



Recovering **Stronger**

Transforming Water Management Post COVID-19

The Path to Universally Affordable Water Access: Guiding Principles for the Water Sector



Preface

Water is essential to public health, but the standard, locally-reliant utility revenue model is a precarious way to fund such a fundamental public good. With rising infrastructure and pollution costs, exclusive reliance on local ratepayers places significant pressure on them—especially those who can't afford their water and sewer bills. Unaffordable water can have very real and harmful consequences, and those consequences become even more severe when water access is lost.

To date, most innovations in affordability, cost control, and customer protection have come from local leaders—and even more are needed. Eight cities in the US Water Alliance network heard that call to action in spring 2020 as the COVID-19 pandemic wreaked havoc on the economy, disrupting livelihoods, businesses, and all levels of government. With the support of the US Water Alliance, utilities and community partners in each city began a deep exploration of policies and programs that could move them away from the practice of shutting off service or imposing liens for low-income customers behind on their bills.

Each city is making real progress to safeguard water access. Collectively, their work also reveals a key insight: **the biggest wins are much larger than any single utility policy or program.** They lie in creating an environment and context in which water shutoffs for low-income people are not necessary in the first place.

Creating that context and cultivating our collective understanding of water and wastewater services as essential public goods will take collective effort. We hope that the insights and principles in this report support local leaders in their affordability and access efforts, while also inspiring the state and federal policymakers who have a significant role in ensuring everyone, regardless of income, has access to life's most essential resource.

One Water, One Future,



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Introduction

Universal water access is essential to public health, wellbeing, and dignity. When everyone can afford safe water and wastewater services, we all benefit—not just as individuals, but as whole communities, economies, and ecosystems. As the COVID-19 pandemic revealed, water access saves lives by preventing the spread of disease.¹ Research shows that for every dollar invested in expanding access to water and sanitation, the economy gains almost five dollars through benefits like increased productivity and reduced healthcare costs.²

Despite the importance of water access to society, the water utility sector’s business model hinges on individuals’ ability to pay for services, making it vulnerable to economic shocks. The almost full reliance on ratepayers can in some situations expose entire communities to public health and economic risks. Communities have been pushing for more equitable approaches to utility funding for years, and the pandemic, coupled with growing economic inequality, has underscored the urgency of a paradigm shift.

Providing reliable water and wastewater services is expensive. The range and costs of challenges utilities face, such as managing pollutants, flood risks, rising costs of supplies and workforce, and increasing regulation, continues to grow. Much of the country’s water infrastructure needs replacement due to age, population shifts, and climate change. Because of declining state and federal funding, customer rates have become the primary source of utility revenue. Income inequality and poverty are also on the rise, and many families are struggling with basic expenses. As water rates rise to cover the growing costs of operations, maintenance, and capital investment, they become unaffordable for low-income households. When customers do not pay their bills, water utilities use service shutoffs to enforce payment. Wastewater utilities do not shut off services for nonpayment, but some impose property liens and late fees. These measures are intended to promote payment, recoup revenue, and demonstrate financial responsibility to investors and rating agencies whose decisions impact utility borrowing costs.

However, using water shutoffs for low-income residents reinforces the idea that denying access to a life-sustaining resource is a reasonable response to poverty. **Water shutoffs are a divisive issue for the water sector because they reveal that the current system for funding water puts enormous pressure on both utilities and communities.** Utilities are under pressure to ensure regular payment from their customers because they depend on this revenue to operate and maintain their systems. However, shutoffs and liens pass on the pressure to individuals and have harmful effects on low-income communities’ health, finances, and housing security.

Under the current utility funding model, financial hardship among some ratepayers can effectively compromise the financial stability of the entire utility. An institution’s ability to deliver a public good should not be so subject to unexpected economic crises or sudden changes in individual payment behavior. **This model does not benefit utilities or communities, and it is not sustainable or equitable.**

Utilities and communities struggle to find common ground in the shutoffs debate. Utilities need to collect regular payments, and many believe that shutoffs are the most effective tool to do so. Communities need reliable access to water, but they do not always recognize the constraints on utility funding. **The current funding system makes it seem as if the needs of utilities and communities are in competition, when in fact both have the same goal: sufficient funding for universal, reliable, high-quality water services. The time has come to push past this debate and reframe it as an opportunity for collaboration.** For too long, the conversation has stalled over the question: “Should utilities use water shutoffs or not?” This question misses the broader root of the problem on both sides. How can utilities, communities, and policymakers work together to create an environment in which shutoffs for low-income families are not necessary?

About the Preventing Water Shutoffs Pilot

Advocating for structural change is a long and slow process, even with the recent investments the Infrastructure Investment and Jobs Act put in motion in 2021. In the meantime, utilities need more effective tools to maintain financial stability and protect water access. The disruption of the COVID-19 pandemic was an opportunity for utilities to reevaluate their practices and develop bold new strategies that protect all people's access to water and wastewater services, both during this crisis and for the foreseeable future. This is a critical first step that goes hand in hand with the larger goal of changing the structure of water funding in the United States.

To support the field in reevaluating collections practices, the US Water Alliance invited a group of forward-looking utilities to participate in a pilot project to develop alternative affordability practices. The Alliance developed this pilot project with the goal of demonstrating that utilities can move away from shutoffs for low-income families and reach financial stability using the resources at hand.

We convened teams in each city made up of utility staff and representatives from community-based organizations and social service providers serving low-income areas affected by shutoffs. Together, the teams explored a range of policies and approaches to prevent shutoffs for low-income residential customers. For 18 months, the Alliance worked with these teams to gather data, identify challenges and opportunities, and implement policy changes. To create a safe space for cities to engage and share with one another, the Alliance gave cities the option of being named as pilot participants or not. Eight cities in total engaged: Buffalo, New York; Cincinnati, Ohio; Louisville, Kentucky; Milwaukee, Wisconsin; Prince George's and Montgomery Counties in Maryland; San Francisco, California; and Seattle, Washington, among them.

