on Behalf of Its Low-Income Clients
Before the House Committee on Appropriations
Subcommittee on Labor, Health & Human Services, Education, and Related Agencies**

FY 2023 Appropriations for the HHS Low Income Household Water Assistance Program

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Thank you for your leadership in helping low-income households stay connected to essential drinking water and wastewater service through your prior appropriations for the Health and Human Services Low Income Household Water Affordability Program (LIHWAP). In the recent past, LIHWAP received \$638M in appropriations in the Consolidated Appropriations Act of 2021, and an additional \$500M in the American Rescue Plan Act of 2021. A relatively new program, LIHWAP has already helped protect the health of vulnerable households and communities. LIHWAP also keeps homes habitable, thus preserving access to shelter and minimizing family disruption from the time and effort spent finding work-arounds for sanitation, showering, cooking, washing clothes or alternative living arrangements due to lack of drinking water and wastewater services. The need for additional funds for low-income household drinking water and wastewater assistance is urgent and timely. *Thus, we respectfully request that LIHWAP receive the maximum funding possible, along the lines of the prior LIHWAP appropriations, to protect the health, safety and well-being of low-income households facing water disconnections and growing water bill arrearages.*

Although access to affordable drinking water and wastewater services is essential to modern life, water service is unaffordable for many low-income households. One study found low-income households spend an average of 12.4% of their disposable income on water and

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sewer service.² While data on water and wastewater debts and disconnections are not regularly reported and are hard to obtain, recent reports³ suggest that the water affordability continues to be a severe problem. Water industry analysis of the revenue losses from suspending residential shut-offs and the increase in arrearages during the COVID-19 public health emergency were \$4.92 billion for drinking water systems and \$3.8 billion for wastewater systems.⁴ However, affordable water service had been a problem before the COVID-19 pandemic and remains a problem today. A 2020 analysis of water debt in 12 cities found that 1.5 million households owed \$1.1 billion in water debt.⁵ The US Water Alliance recommends a permanent national water assistance program as in the collective national interest to ensure everyone has access to clean water and sanitation.⁶

Households are currently reeling from record increases in energy prices⁷ coupled with increases in the costs of other essential necessities such as food and shelter⁸ – price increases that impact economically disadvantaged households the hardest. This year’s 12-month increases in energy costs have been amongst the highest increases in decades.⁹ At the same time, the 12-

² Manuel P. Teodoro & Robin R. Saywitz, “Water and sewer affordability in the United States: a 2019 update” *AWWA Water Science* (Apr. 14, 2020), 2020), <https://awwa.onlinelibrary.wiley.com/doi/full/10.1002/aws2.1176>.

³ E.g., Roger Colton, *The Affordability of Water and Wastewater Service in Twelve U.S. Cities: A Social, Business and Environmental Concern*, prepared for The Guardian (May 2020), available at <https://www.theguardian.com/environment/2020/jun/23/full-report-read-in-depth-water-poverty-investigation>.

⁴ NACWA, “Recovering from Coronavirus: Mitigating the Economic Cost of Maintaining Water and Wastewater Service in the Midst of a Global Pandemic and National Economic Shut-Down”, <https://www.nacwa.org/docs/default-source/resources---public/water-sector-covid-19-financial-impacts.pdf>.

⁵ Brett Walton, “Millions of Americans Are in Water Debt,” *Circle of Blue*, August 5, 2020, <https://www.circleofblue.org/2020/world/millions-of-americans-are-in-water-debt/>.

⁶ Mami Hara et al, “Making Water a Public Good: The Bigger Picture of Water Affordability”, US Water Alliance, <http://uswateralliance.org/sites/uswateralliance.org/files/Making%20Water%20a%20Public%20Good.pdf>.

