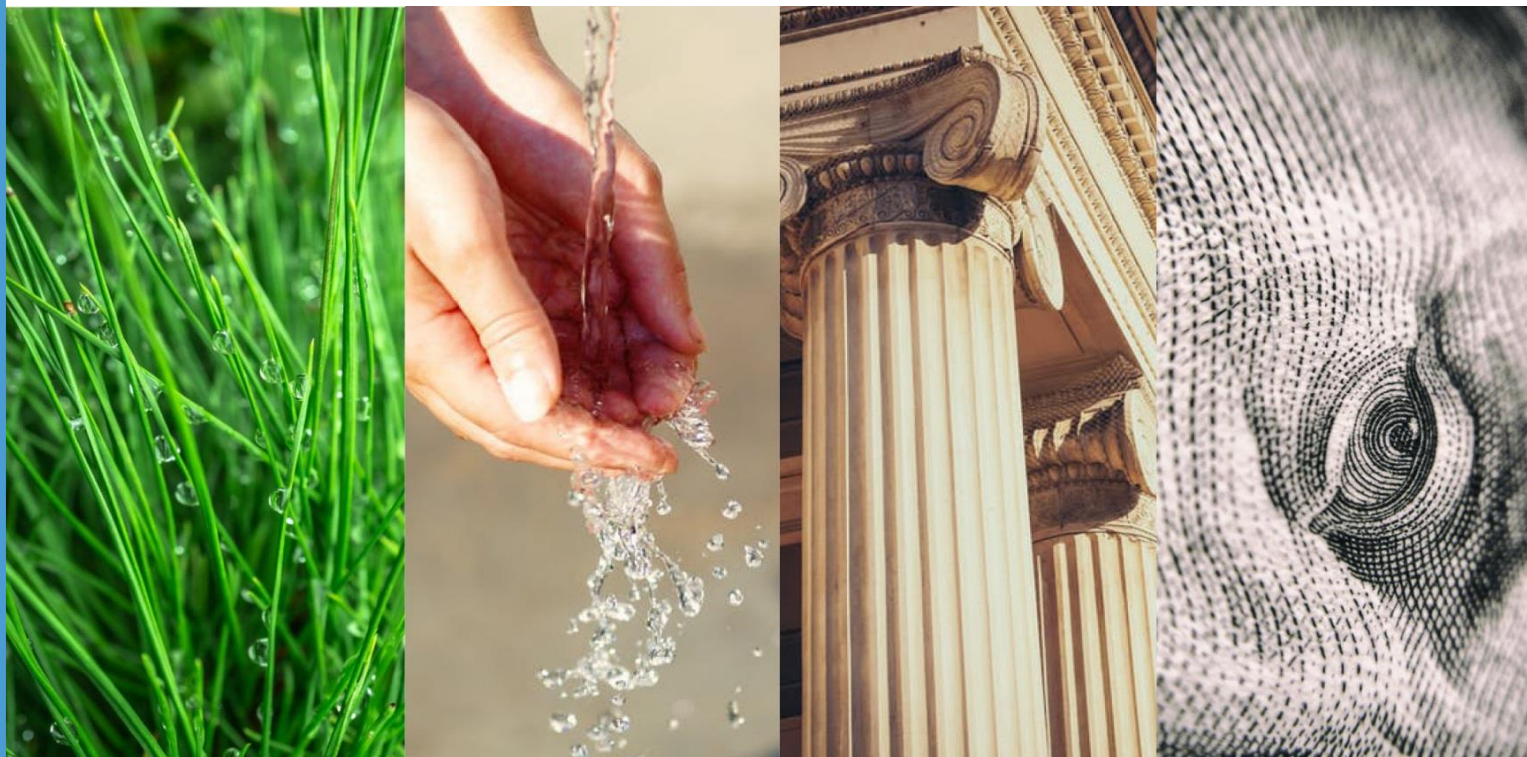


Funding Made Available for Water and Wastewater Bill Payment Assistance and Utilities in Federal Coronavirus Relief Programs

Factsheets



AUGUST 2021



SCHOOL OF GOVERNMENT

Environmental Finance Center

Since March 2020, the U.S. Federal government has passed coronavirus relief and stimulus bills that funded various programs. Some of the programs can assist residents or businesses in paying their water or wastewater bills in certain circumstances. The federal coronavirus relief funding thus provides an influx of funds that can provide financial relief to afflicted water and wastewater customers.

