

Approaches and Funding for Low-Income Water Ratepayer Assistance and Household Infrastructure in Oregon

Report Pursuant to House Bill 2010 (2023)

January 11, 2024



LPRO
LEGISLATIVE POLICY
AND RESEARCH OFFICE

Executive Summary

Report Mandate

[House Bill 2010](#) (2023) directs the Legislative Policy and Research Office (LPRO) to prepare and submit a report related to policy approaches and funding sources for assisting low-income drinking water, wastewater, and stormwater ratepayers, as well as low-income individuals' and households' private drinking water and sewer infrastructure that is in need of repair and replacement. The Act requires LPRO to submit the resulting report to the Legislative Assembly by January 15, 2024.

Background

Nationwide, the cost of delivering water services—including drinking water, wastewater, and stormwater—is increasing while federal investment in water infrastructure has decreased since the 1950s, leaving water service providers, states, and ratepayers to carry a higher financial burden to fund these systems. According to the U.S. Environmental Protection Agency's Drinking Water Infrastructure Needs Survey and Assessment (DWINSA), Oregon needs to invest \$10.11 billion in water infrastructure for all need types and all system sizes.

Oregon households face financial hardships in paying water utility bills, a situation which was brought to light and exacerbated during the COVID-19 public health emergency. To address the needs of low-income ratepayers who face financial hardship in paying water utility bills, some water service providers, counties, and cities offer a variety of customer assistance programs (CAPs) in their service areas. The federally funded Low-Income Household Water Assistance Program (LIHWAP) is also offered to ratepayers receiving services from participating water service providers in all 36 counties in Oregon. Similarly, the Oregon Department of Environmental Quality provides pass-through grants to eligible organizations for distribution to property owners and small businesses with old or failing septic systems.

Overview and Findings

LPRO identified CAPs throughout Oregon, which vary based on type or purpose, eligibility, or funding source. CAPs may offer temporary or permanent assistance to ratepayers to assist with water utility costs. Funding for these programs comes from a mix of federal, local, and utility sources.

Finding: The majority of CAPs (70 percent) identified in Oregon offer bill discounts and roughly 20 percent offer temporary assistance. Qualifying criteria for these programs may include income level, age, residence type, military status, or participation in other assistance programs.

Starting in early 2022 and scheduled to end in March 2024, the federally funded LIHWAP program supports temporary assistance for low-income ratepayers. Administered by the US Department of Health and Human Services Office of Community Services at the federal level, and Oregon Housing and Community Services



at the state level, the program is implemented through Community Action Agencies that work directly with certain utility providers.

Finding: A total of \$10.4 million dollars in LIHWAP assistance was awarded to 18,200 eligible households in Oregon, as of November 30, 2023.

Households and individuals who live outside community water service providers' territories are not provided with drinking water, wastewater, or stormwater services and must own, maintain, and repair their own domestic wells and septic systems.

Finding: In Oregon, a limited number of funding opportunities for improvements and repair of domestic well and septic systems are administered by state and federal entities, or by regional non-profit organizations.

Water infrastructure for community water systems is the responsibility of local governments, which use federal sources, in part, to meet their funding needs. They may leverage federal funds by taking advantage of favorable loan terms or matching federal funds to state-provided funds.

Finding: The opportunities for leveraging federal funds are less contingent on a state match than they are on applicants having the ability to apply. Potential applicants could be supported by the state through targeted technical support programs and increased organizational capacity.

Assisting low-income ratepayers with paying for water services as well as domestic infrastructure likely requires the consideration of several diverse policy interventions. Legislators may consider the need and opportunities to:

- provide incentives or grants to water service providers;
- create and offer different types of customer assistance programs for ratepayers to access when needed (e.g., general assistance for high water rates or assistance during times of crises);
- design a state-funded statewide program to replace LIHWAP, one with broad eligibility criteria and minimal barriers to applying;
- establish statewide programs and funding mechanisms to address water affordability challenges at the community and domestic level across Oregon;
- connect water service providers and domestic well and septic system owners with funding and other resources, such as technical assistance;
- create a tracker to identify available water infrastructure-related funding opportunities to inform eligible entities and ensure they have the capacity to locate, apply for, leverage, and manage available grant opportunities; and
- allow state grants to pay for grant-writing services or technical assistance and provide funding for such activities.

Access to Full Report

The full report, with references, can be found online on Oregon State Legislature's Publications and Reports webpage:

https://www.oregonlegislature.gov/citizen_engagement/Pages/Publications-Reports.aspx