Through the process, we learned that while utilities can make impressive progress towards affordable water access on their own, federal funding and legal changes are needed to fully achieve this goal. The participating utilities made great strides: they expanded customer assistance programs, transformed customer service, distributed relief funds, and explored new rate structures. These strategies were informed by the community organizations' deep knowledge of the challenges facing low-income people. This process showed that utilities can make progress on affordability while underscoring the need for more structural transformation in the sector.

Based on the learnings from the pilot, we propose a set of principles that utilities, along with other local partners, can use to guide their work on the affordability challenge.

For more specific policy and program recommendations, the Alliance has released a set of fact sheets with guidance on implementation. The following fact sheets contain more detailed policy recommendations and examples of affordability strategies that can be replicated:

- [Addressing Customer Debt](#)
- [Making Customer Assistance Programs Accessible](#)
- [Offering Engaged, Compassionate Customer Service](#)
- [Restructuring Rates for Long-Term Affordability](#)
- [Understanding Community Needs](#)

Insights from the Preventing Water Shutoffs Pilot

Water shutoffs have long been a contentious issue for the sector, yet little empirical data exists at the national or local level about shutoffs.

In most states, utilities are not required to collect or share data on the number of shutoffs they perform, and even where tracking is required, their metrics are not standardized. This means that it is difficult to understand who is being shut off, how they are affected, and how the practice affects utility finances. The lack of data is an obstacle to creating effective policy responses to shutoffs. Without knowing how many and which people experience shutoffs, utilities cannot effectively budget for assistance. Without conducting qualitative research to understand *why* people do not pay their bills, utilities risk spending time and money on programs that may not work.

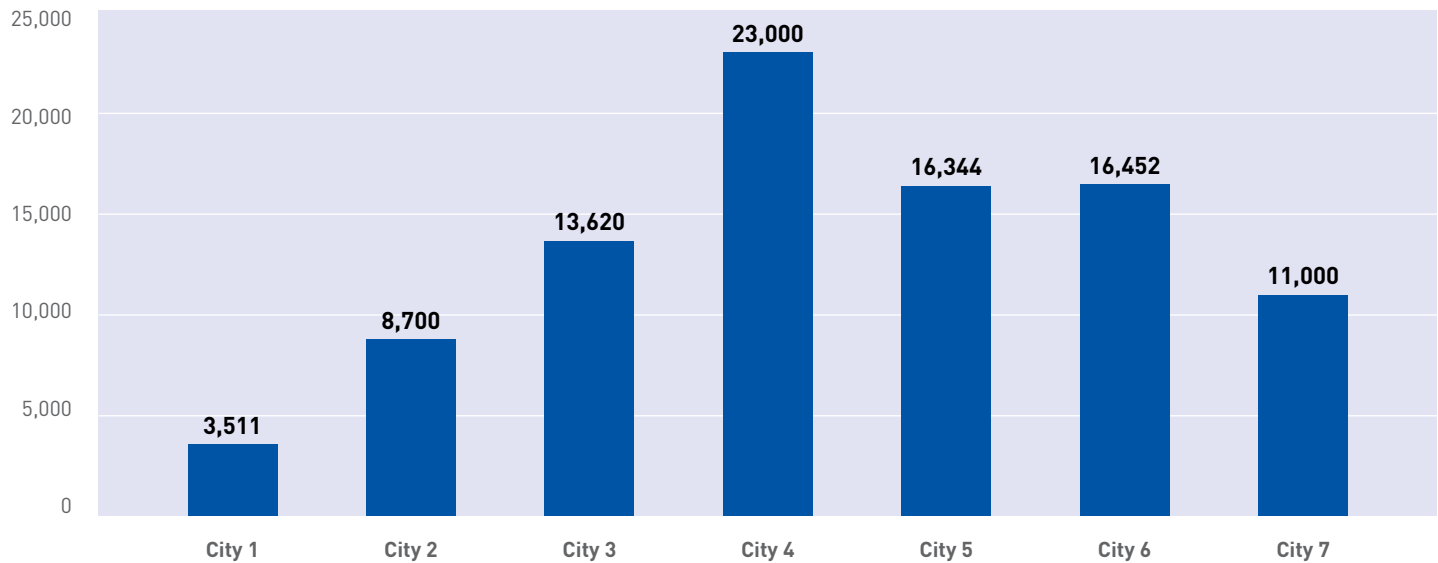
In the absence of data and analytics, policymaking is influenced by assumptions and impressions rather than empirical evidence about customer circumstance, intent, and behavior. Utilities in the sector often state concern that without water shutoffs, wide swathes of customers would stop paying entirely, wealthier people would take advantage of the situation, and the utility's financial model would be undermined. This concern stems from the perception that a significant portion of unpaid bills are due to customers choosing not to pay rather than being unable to pay.

These assumptions have not been empirically proven. They are not unfounded, but the burden of proof should be on utilities and water sector associations to show that this phenomenon is widespread enough to outweigh the essential water and wastewater service needs of low-income people. While there has not been sufficient research on this topic in the water sector, research from other sectors shows that punitive consequences are not an effective motivator, suggesting that when people do not repay bills it is because they cannot afford to. A recent study on parking ticket debt found that payment plans with no punitive consequences or fees had higher repayment rates than those that did.³ Assumptions about payment behavior risk understate the harm that shutoffs cause to low-income people by implying that they primarily affect bad actors.