These factsheets summarize how the following federal coronavirus relief programs may or are being used, at least partially, to provide water/wastewater bill payment assistance and/or funds for water and wastewater utilities:

- From the Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed in March 2020:
 - The Coronavirus Relief Fund (CARES Act assistance for State, Local, and Tribal Governments)
 - Community Development Block Grant CARES Act (CDBG-CV)
 - Emergency Solutions Grant CARES Act (ESG-CV)
 - Small Business Paycheck Protection Program

- From the Consolidated Appropriations Act, 2021, signed in December 2020:
 - Low-Income Household Drinking Water and Wastewater Emergency Assistance Program
 - Emergency Rental Assistance Program

- From the American Rescue Plan Act, 2021, signed in March 2021:
 - Fiscal Recovery Funds (FRF)
 - Coronavirus State Fiscal Recovery Fund
 - Coronavirus Local Fiscal Recovery Fund

Programs funded by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed in March 2020

THE CORONAVIRUS RELIEF FUND (CARES ACT ASSISTANCE FOR STATE, LOCAL, AND TRIBAL GOVERNMENTS)

Administered by: The U.S. Department of the Treasury ([program webpage](#))

Grantees: States, the District of Columbia, U.S. Territories, tribal governments, and to individual large local governments with more than 500,000 people.

Total funds: \$150 billion. Allocated to grantees based on formulas. See payments made to [states and local governments](#).

Use of the funds: Cover necessary governmental expenses incurred due to the coronavirus public health emergency that were not accounted for in governments' budgets (most recently approved as of March 27, 2020), and that are incurred between March 1, 2020 and December 31, 2021 (note: this was extended from a previous December 2020 deadline). Most, if not all, of these expenses will likely be incurred in other governmental departments rather than in the water utility.

Provides relief for water bills? Possibly, but not everywhere. Funds [may be used](#) to help households pay utility bills if it is deemed a necessary expenditure incurred due to the COVID-19 public health emergency, such as allowing an individual facing a pandemic-related financial hardship pay their utility fees and thereby continue to receive essential services. While this is permissible, it is up to the grantees to determine whether providing utility bill relief to pandemic-afflicted residents in order to avoid shutoffs of utility services is a necessary (and therefore eligible) expense. Not all grantees have deemed this to be so, and thus relief is not available for water bills in all locations. In reality, only a small portion of the Coronavirus Relief Fund is likely to be used nationally to provide relief for water bills.

Other relief to water utilities: This fund can cover non-budgeted costs incurred at water utilities related to the pandemic such as purchase of PPEs, or [upgrading critical infrastructure for safety and to allow residents](#) to maintain proper hygiene and defend themselves against the virus. Funds *cannot* be used to replace government revenue such as lost revenue from waiving late fees or decreased revenue from changes in consumption.

COMMUNITY DEVELOPMENT BLOCK GRANT CARES ACT (CDBG-CV)

Administered by: The U.S. Department of Housing and Urban Development ([program webpage](#)).

Grantees: Metropolitan cities and urban counties (entitlement communities), and states and territories (non-entitlement communities).

Total funds: \$5 billion. See payments made to [entitlement and non-entitlement communities](#) in all states and territories (Excel file).

Use of the funds: At least 70% for activities that benefit low- and moderate-income persons by addressing housing, employment, public service, or access to improved infrastructure. The remaining 30% is to eliminate slum or blighted conditions or to address urgent needs as assistance of last resort. It is unclear how much will be used for water bill payment assistance, but it will likely be a small fraction of the total funds for CDBG-CV nationwide.

Provides relief for water bills? Yes, in the form of emergency payments to support individuals and families affected by the pandemic. Because the pandemic has affected families' ability to work and to pay for basic needs, [HUD has authorized](#) use of CDBG funds to provide emergency payments to individuals or families impacted by the coronavirus for items such as food, clothing, housing (emergency rental assistance or mortgage assistance) and/or utilities for up to six consecutive months. [View HUD's factsheet](#) to public utilities explaining the use of CDBG-CV funds for emergency payments to public utilities.

Eligibility: Individuals or families that have been impacted by the coronavirus. Grantees are required to document their policies and procedures on how they will determine what and the amount that is eligible for assistance (i.e. deemed necessary and reasonable).

Available assistance to eligible individuals and families: Provides up to 6 months of emergency payment assistance.