⁷ See U.S. Bureau of Labor Statistics, News Release, Consumer Price Index – April 2022 (May 11, 2022), available at <https://www.bls.gov/news.release/cpi.nr0.htm> (hereafter, “May 11, 2022 CPI Release”); Ivan Penn, “Get Ready for Another Energy Price Spike: High Electric Bills”(rates have jumped because of a surge in natural gas prices and could rise rapidly for years) (May 3, 2022), available at <https://www.nytimes.com/2022/05/03/business/energy-environment/high-electric-bills-summer.html>.

⁸ Fn. 5, May 11, 2022 CPI Release.

⁹ Fn. 5, May 11, 2022 CPI Release; NEADA, “Energy Inflation Hits Lowest Income Families Hardest” (April 12, 2022), available at <https://neada.org/energyinflationpr/>.

month increase in the cost of food and shelter are also the highest increases in decades. Low-income households cannot escape these price increases, and must often face untenable choices between basic necessities.

Struggling low-income households are at risk of being disconnected from essential utilities because they do not have the savings or income on hand to afford their water and sewer bills. The Federal Reserve finds that 1 in 4 households were unable to pay their monthly bills in full or were a modest setback away from financial hardship. For households with incomes less than \$25,000 it's 1 in 2 households that are facing such hardship.¹⁰ A growing body of research is documenting the rise in household income volatility (the dramatic fluctuation of income over time) and the impacts on household well-being.¹¹ The Federal Reserve reports that 27% of lower income parents struggle with bill payments because of income variability.¹² When income is hard to predict, paying for necessities such as water service can be difficult, if not impossible, without help from programs like LIHWAP. LIHWAP is a targeted health and safety program that has been launched by 41 states and 56 Tribal governments, has helped over 150,000 households afford essential water service, and has helped over 91,000 households avoid a disconnection or reconnect to water service.¹³ The mission of LIHWAP – keeping households connected to critical water and wastewater services – is different from that of the Low Income

¹⁰ Board of Governors of the Federal Reserve, *Report on the Economic Well-Being of U.S. Households in 2021* (May 2022) at p.35, available at <https://www.federalreserve.gov/publications/files/2021-report-economic-well-being-us-households-202205.pdf>.

¹¹ See e.g., Federal Reserve *Survey of Household Economics and Decisionmaking* reports available at <https://www.federalreserve.gov/consumerscommunities/shed.htm>; The Aspen Institute Expanding Prosperity Impact Collaborative (EPIC) series on the issue of income volatility available at <http://www.aspenepic.org/epic-issues/income-volatility/>; Pew Charitable Trusts, *How Income Volatility Interacts with American Families; Financial Security* (March 9, 2017) available at <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2017/03/how-income-volatility-interacts-with-american-families-financial-security>.

¹² Board of Governors of the Federal Reserve, *Report on the Economic Well-Being of U.S. Households in 2021* (May 2022) at p.21, available at <https://www.federalreserve.gov/publications/files/2021-report-economic-well-being-us-households-202205.pdf>.

¹³ U.S. Department of Health and Human Services, “Low Income Household Water Assistance Program (LIHWAP)”, Fact Sheet, <https://www.acf.hhs.gov/ocs/fact-sheet/lihwap-fact-sheet>.

Home Energy Assistance Program (LIHEAP), which helps economically disadvantaged families to pay for home heating and cooling expenses. While both programs address vital human needs, each is distinct and requires interaction with different sets of service providers. Separate programs are needed, since it is beyond the scope of LIHEAP's statutory goal and design to address water affordability.¹⁴ Thus, LIHWAP must continue to operate as a distinct program and requires dedicated funds in FY 2023 to help low-income households facing water and wastewater disconnection remain connected to service.

We thank you again for your leadership in keeping low-income households connected to essential water and wastewater service and respectfully request that LIHWAP receive the maximum funding possible, along the lines of the prior LIHWAP appropriations, to protect the health, safety and well-being of low-income households facing water disconnections and growing water bill arrearages.

¹⁴ The President's FY 23 Budget Proposal recognizes the need for water assistance funds, but proposes an unworkable option of setting aside LIHEAP funds for water assistance.