To shed light on the dimensions of the shutoffs crisis and confront common anxieties about payment, the cities participating in the Preventing Water Shutoffs Pilot started the project by compiling local data on shutoffs and water debt. Utilities investigated the number of shutoffs, levels of debt, spatial distribution of unpaid bills in their city (pre- and post-pandemic), and the effectiveness and reach of existing assistance programs. Community-based organization (CBO) partners evaluated this data and contributed demographic and qualitative data on the communities they serve. While there are geographical differences, several common threads emerged. The following observations are drawn from data analyses shared by the utilities and community-based organizations across eight cities.

Note: *Different organizations use different metrics and scales to collect data. Each city shared slightly different data points, and not all eight cities are represented in the figures and charts. Most of the cities included data from 2018-2021, with some going several years earlier. This is not a quantitative analysis, but a high-level summary of the observations in the participating cities based on their analyses.*

Figure 1:
Annual Number of Shutoffs or Liens by City, 2018–2019



Shutoffs were a crisis before the COVID-19 pandemic. While water debt skyrocketed in 2020 at the start of the COVID-19 pandemic, water affordability had already been a crisis. Many of the pilot cities had high numbers of shutoffs (or liens) in the years before COVID, from several thousand to more than 20,000 accounts being shut off annually. This means that tens of thousands of people were living without running water and sanitation for days or months. During the pandemic, some utilities had as many as 40,000 unpaid accounts.

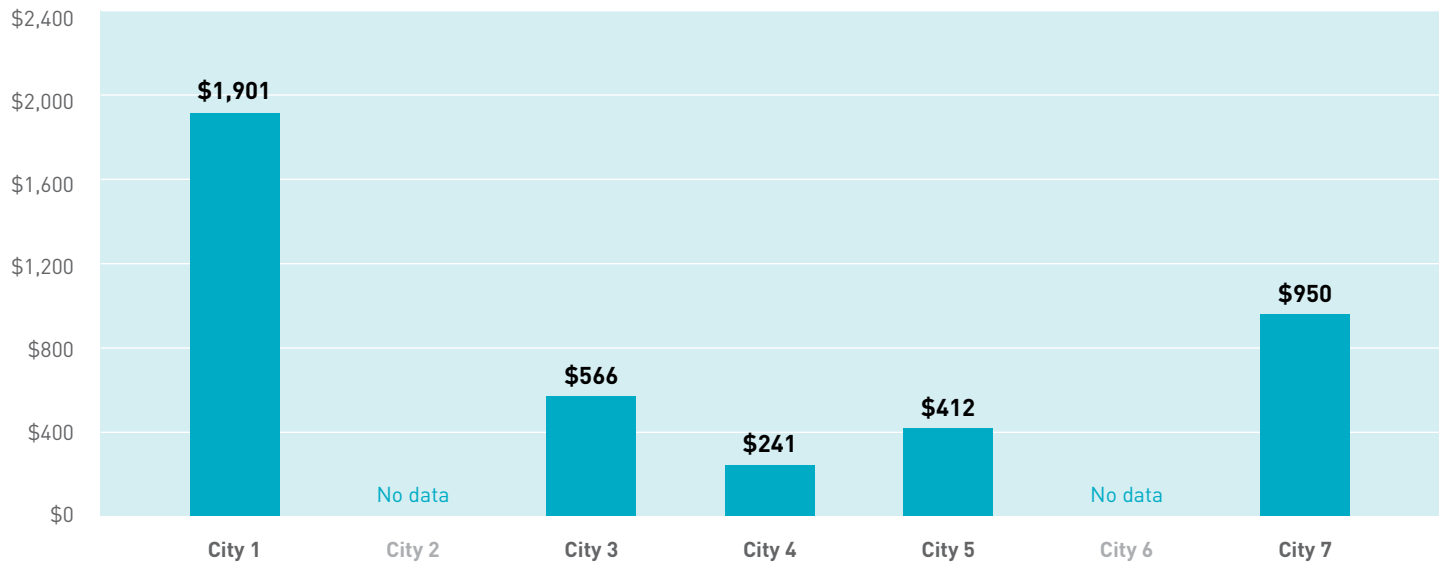
Shutoffs and water debt cluster in low-income areas, suggesting that they are primarily caused by inability to pay.

The cities that mapped the distribution of shutoffs and liens before the pandemic found that they were clustered in low-income, high-poverty areas. Some of the cities compared the distribution of shutoffs to other equity indicators like urban heat islands, air quality, and unemployment, finding that they overlapped. Other cities found that the neighborhoods that were affected by historical redlining and segregation have high numbers of shutoffs. The data from several cities also suggests that this is a racial justice issue, with communities of color experiencing higher instances of shutoffs than majority white communities.

Looking at data on water debt during the pandemic, the cities found that low-income neighborhoods continued to be heavily affected, with the numbers of unpaid bills rising dramatically. Some also saw a higher incidence of arrears in middle- and higher-income areas. Several of the utilities in the pilot refer to these demographics as the “newly in need”—households that had not experienced financial distress pre-COVID but that saw their financial situation change due to job loss or illness during the pandemic. Other utilities explained that even middle-class people in their cities live paycheck to paycheck because of the high cost of living and that this was exacerbated by the pandemic.

Arrearages in higher-income neighborhoods generally represented a small share of overall water debt during the time that shutoff moratoriums were in place. Of course, there are higher-income customers who forget to pay their bills or decide not to when the consequences of nonpayment are suspended. But the numbers did not suggest that the wealthy stopped paying their bills en masse during the pandemic. Considering that these moratoriums were put in place during a catastrophe in which millions faced economic uncertainty, the number of customers who continued to pay regularly suggests how strongly they value water services.