Process: Grantees (states, metropolitan cities, urban counties, and insular areas) may administer the emergency payment assistance program or partner with organizations. The individual or family applies for assistance and documents their need and impact from the coronavirus. The grantee must verify and document that the costs incurred are eligible. Emergency payments must be made to the utility directly on behalf of the individual or family, and not paid to the individual or family. This will likely require communication between the program administrator and the water utility to determine the amount of the assistance to pay the family's or individual's water bills.

EMERGENCY SOLUTIONS GRANTS CARES ACT (ESG-CV)

Administered by: The U.S. Department of Housing and Urban Development ([program webpage](#)).

Grantees: Metropolitan cities and urban counties (entitlement communities), and states and territories (non-entitlement communities).

Total funds: \$3.96 billion. See payments made to [entitlement and non-entitlement communities](#) in all states and territories (Excel file).

Use of the funds: Prevent, prepare for and respond to the coronavirus among individuals and families who are homeless or receiving homeless assistance, and to support additional homeless assistance and homelessness prevention activities to mitigate the economic impacts created by the coronavirus. These include outreach, shelter activities, hotel costs for isolation/quarantine, rental assistance, utility assistance, moving costs, landlord incentives, and other costs.

Provides relief for water bills? Yes, in the form of utility payment assistance for the eligible population.

Eligibility: Individuals or families who are homeless or receiving homeless assistance and that have been impacted by the coronavirus.

SMALL BUSINESS PAYCHECK PROTECTION PROGRAM

Administered by: The Small Business Administration ([program webpage](#)) with support from the U.S. Department of the Treasury ([Treasury webpage on PPP](#)).

Grantees: Financial institutions that that lend to small businesses.

Total funds: Up to \$659 billion.

Use of the funds: Support small businesses with funds to pay up to 8 weeks of payroll costs and benefits, and pay mortgage interest, rent, and utility payments of the small businesses.

Provides relief for water bills? Yes.

Eligibility ([see details](#)): Small businesses and some non-profit organizations, Veteran organizations, and Tribal businesses described in the Small Business Act, as well as self-employed individuals and independent contractors.

Available assistance to small businesses: Small businesses can apply for a First Draw and a Second Draw of Paycheck Protection Program loans, and under certain conditions, apply for loan forgiveness. Up to 8 weeks of assistance. While this funding does not assist households with water bill payments, it can be used to assist small businesses (including independent contractors and self-employed individuals) pay their water bills as part of their small business loan. Furthermore, small, independent owners of water and wastewater systems (not governmental nor large investor-owned utilities) may receive direct financial assistance through a small business loan provided they meet the eligibility criteria.

Programs funded in the Consolidated Appropriations Act, 2021, signed in December 2020

LOW-INCOME HOUSEHOLD DRINKING WATER AND WASTEWATER EMERGENCY ASSISTANCE PROGRAM (LIHWAP)

Administered by: The U.S. Department of Health & Human Services (HHS) ([LIHWAP webpage](#) and/or see [H.R. 133-446 of the Consolidated Appropriations Act](#); go to page 446 and/or see [SEC. 2912 of the American Rescue Plan Act of 2021](#)).

Grantees: States, territories, and tribal governments

Total funds: \$1.38 billion. Originally \$638 million in the Consolidated Appropriations Act (December 2020) then an additional \$500 million from the American Rescue Plan Act (March 2021).

Use of funds: Assist low-income households that pay a high proportion of household income for drinking water and wastewater services by paying water and wastewater utilities to reduce arrearages (debts past due) and rates charged to the households.

Provides relief for water bills? Yes. This program exclusively assists with water and wastewater bills and arrears. Continuity of services is prioritized. This is the first program of its kind created and funded by the federal government to provide financial relief to low-income households specifically for water and wastewater bills. It is modeled off the Low Income Household Energy Assistance Program (LIHEAP). If stormwater and solid waste charges cannot be separated from water and/or wastewater bills, then LIHWAP funds can be used to pay those bills in order to restore water and/or wastewater service.

Eligibility: Adapted from LIHEAP criteria. The Consolidated Appropriations Act does not specify the eligibility requirements beyond “low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for drinking water and wastewater services”. The timing of availability of assistance to eligible low-income households is grantee dependent with a range of less than 1 month to longer than 4 months. Grantees are encouraged to expedite the process as the funds are due to emergency needs. Eligibility guidelines effective April 19, 2021 include households with an income that does not exceed the greater of an amount equal to 150% of the state poverty level or an amount equal to 60% of the state median income except a household may not be excluded if its income is less than 110% of the state poverty level.

