



# AFSCME Facts

## Water and Wastewater Debt Aid That Benefits Utilities

March 24, 2021

The American Rescue Plan Act of 2021, signed into law by President Biden on March 11, 2021, provides significant new funding for the **Low-Income Household Drinking Water and Wastewater Emergency Assistance Program**, which was created to alleviate water and sewer debt held by low-income households. These debt-forgiveness funds have the potential to benefit water and wastewater utility enterprises that employ AFSCME members.

### How does the Low-Income Household Drinking Water and Wastewater Emergency Assistance Program work?

Congress created this new program in December as part of the Consolidated Appropriations Act of 2021 and has since appropriated **\$1.14 billion to provide water debt relief in low-income communities**, including \$500 million that was added through the American Rescue Plan. The program will be administered by the U.S. Department of Health and Human Services (HHS), Administration for Children and Families. Program funds will be allocated to states, Puerto Rico, the territories and Indian Tribes based on a formula that incorporates rates of water debt as a percentage of household income. **The funds will be disbursed by states directly to owners or operators of public water systems or treatment works** expressly to reduce both debt and the rates charged to low-income households. HHS has not yet given directions as to how states should disburse these funds. Utilities may receive funds based on preexisting data, or there may be an application process. This fact sheet will be updated when program details are released.

### How will this new program impact AFSCME members?

This program will provide a revenue boost to water utilities employing AFSCME members and serving low-income communities with a significant amount of outstanding debt. In addition, AFSCME members meeting certain household income requirements with an outstanding debt to a water utility could be eligible for forgiveness for a portion of that debt. These funds could also be used to lower water rates in low-income communities.

### Are there other sources of financial help for water utilities facing pandemic-related revenue problems?

The American Rescue Plan Act includes \$350 billion in aid for states and local governments, such as counties, cities and towns. Direct recipients of that aid likely will be allowed — but not required — to spend some of it to support water utilities, including by transferring some of the money to independent water districts. We will update this information after the federal government provides guidance on how this aid money can be used.

### I work for a water utility. How do I determine if my employer is eligible for these funds?

Please contact Jon Haines in the AFSCME Department of Research and Collective Bargaining Services at [jhaines@afscme.org](mailto:jhaines@afscme.org).

**American Federation of State, County and Municipal Employees, AFL-CIO**

1625 L Street, NW, Washington, DC 20036-5687 [afscme.org](http://afscme.org) TEL (202) 429-1215 FAX (202) 223-3255