Figure 2:
Average Water Debt by City



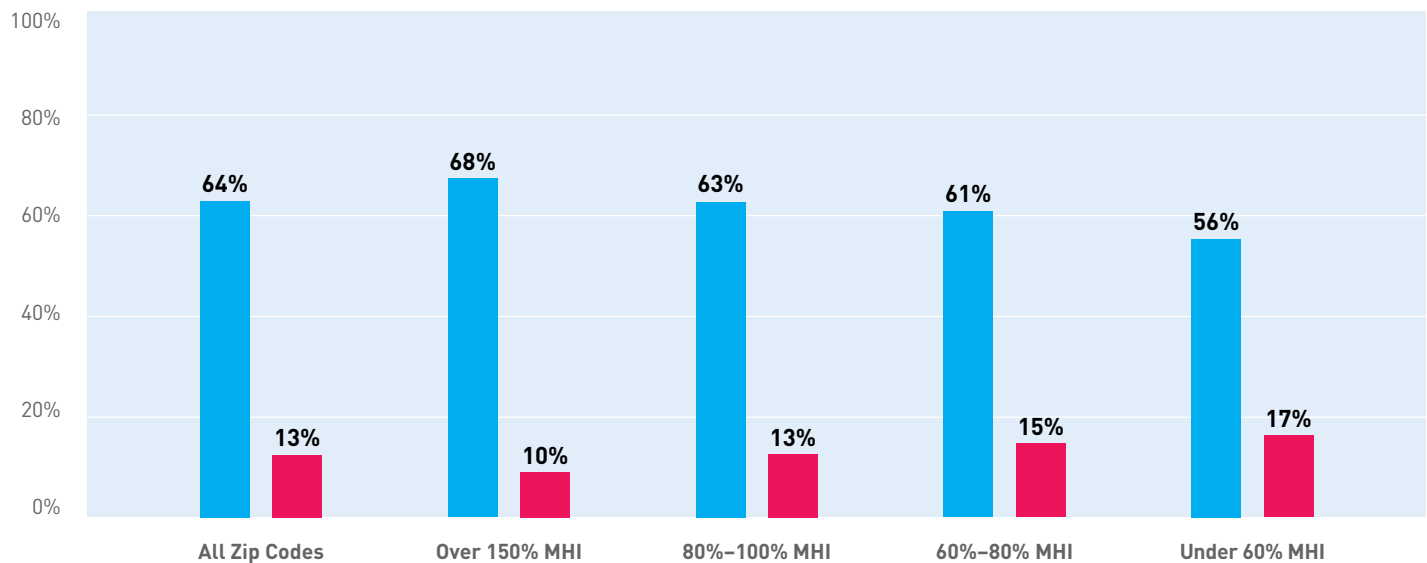
Some water debts are higher than what low-income households can realistically pay back. Average unpaid water bills ranged across the cities from \$200 to almost \$2,000. Some cities also had extremely high outlier debts, with some accounts reflecting over \$50,000 in arrears. COVID relief funds and payment plans will be very useful for helping customers with debts in the low hundreds get back on track with their bills. But larger debts, in the thousands or tens of thousands of dollars, may be higher than what low-income people can realistically pay back, especially while continuing to pay future bills on time. The partner organizations in the pilot project shared that the communities they work with are still facing extreme financial distress related to the pandemic as shutoff moratoria lift, including continued unemployment, rent debt, and the threat of eviction. Payment plans alone—if they do not include robust debt forgiveness as an incentive—may not be sufficient to help struggling customers get up to date. Very high arrearages are often due to leaks and accumulations of punitive charges, and they can be addressed through leak abatement and debt forgiveness programs.

Some households experience repeated shutoffs, suggesting an ongoing inability to pay. In many of the cities, 10–15 percent of accounts that were shut off had experienced a service shutoff in the past. In one city, this number was almost 20 percent. Another city found that 80 percent of accounts that had their bills transferred to the tax rolls had been transferred before. These households are likely experiencing ongoing financial struggles, and they may be living without other essentials to get their water turned back on. The community partner organizations shared that many people in the communities they work with are constantly juggling bills and putting whatever money they have towards the most urgent cost—for example, paying rent and not water to avoid eviction, or paying enough of the water bill to avoid a shutoff but losing internet access for the month. From the standpoint of utility finances, repeated disconnections show that shutoffs are not working to incentivize payment in these cases.

Figure 3:

Percentage Distribution of Short & Long Shutoff Lengths by Median Household Income (MHI), 2019

■ % less than one day
■ % greater than seven days



Note: Data reflects one of the eight cities who participated in the pilot. City-specific data has been anonymized.

Though most shutoffs are resolved within one day, low-income households are more likely to experience longer shutoffs.

The cities found that most accounts that are shut off are reconnected within a day. This could suggest that shutoffs work to incentivize payment, but further research is needed to understand the kinds of tradeoffs that people are making to reach the minimum payment for reconnection. Several community-based organizations and social service providers partnering with utilities in the pilot flagged that low-income customers may be foregoing other necessities or taking out predatory loans. There are also shutoffs that last for days, weeks, or months. In some cases, accounts that are shut off are never reconnected, suggesting that households are going without water services or abandoning their accounts because they cannot pay. In one city, accounts that are never reconnected make up about 20 percent of shutoffs. This is a dire outcome for customers, who will have difficulty connecting utilities in a new home. It doesn't serve utilities, either: they end up writing off some of this debt.

In the cities that track this metric, lower incomes correlate to higher instances of shutoff times longer than a week. One city found that communities of color had longer shutoff times than predominantly white areas: shutoff times were four times longer in majority Black census tracts than majority white census tracts. In majority Latinx census tracts, shutoffs were three times longer than in majority white census tracts.