For eligibility, LIHWAP grantees must not consider the economic impact payments from the IRS as income. These payments must count as a rebate or an advance payment of a credit that are exempted as income.

Process: HHS will distribute funds to states and tribal governments based on their percentage of households with income equal to or less than 150% of the Federal poverty line, and their percentage of households that spend more than 30% of monthly income on housing. LIHWAP is available to States, the District of Columbia, the Commonwealth of Puerto Rico, U.S. Territories, and Federally and state-recognized Indian Tribes and tribal organizations that received fiscal year 2021 Low Income Household Energy Assistance Program (LIHEAP) grants. Allocations can be viewed for [states and territories](#) and [Native](#)

[American tribes and tribal organizations](#). The Act requires that payments be made directly to the water and wastewater utilities on behalf of the eligible households to reduce their arrears and/or bills.

Expenses by the grantee and its sub-recipient service providers for a portion of general administration and general organizational expenses, such as salaries and expenses of executive officers, personnel administration, accounting, grants management, and reporting. As specified in the LIHWAP Terms and Conditions, administrative costs may not exceed 15 percent of the total award.

Grantees may also use a portion of funds for Outreach/Eligibility Costs, which includes staff time and expenses to implement a LIHWAP outreach plan, to determine eligibility and benefits, and to notify households of application status.

As defined by the HHS, there are three priority groups for LIHWAP assistance. Priority group 1 includes customers with disconnected service and the desired outcome of restoring service. Priority group 2 includes customers with pending disconnection and the desired outcome is to avoid disconnection of service. Priority group 3 includes customers with current bills, defined as with no past due balance, and the desired outcome is to support client bill payment and increase affordability of bills.

Timeline: The first funds were released by late May 2021 and 15% of the funds can be drawn on immediately for administrative costs. Grantees must have submitted a model LIHWAP Plan in order to draw down remainder of allocation by August 9th, though a 2 week extension is possible. The Office of Child Services will offer training and technical assistance on plans. Funds must be obligated by September 30, 2023 and expended by December 31, 2023.

Links for LIHWAP information:

[LIHWAP Funding Release](#)

[LIHWAP Terms and Conditions](#)

[Administrative costs information presentation from HHS](#)

[Water vendor information presentation from HHS](#)

EMERGENCY RENTAL ASSISTANCE (ERA) PROGRAM

Administered by: The U.S. Department of the Treasury ([program webpage](#)).

Read [an overview from GFOA](#).

Grantees: States, the District of Columbia, U.S. Territories, tribal governments, and to individual large local governments with more than 200,000 people.

Total funds: \$46.5 billion. \$25 billion from the Consolidated Appropriations Act of 2021 ([see Title 5, Subtitle A, Sec. 501 page 2255](#)) labeled "ERA1" and \$21.5 billion from the American Rescue Plan Act ([see Title 3, Subtitle B, Sec. 3201](#)) labeled "ERA2". Allocated to grantees based on formulas.

Use of the funds: Assist renters (not homeowners or businesses) that are unable to pay rent and utilities due to the COVID-19 pandemic. More than 90% of awarded funds must be used for direct financial assistance to renters for 1) rent, including arrears, 2) utilities and home energy costs and arrears, and 3) other expenses related to housing incurred due directly or indirectly to the pandemic.

Provides relief for water bills? Yes. [The Treasury defined utilities](#) to include separately-stated electricity, gas, water and sewer, trash removal, and energy costs. Utilities covered by the rent will also be treated as rent through this program.

Eligibility ([see details](#)): Household that pays rent in a residential property with at least one person who has experienced financial hardship due to COVID-19, demonstrated a risk of housing instability, and has household income at or below [80% of the area median](#). Priority is given to households with more extenuating hardships, such as income below 50% of the area median or having been unemployed for more than 90 days.

Available assistance to eligible renters: Provides up to 12 months of assistance (with the possibility of another three months under some conditions) under ERA1. An eligible renter may another 6 months of assistance under ERA2, with the total months of assistance being no more 18 from the combine ERA1 and ERA2 assistance. Priority is given to reducing arrears prior to providing assistance for future rent/utility payments, which would be limited to up to three months at a time. Can cover arrears that accrued as early as March 13, 2020. [See more details](#).

