



National Community Action Foundation

Connecting Communities to Washington Since 1981

February 18, 2021

Mr. Norris Cochran
Acting Secretary of Health & Human Services

Mr. Ben Goldhaber
Acting Assistant Secretary, Administration for Children and Families

Dr. Lanique Howard
Director, Office of Community Services

U.S. Department of Health and Human Services
Office of Community Services, Division of Energy Assistance
Mary E. Switzer Building, 5th Floor West
330 C Street, SW
Washington, D.C. 20201

Re: Implementation of the Low-Income Drinking Water and Wastewater Emergency Assistance Program (Consolidated Appropriations Act, 2021)

Dear Acting Secretary Cochran, Acting Assistant Secretary Goldhaber and Director Howard,

The National Community Action Foundation (NCAF) would like to offer our recommendations regarding the implementation of the Low-Income Drinking Water and Wastewater Emergency Assistance Program in the recently enacted Consolidated Appropriations Act, 2021. NCAF represents the nation's local Community Action Agencies (CAAs) that receive the Community Services Block Grant funds nearly all of which are responsible for delivering Low Income Home Energy Assistance Program (LIHEAP) services.

We would appreciate opportunities to meet with your team on these matters and to bring in a variety of local CAA leaders to discuss the realities of managing this welcome new resource to assist struggling water customers. There are six categories of policy recommendations we wish to offer regarding the challenges and welcome opportunities of establishing a wise and transparent program of water assistance. We also wish to support the similar recommendations made by our partners at the Natural Resources Defense Council and the National Consumer Law Center.

1. **PROMPT ACTION.** We urge you to publish the expected allocations immediately so that grantees can prepare to deliver the resources and, as soon after as practical, we urge you to make these funds available to states and Tribal grantees, preferably by adding implementation responsibilities to the amendments to the current LIHEAP program.



Further, we strongly suggest that your office hold listening sessions to consult with grantees, local community action agencies, public interest groups with a focus on providing clean water to all and of course, water utilities.

Similarly, your guidance to grantees on the process of submitting a plan should include direction to consult extensively with the intended subgrantees at the community level and with organizations with expertise on the protection of low-income utility customers. The complexities and variations of the local water supply systems coupled with the pandemic-appropriate service adjustments in local agencies mean that grantees and subgrantees must consider the potential challenges and opportunities together and collaborate on creative and rapid response program designs.

2. **PROGRAM MANAGEMENT.** The statute does not direct HHS to make direct grants to local water systems, and it appears that the intent of the Bill language is to establish a program which make vendor payments on behalf of eligible water system customers, much as LIHEAP makes payments to energy suppliers. The statute says *“the Secretary, States, and Indian Tribes, as applicable, shall, as appropriate and to the extent practicable, use existing processes, procedures, policies, and systems in place to provide assistance to low-income households, including by using existing programs and program announcements, application and approval processes.”* We urge you to inform grantees that the LIHEAP delivery network of organizations is the preferred recipient of these funds.
3. **PROGRAM ELIGIBILITY.** We suggest that the eligibility criteria for LIHEAP be applied to this program **WITH THE ADDITION** of households paying more than 30% of their income for housing costs, a criterion that is a key element of the formula for distributing these funds,
4. **PROTECTIONS FOR PARTICIPATING CONSUMERS AND PROGRAM RESOURCES.**
The programs must establish the responsibilities of the water suppliers that will receive the vendor payments. As in LIHEAP programs, grantees should require formal agreements between the state program and the vendors that will receive payments on behalf of participants. At a minimum, these should include requirements for vendors to credit the customer with the benefit immediately, charge only the difference between the normal billing minus the benefit, including any credit that may accrue and to notify households of their benefit amount and revised balance. Most vendor agreements also include terms to remedy emergency situations, to avoid service disconnection and to waive penalties as well as state regulations or statute regarding terms of service.



5. LOWER WATER COSTS: The statute states that the purposes of the funding offered the water systems are “to reduce arrearages of and rates charged to such households for such services”. Therefore, the vendor agreements should include terms to reduce the bills by payment and also by “rate” reductions, which can be matching benefits, discounts, arrearage forgiveness, or other bill-reducing policies for enrolled participants.

6. START UP COSTS MUST BE COVERED BY PROGRAM RESOURCES.

We urge HHS to allow grantees great latitude in covering the cost of establishing the new program and operating it. There will be far higher costs to this new program in its initial phase, and the program funds must cover such costs. The allowable administrative costs of managing the well-established LIHEAP program are only 10 %, and this does not cover the real cost of local delivery of that program especially under COVID-safe constraints nor at any time in smaller delivery organizations, especially in rural areas. During the pandemic, CAAs are operating at maximum staff capacity and using innovative techniques to perform outreach and enroll the many newly-eligible applicants in LIHEAP as well as in administering the CARES Act grants from the Office of Community Services.

Among the startup costs will be:

- the process of recruiting water and wastewater organizations to the program and introducing the vendor agreements,
- establishing funds transfer systems for transferring the vendor payments and verifying that the payments are credited to the correct customer,
- establishing communications protocols between the utility billing or customer service,
- grantee creation of vendor agreements and training of local agencies on their meaning and implementation,
- the development of standard program communications to the participants and vendors,
- establishment of online payments by agencies on behalf of customers after the supplier has systems in place to use the payments and
- a system for agencies to receive reports from vendors according to the vendor agreement and the multitude of meetings and planning sessions required for a program with all the elements that ensure careful stewardship of federal funds.

We would welcome an early opportunity to meet with your team and discuss these important concerns.

Sincerely,

David Bradley
CEO, National Community Action Foundation