This disparity reveals the likely risk of using punitive measures, effectively denying services to people in poverty. It is particularly alarming that some households remain without water for months at a time, because of the potential risks to health and quality of life. Community partners have shared that people experiencing long shutoffs rely on strategies like filling buckets of water at neighbors' homes or buying bottled water because it costs less than the minimum payment required for reconnection. They also shared that in some cases, people with medical devices that require water faced health risks when they could not afford reconnection.

Customer assistance programs are not reaching those in need. Customer assistance programs (CAPs) have the potential to address the cost burden on low-income people. But most of the cities that track enrollment data in CAPs found that less than 2.2 percent of income-qualified customers are enrolled in assistance programs (including amnesty and payment plans)—leaving about 98 percent of qualified customers without assistance. There was one exception: in one city, close to 50 percent of eligible customers are enrolled in assistance programs. Even when people do enroll in CAPs, funding may not be sufficient to make water affordable. In some cases, CAP customers still experienced shutoffs, and some even have longer shutoff times than non-CAP customers.

Community-based organizations offer insight into the causes of shutoffs. In some cases, utility data can help explain the cause of shutoffs. For example, if arrearages are reduced when utilities move to monthly billing, it suggests that quarterly bills are difficult to budget for. However, in other cases, the data did not clearly indicate a possible cause. The CBO partners provided more context to help explain how households get to the point of shutoff. They identified several factors that may be relevant to why shutoffs occur: lack of affordable housing, lack of living wage jobs, mental health challenges, medical expenses, prioritization of other needs such as rent or food, and lack of knowledge about available assistance programs. In one of the participating cities, recent research found that **some low-income residents have no disposable income after housing and other basic expenses are paid.** In another, CBO partners shared that for some low-income households, the pandemic stimulus checks were the first time they ever had disposable income. These details put water debt in perspective and help shed light on why people do not pay their water and wastewater bills.

These findings dispel some of the assumptions and anxieties that inform affordability policies. They demonstrate that water debt is a widespread, chronic challenge that began before the pandemic. They suggest that while shutoffs may effectively pressure some customers to pay, they put vulnerable people at serious risk, creating situations where people live without running water for months because they cannot afford to get reconnected—or risk losing their homes. The next section discusses how to approach affordability policy with these insights in mind.

In addition to the principles below, utilities should set up systems to collect and analyze data on shutoffs, liens, and water debt. The US Water Alliance’s [guide on data collection for affordability policy](#) provides more guidance on how to approach data collection, partner with community-based organizations, and incorporate qualitative data.

Principles for Affordability Policies

The pandemic underscored how essential water access is to public health. Now that many moratoriums have lifted and disconnections have resumed, millions of people are once again at risk of losing access to a life-sustaining resource. The past few years have also seen a historic shift in water infrastructure funding, with the federal government taking on greater responsibility for funding water infrastructure improvements and supporting low-income assistance programs. While this funding is not enough to solve the affordability challenge, it signals the potential for structural change in the water sector. Utilities can act now to move beyond using shutoffs and liens to enforce payment, while also pushing for nationwide changes to water funding.

This report offers guiding principles for utilities to create equitable affordability policies and prevent shutoffs. These principles are intended to inform utilities' approaches to addressing affordability.

- 1. It is in our collective national interest to provide sustainable water to all people. *Utilities can lead the way and practice balancing financial concerns with universal water access.***
- 2. Change is bigger than your city. *Join the nationwide movement to fund water as an essential, public good.***
- 3. Water is essential to our survival, health, and dignity. *Build a utility and community-wide culture grounded in support, compassion, and collaboration.***
- 4. Communities know their own needs. *Gain insight and extend capacity through partnerships with community and social service organizations.***
- 5. Water is just one of many bills and costs. *Connect water affordability to housing, energy, and other equity challenges.***
- 6. When you reach 10 percent of those in need, you leave 90 percent behind. *Focus on policies that support everyone.***

For more guidance on implementation, the US Water Alliance has also released five fact sheets on shutoff prevention strategies. To access these, please visit our [website](#).

1. It is in our collective national interest to provide sustainable water to all people.

Utilities can lead the way and practice balancing financial concerns with universal water access.

When the US Water Alliance launched this pilot project, the utility leaders that joined shared powerful stories about how they formed their commitment to universal water access. They talked about making customer outreach calls and hearing fear in people's voices discussing how they were going to pay bills. They described looking at maps of shutoffs and seeing how they overlap with poverty, historical segregation, and environmental hazards. Some shared anecdotes about senior citizens who had to carefully strategize each month to cover their bills—and decide whether to buy food or pay the water bill. Others mentioned friends and family members who did not ask for help with water debts because of the stigma of poverty. Some community members were so accustomed to being punished for poverty that they refused to accept COVID relief funds because they could not believe they would not have to pay them back later.

Again and again, utility leaders shared that they embraced their critical role in ensuring the health and wellbeing of their communities and wanted more options to relieve the water stress faced by their customers. As one participant put it: "In the past, we would say that if people can't pay, it's their problem. Now we know that it is our problem and our responsibility to help." Utilities are shifting their practices to recognize that customers generally do want to pay, and that if they're not paying it indicates that they probably need assistance. This shift brings utilities' actions into alignment with their stated values of equity and in some cases, the human right to water.