Process: Grantees (e.g. states, large local governments, tribes, etc.) may administer the programs or partner with organizations that already administer existing rental assistance programs. Renter (or landlord on behalf of the renter) must apply to verify income and attest the financial hardships are due to the pandemic. Program administrator will verify the information, document the assistance, and make payment on behalf of the renter directly to the utility and lessor (not to the renter). This will likely require communication between the program administrator and the water utility to determine the amount of the assistance to pay the renter's water bills and arrears.

Timeline: ERA1 funds generally need to be obligated by September 30, 2022, and ERA2 funds must be obligated by September 30, 2025.

Links for ERA information:

[Treasury website](#)

[FAQs for ERA2](#)

Programs funded in the American Rescue Plan Act (ARP), 2021, signed in March 2021

FISCAL RECOVERY FUNDS (FRF): STATE AND LOCAL

Administered by: The U.S. Department of the Treasury ([program website](#))

Grantees: State, Local, Territorial, and Tribal Governments

Total funds: \$350 billion; [allocations can be found here](#)

Use of the funds: Funding has been outlined into 4 spending categories.

- 1) COVID response and adaptation, which addresses negative economic impacts by providing assistance to household utilities.
- 2) Premium pay for essential workers, which cannot have already been paid, but can be back paid to the start of the pandemic.
- 3) Funds can also be used towards revenue losses in the public sector, which does not include water, however it does include sewer. Utilities must include a general revenue loss calculation beforehand, and once the revenue is replaced, it can be used for general and government services.
- 4) Necessary investments in water, wastewater, and broadband infrastructure. These investments must follow SRF guidelines and provide adequate minimum level of service that meets health-based standards, accounts for climate change, and are unlikely to be made using private sources of funds. The objectives of the funds are to produce high quality infrastructure, avert disruptive and costly delays, and promote efficiency. The funds can be used for privately-owned infrastructure.

Governments can transfer FRF to specified entities that help carry out government programs such as water, sewer, or school districts, or private nonprofits and special-purpose units of state or local government. Transferred funds must apply to eligible uses in the grantee's jurisdiction. Local governments can transfer money to states or territories. The award is then modified, so the state or territory can use the award for any state eligible use (not just for the local jurisdiction). The Treasury must be notified of transfers.

Provides relief for water bills? Yes. The ARP promotes addressing disparities in the effects of COVID-19, especially for low-income and socially vulnerable populations, such as those in disadvantaged census blocks. Addressing these disparities can include water/sewer bill assistance that is needed because of pandemic effects. The US Department of Treasury has currently issued an [Interim Final Rule](#) which leaves some details to be finalized.

Eligibility for infrastructure projects: Water/sewer investments are aligned with Clean Water State Revolving Fund and Drinking Water State Revolving Fund eligibility. There is lots of flexibility built in to address state/local environmental and population needs. States can have their own statutes, rules, and regulations for project eligibility.

Process: Counties and metropolitan municipalities with populations over 50K and cities with a population less than 50K but who receive CDBG funds will receive FRF directly from the federal government. Non-

entitlement local governments (populations < 50K, no CDBG grant) receive funds from their state government within the next few months. Non-entitlement local governments receive funds based on population size and up to 75% of their annual budget. Local governments must formally accept the funds and create local ordinances to recognize the funds and authorize their use. Governments should use strong labor standards, including wages at or above prevailing rate, to promote economic recovery and high-quality infrastructure and to minimize labor disputes and workplace injury. Grantees will be required to report to the Treasury their workplace practices and plans regarding water, sewer, and broadband projects that use FRF. Here is the page for guidance on reporting and compliance.

Timeline: As of August 2021, states and direct recipients have received funds. Some non-entitlement units have received funds, but others are still waiting on funds. Grantees must have obligated the FRF by December 31, 2024. The obligated definition is in accordance with Uniform Guidance. Funds must be spent by December 31, 2026.

About the Environmental Finance Center

The Environmental Finance Center at the University of North Carolina at Chapel Hill is part of a network of university-based centers that work on environmental issues, including water resources, solid waste management, energy, and land conservation. The EFC at UNC partners with organizations across the United States to assist communities, provide training and policy analysis services, and disseminate tools and research on a variety of environmental finance and policy topics.

The Environmental Finance Center at the University of North Carolina, Chapel Hill is dedicated to enhancing the ability of governments to provide environmental programs and services in fair, effective, and financially sustainable ways.

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