Water utilities serve a vital function in society. They provide a service that is essential to survival: a recent study found that utility shutoff moratoria during the pandemic correlated to lower COVID-19 infection and mortality rates.⁴ Water challenges harm the whole country, not just individuals: the US economy loses more than \$8 billion per year to costs related to inadequate water and sanitation access.⁵ The United Nations recognizes safe drinking water and sanitation as human rights. Shutoffs are intended to make it possible for utilities to continue providing services to everyone by enforcing the payments that fund their services. But they also restrict access to water for vulnerable people who have no other options, and this is an unacceptable compromise. Policymakers at all levels of government and utilities have the responsibility to make rates more affordable for low-income customers or create safety nets for people who cannot afford them. Like the participants in the pilot, the water sector should recognize affordability policies as central to utilities' mandates, not as an optional component of their work or a charitable venture.

This is also critical because shutoffs are a racial and economic justice issue. According to a recent analysis of the American Housing Survey, utility disconnections are disproportionately experienced by Black, Native American, and mixed-race households, and Black households that receive a shutoff notice are twice as likely to be disconnected as white households that receive a notice.⁶ Shutoffs for low-income people also reflect the criminalization of poverty, a dynamic that responds to inability to pay with policies like fines and fees.⁷ Many residents who have water debt are also paying off parking tickets, court fees, and other charges. These cumulative debts undermine communities' financial stability.

Utilities can make a commitment to stop using water shutoffs, property liens, and fees in response to inability to pay among residential customers and create affordability policies that reach all people in need. This sets the agenda for the individual utility as well as signals the shift from punitive to supportive practices to the rest of the water sector. It can also improve morale among utility staff, allowing them to reflect their values in their work. While utilities may not have the ability to take these steps immediately due to financial, political, or legal challenges, naming them and planning a timeframe for implementation helps ensure that interim strategies do not lose sight of the end goal.

For example, the utilities participating in this pilot have committed to preventing shutoffs for low-income households and are actively implementing policy changes to make this possible. They recognize the barriers to universal water access, and they are advocating within their cities and at the state and federal levels for changes that would enable them to provide more protections for low-income people.

2. Change is bigger than your city.

Join the nationwide movement to fund water as an essential, public good.

The system for funding water services in the United States is not working well for anyone, and a collective effort is needed to change it. Currently, the pressure to balance costs and affordability falls entirely on utilities—and on individuals when they are unable to pay. As a result, it is difficult for utilities to raise rates to cover necessary system investments without causing harm to low-income people. Many utilities may recognize that this situation is not sustainable, but they feel constrained in their ability to push back because the services they provide are so critical. Further, they face concrete consequences if they cease shutoffs and lose revenue, like impacts to credit ratings and higher costs for borrowing. Many utilities also face statutory constraints on their ability to implement effective affordability programs, along with the possibility of expensive legal challenges to those programs. As a result, utilities continue to pass on the pressure of rising costs to all rate-payers, sometimes with assistance programs that largely prove ineffective in protecting the vulnerable.

Some utilities may be able to balance affordability and revenue on their own, especially if they serve wealthy areas and have large budgets. But even if a few individual utilities make progress on affordability, this does not solve the larger problem within the sector, and it leaves behind utilities that do not have the budget or capacity to address affordability effectively. These utilities and their communities should not have to face the consequences of this untenable system or push for change alone. Utilities can join forces to advocate for increased state and federal funding for water and change laws that restrict policies like debt forgiveness or customer assistance. An individual utility that pushes back faces individual consequences, and their ability to survive those consequences depends on their budget.

But a movement of utilities can drive structural change. Without this focus on the collective, lower-income and rural areas will be disproportionately harmed by affordability challenges.

Solving affordability requires a combination of local utility policy change **and** increased federal and state support. One or the other alone will not be sufficient. This is the right time to reframe the affordability challenge. The past few years have signaled a bipartisan willingness to return to providing significant federal investment in water infrastructure. After concerted efforts by communities, utilities, water sector associations, and equity organizations, the federal government has committed billions of dollars to water infrastructure, including a federal low-income assistance program for water. This new funding is not sufficient to meet the need, but it shows that working in coalition is an effective means to change funding structures. Alongside their efforts to directly serve low-income communities, utilities can join forces with an array of organizations pushing for equitable access to public goods.

3. Water is essential to our survival, health, and dignity.

Build a utility culture grounded in support, compassion, and collaboration.

The COVID-19 pandemic reinforced what community activists already knew: that water access is a life-or-death issue. The utility model relies on collecting regular payments from all customers. But doing so in the context of an unprecedented public health and financial catastrophe highlighted for many utilities the need for humanity and changes to their approach. Many utility leaders refused to press struggling families for payment during the pandemic. For utility customer service staff, having to deny aid to people in need because of issues with their paperwork was demoralizing and stressful. This experience during COVID also highlights how untenable this system is for people under “ordinary” circumstances of poverty, housing instability, and climate change. Utility leaders and staff want to work in a system that allows them to follow their instincts for compassion and support.

While they advocate for structural challenges, utilities can also change their internal culture, particularly as it relates to customer service. Customer service can move from a singular focus on collecting payment and punishing non-payers to finding innovative ways to provide services to people who can't pay. This means challenging the idea that punishment is an acceptable response to inability or failure to pay. Shutoffs, liens, fees, and newer strategies like flow restrictors stem from the idea that customers have the money but will not pay until they are compelled by discomfort. However, the utility data shows that many shutoffs are not resolved for weeks or months. It is difficult to imagine that anyone with the money to get their water reconnected would choose to live in such conditions.

Utilities can also examine how affordability programs unintentionally reinforce the stigmatization of poverty. Assistance programs are often designed with the mindset that fraud is a serious concern and that barriers are needed to weed out people taking advantage of the program. There is not enough research on assistance fraud in the water sector to back this up. Studies of other low-income assistance programs suggest that fraud is uncommon; for example, the fraud rate is about 1.5 percent for SNAP benefits⁸ and two percent for unemployment insurance.⁹ There is also research showing that extensive means testing does more harm than good: administrative issues and red tape are some of the biggest barriers to participation in federal assistance programs.¹⁰ Utilities should consider lowering the barriers to assistance to allow more people to benefit, even if it means a few bad actors may benefit as well. **As one participant in the pilot put it, “the risk of accidentally harming someone who needs help is greater than the risk of accidentally benefitting someone who doesn’t.”**

Finally, utilities should recognize that policies like shutoffs have damaged community trust in water systems and take steps to rebuild it. When many people's main interaction with the water utility is through collections and shutoffs, they are not likely to view it as an institution they can turn to for support. This makes it harder for utilities to get assistance to those who need it, and it damages other aspects of utility operations, like gaining community support for new construction projects.

4. Communities know their own needs.

Gain insight and extend capacity through partnerships with community and social services organizations.

To create effective affordability policy, utilities need a better understanding of the conditions in which their low-income customers are living. Of course, utility staff come from different communities and may have experienced poverty themselves, but it is important to build the capacity of all staff to understand the needs and constraints that prevent customers from paying. Utility staff are usually not trained in communicating with communities. In standard engagement processes, it is often wealthier constituents that are present and vocal, so utilities may feel that they are hearing from their customer base when they are only hearing from those vocal subsets. Hiring and developing leadership from impacted communities are crucial, as are data, research, and relationships. Utilities also need to build partnerships with community-based organizations (CBOs) in neighborhoods that are heavily impacted by shutoffs. Like customer assistance, community partnerships are often treated as an added benefit instead of a necessity for responsibly creating policy.

These partnerships are mutually beneficial to utilities, CBOs, and communities. They help CBOs understand how to effectively advocate for change in water policy. Communities and CBOs are not always familiar with the details of how utilities work and the challenges or constraints they face. These partnerships build understanding on both sides, allowing for more effective advocacy. For example, it is not productive for a CBO to focus their energy on advocating for their utility to create a debt forgiveness program if it is illegal in their state. If the CBO and the utility have a working relationship, they can discuss possible workarounds for debt forgiveness instead, or work together to advocate to change the state law.

Ensuring equitable water access is a complex process, and utilities can't do it on their own. They need to build trusting partnerships with communities and grassroots organizations. Utilities can begin to build trust by communicating transparently about the constraints they face in stopping shutoffs and the steps they are taking to get there. Utilities can partner with community organizations to collaboratively design affordability programs, giving them a real voice in decision-making. Once these policies are in place, community-based organizations can help spread the word about new policies and programs and create feedback mechanisms. Community organizations should be compensated for their work with utilities.

Engaging with communities also helps utilities understand the conditions that low-income customers face, allowing them to develop more effective alternatives to shutoffs in response. People who trust their water providers are more likely to support rate increases, bond measures, and other opportunities to generate revenue. In the long term, utilities can build trust by encouraging community participation in processes like planning infrastructure investments, setting rates, designing assistance programs, and by changing workforce development practices to ensure that their staff are representative of the communities they serve.

Partnerships with social services organizations can be particularly helpful for affordability and assistance programs, because these organizations administer other assistance programs like LIHEAP and have a good understanding of how they work. These types of organizations generally have established partnerships with energy utilities and the capability to qualify and enroll people in programs. Water utilities can learn from the partnerships and replicate them.

5.

Water is just one of many expenses.

Connect water affordability to housing, energy, and other equity challenges.

The water affordability crisis does not exist in a vacuum; it is one of many facets of poverty and inequality like housing, energy, transportation, and food. Water utilities aiming to address affordability should understand the full context in which their low-income customers live, as well as how their living conditions affect their access to water and ability to pay bills. A bill increase that seems reasonable when considered on its own may push households into debt as they struggle to balance rising rent and energy bills. To understand what their customers are dealing with, water utilities should build collaborative relationships and alliances with sectors focused on access to housing, energy, food, and other necessities.

Homes need to have reliable, affordable access to water to be considered safe and livable. Although the water and housing sectors have traditionally not worked closely together, collaboration would be beneficial to both. Water affordability challenges can lead to the loss of housing in several ways. In recent years, community activists have brought attention to the fact that water shutoffs can lead to children being removed from their families, as their homes are not considered safe without running water. Liens placed on homes for unpaid water bills can result in foreclosure. Water debt can also be grounds for eviction in some cases, including in subsidized housing. Water debt or a history of shutoffs can make it harder for people who have been evicted to secure new housing. They may be rejected by landlords or be barred from opening new utility accounts when they move. People living in unofficial housing situations like unregistered rental units also face unique challenges, such as being overcharged for water by unscrupulous landlords. While they are not the only factors, unaffordable water bills, along with other costs, contribute to housing instability and homelessness. Partnering with organizations that have expertise on housing allows utilities to create stronger protections for low-income people and ensure that their policies correspond to the housing challenges in their cities.

Energy is also closely tied to water affordability. Water bills may be very low in a given city, but if energy bills are high people will struggle to afford both. Energy costs may fluctuate more than water, as heating and air conditioning use changes from season to season. Utilities should keep this in mind as they observe water debt patterns. In some cities, it is common for households to experience simultaneous water and power shutoffs, exacerbating the associated risks and consequences of both. Energy utilities also differ from water utilities in instructive ways; they have an easier time reaching renters because renters typically have direct accounts with energy utilities, while many renters pay for water as an add-on to rent. Energy utilities have experience working with federal assistance programs and can share lessons learned to inform the water utility sector on how to deploy federal assistance dollars. Water and energy utilities would both benefit from working together because their affordability challenges are similar and can sometimes be addressed in similar ways. In some communities, energy utilities are already partnering with local CBOs to disburse assistance funds and can share lessons learned with water utilities.

6. When you reach 10 percent of those in need, you leave 90 percent behind.

Focus on policies that support everyone.

Utility leaders like those who participated in this pilot are motivated by the belief that **all** people deserve access to safe and affordable water, and they recognize that current strategies fall short of this goal. Customer assistance programs are the most widely used affordability strategies, but they are only effective if they reach everyone who needs them. Launching a customer assistance program is a major effort, and increasing enrollment is sometimes seen as a secondary step. Utilities must keep in mind that customers who are not enrolled are still in crisis. Some assistance programs include protections from shutoffs, exemptions from late fees, and more flexible repayment options, and low enrollment means that unenrolled customers do not benefit from these protections. Recent research estimates that water assistance programs typically reach about 10 to 15 percent of eligible households.¹¹ Among many of the utilities participating in this pilot, the numbers were even lower.

The shortcomings of traditional customer assistance became especially apparent during the pandemic, when utilities needed to distribute COVID relief funds quickly to relieve water debt. Many utilities were surprised that their emergency assistance programs saw low enrollment. As one utility leader said, “I didn’t think it would be so difficult to give money away!” The CBO partners helped shed light on this phenomenon. Assistance programs generally make unreasonable demands of people in crisis. They must research programs, compile documents, fill out applications, and follow up, sometimes repeatedly. These applications can feel stigmatizing and stressful because they are a reminder of being poor. Combined with negative consequences for nonpayment, they reinforce the idea that low-income people are to blame for their financial situation (and ignore the role of structural racism and class inequality). Stress was at an all-time high during the pandemic as communities faced threats to their health, housing, and income. Many people were not aware of water relief programs or did not have the bandwidth to apply. Others felt burned by having applied for assistance in the past and not having gotten a response.

The lack of engagement also highlighted a fundamental lack of trust. For many low-income people, their only interaction with their utility is through collections or shutoff processes, making any communication with them intimidating and stressful. In some cases, immigrants and undocumented people worried that accepting assistance would hurt their residence status, since this is true for federal aid programs. Other people worried that financial assistance was “too good to be true” and that they would have to pay it back later. These reactions demonstrate the need to build trust and establish communication with communities before the next crisis.

Utilities have not traditionally focused on outreach; they need to build their capacity to engage equitably with communities and provide engaged customer service. This is not an optional step—it is critical for all aspects of utility operations, beyond affordability. There are many strategies to do this, such as hiring staff with outreach experience, conducting internal trainings, and partnering with (and compensating) community partners—all of which are highlighted in the Alliance publication, [*Water Equity Taskforce: Insights for the Water Sector*](#). Partnering with a CBO is a great way for utilities to observe, learn, and build their own capacity. However, building trust is a long-term, intensive process that should not be rushed, and many people need immediate help.

Protections for low-income people should not be dependent on utilities’ capacity to conduct successful outreach. Alongside these efforts, utilities can create policies that make water affordable for all people rather than reaching a small segment of their low-income customers. Utilities can consider strategies like rate restructuring, alternative cost recovery models, and using tax revenue instead of (or in addition to) means-tested assistance. These strategies are applied to all customers, and they do not require overburdened customers to opt in and engage. If utilities do use traditional customer assistance, they should consider whether the data they are requesting is necessary to distribute assistance and whether it could be obtained from another agency to cross-enroll qualified households. When utilities need to collect information directly from customers, they should aim to make the process as simple and user-friendly as possible. The specific strategy will vary based on the context and legal climate in different areas, but everyone must work to not lose sight of the end goal of reaching everyone in need.

Conclusion

The COVID-19 crisis and the corresponding economic downturn have significantly exacerbated existing affordability challenges in the water sector. The status quo is not working for utilities or communities, and the water sector is on the verge of moving towards funding infrastructure in a more equitable manner. As historic federal investments in water infrastructure are being made, the time is right to build a cross-sector movement for equitable, affordable water.

Utilities can take steps to minimize shutoffs with the tools at their disposal locally, but they can't to do it all on their own. State and federal governments have a key role to play in ensuring ongoing funding for water infrastructure—whether through identifying funding to support water infrastructure and services, by holding upstream polluting industries accountable for actions that impact water treatment costs, or by creating an enabling environment for equitable services, there are several paths forward. Community-based organizations and advocates can continue to highlight harmful impact of shutoffs and the need for alternatives, while community members can advocate to their utilities and elected officials to support equitable water policies.

Notes

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About the US Water Alliance

The US Water Alliance advances policies and programs to secure a sustainable water future for all. Established in 2008, the Alliance is a nonprofit organization that brings together diverse interests to identify and advance common-ground, achievable solutions to our nation's most pressing water challenges. Our members and partners include community leaders, water providers, public officials, business leaders, environmental organizations, policy organizations, and more. We:

Educate the nation about the true value of water and water equity, as well as the need for investment in water systems. Our innovative approaches to building public and political will, best-in-class communications tools, high-impact events, media coverage, and publications are educating and inspiring the nation about how water is essential and in need of investment.

Accelerate the adoption of One Water principles and solutions that effectively manage water resources and advance a better quality of life for all. As an honest broker and action catalyst, we convene diverse interests to identify and advance practical, achievable solutions to our nation's most pressing water challenges. We do this through our strategic initiatives and One Water Hub, which offer high-quality opportunities for knowledge building and peer exchange. We develop forward-looking and inclusive water policies and programs, and we build coalitions that will change the face of water management for decades to come.

Celebrate what works in innovative water management. We shine a light on groundbreaking work through storytelling, analysis of successful approaches, and special recognition programs that demonstrate how water leaders are building stronger communities and a stronger America.



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