



ADMINISTRATION FOR
CHILDREN & FAMILIES

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Low Income Household Water Assistance Program Information Memorandum

IM#: LIHWAP IM-2023-02
DATE: May 16, 2023
TO: Office of Community Services (OCS) Grant Recipients
SUBJECT: LIHWAP Best Practices
ATTACHMENT(S): N/A

Dear Colleagues,

The purpose of this Information Memorandum (IM) is to provide Low Income Household Water Assistance Program (LIHWAP) grant recipients with best practices to utilize during the final months of LIHWAP Implementation.

Include Payments for Current Bills (Rate Reduction)

OCS strongly encourages all grant recipients to include rate reduction in their program. Rate reduction allows grant recipients to serve households that are current on their water and/or wastewater bills but are still seeking assistance. Benefits amounts are typically determined through a benefit matrix and are applied to the current balance to support affordability. A benefit matrix is a tool, such as a chart or a point system, that outlines which LIHWAP benefit amount will be available to different households based on required factors—such as household income, household size, and household water costs/needs. For more information, please review [LIHWAP IM-2021-01 Benefit Policy and Matrix Resources FY2021](#).

Increase Maximum Benefit Amounts for Current Accounts

In cases where there is sufficient funding available to support ongoing water affordability concerns for low-income households, OCS encourages LIHWAP administrators to consider increasing the maximum benefit amount available for eligible households with current accounts. Increasing the maximum benefit can result in a greater impact on households while also increasing the program expenditure rate. Increasing the maximum benefit may result in credits for current accounts, see information below for credit allowability. If a grant recipient is

considering increasing their maximum benefit, please reach out to your assigned Program Specialist to begin the process of updating your Implementation Plan to reflect this change.

Credits for Current Accounts

When planning to obligate all funds by September 30, 2023, grant recipients may consider making benefit payments that result in a credit on a household's water bill. Previously, OCS recommended a three-month maximum for credits as a best practice but grant recipients can determine the number of months in advance a credit may be issued so long as the funds are obligated by September 30, 2023, and the payments are sent to the water vendor on behalf of the household by December 31, 2023. For example, a household may receive a benefit payment that covers six months of a water bill as long as their application was approved before September 30, 2023.

If a grant recipient has payments returned past September 30th, they will not be able to provide them to another household since it will be after the obligation deadline and local agencies will no longer be able to accept applications. If a grant recipient can sort out why the benefit was returned, for instance, the beneficiary moved and the administering agency is able to determine their new address and water account, the benefit can be re-issued on behalf of the same household after September 30th. If you cannot apply the previously obligated funding to the same household, then the payment must be returned to the Payment Management Account to be de-obligated by HHS.

Pay the Full Arrearage for Past Due Bills

When serving households who have been disconnected from water service or are at risk of disconnection, OCS strongly recommends that all grant recipients have a policy in place that allows for the total cost of the arrearage to be covered. In these situations, it is a best practice to cover the full cost of the arrearage even if it exceeds the set maximum benefit in a grant recipient's implementation plan. If the maximum benefit is not sufficient to pay the full arrearage, grant recipients should have a process in place to approve benefit payments above the maximum benefit. Furthermore, grant recipients may exercise full discretion in paying off an arrearage, even if the water company does not enforce shut offs.

After paying off arrearages, it is a best practice to automatically qualify households for rate reduction assistance. By paying off past arrearages and assisting households with current and future months bills, LIHWAP funding is being utilized to provide stability to families facing high water burdens.

Supplemental Payments

OCS supports the use of supplemental payments to households in order to further stabilize households and increase a grant recipient's expenditure rate. If a grant recipient is revising their policies to increase benefit amounts, to serve those with current bills, or be more

inclusive, they may want to provide previous beneficiaries with a supplement in order to ensure that they can benefit from the expanded policies. Grant recipients may obligate supplemental payments any time before September 30, 2023. For instance, a grant recipient may want to consider providing supplemental benefits to households in August or September 2023 in order to drawdown any remaining funds. If a grant recipient wants to provide supplemental payments, they should check their implementation plan to see if it allows for multiple benefit payments to a household. If it doesn't, please contact your Program Specialist to make updates to your implementation plan.

Data Matching

OCS encourages data matching with water service providers, in order to expedite application and approval processes. Administering agencies can request customer names, addresses, and arrears information. This allows the administering agencies to directly reach out to customers who may qualify for LIHWAP, and it makes it easier to pay off their past-due bills. However, please confer with your legal counsel on data sharing policies and follow proper procedures for protecting Personal Identifiable Information (PII).

Administering agencies may also consider cross referencing the customer data they receive from water and wastewater utilities with lists of households enrolled in categorically eligible programs such as LIHEAP, SNAP, TANF, and other means tested assistance programs. Administering agencies can automatically apply payment to the arrearages of eligible households discovered via data matching, however, OCS recommends sending communication to the household notifying them of this payment and requires that proper monitoring procedures be adhered to as put forth in the [LIHWAP Terms and Conditions](#).

While data matching can be conducted with all water service providers who consent to sharing customer information, OCS recommends prioritizing larger water systems in order to identify and reach the largest number of households possible.

Develop a system to implement LIHWAP payments in the absence of vendor agreements

While the use of vendor agreements for water service providers is considered a best practice, they are not required by the LIHWAP Terms and Conditions. Given the flexibility to send payments without a written vendor agreement, OCS encourages grant recipients and administering agencies to continue outreach efforts to water vendors. In addition, if benefit assistance was previously denied to households due to a water vendor not participating, please prioritize outreach efforts to those vendors where there are known eligible applicants. OCS previously shared [LIHWAP DCL 2022-21 LIHWAP Implementation Without Written Agreements FY2022](#), which outlines methods for adhering to LIHWAP Terms and Conditions in absence of written vendor agreements.

Utilize Septic or Water Bottle Flexibilities

When strategizing on how to increase expenditures, grant recipients should consider utilizing LIHWAP flexibilities that allow for septic pumping and cleaning, and for water bottle delivery.

As previously communicated in [LIHWAP IM-2022-02 Update to FAQs on LIHWAP FY2022](#), “LIHWAP grant recipients may define wastewater treatment works to include septic services offered through contract as a service to a community of income-eligible households, provided that payments are made by the grant recipient directly to a vendor based on a LIHWAP vendor agreement for wastewater removal. For example, in some rural and tribal communities, the local government contracts with a local company to offer periodic septic wastewater removal to the community. In these circumstances, the grant recipient may define water treatment works to include that provider and use LIHWAP funds to reimburse for household services in lieu of a household payment”. As a point of clarification, while a vendor agreement is a best practice, payment may still be made to a septic service provider without one.

In addition to septic cleaning and pumping, grant recipients may utilize water bottle delivery service in their communities. This flexibility is intended to serve households that are not served by public water systems or households whose water source is unsafe or believed to be unsafe. Similar to septic service, the grant recipient may provide water bottle delivery to LIHWAP eligible households by reimbursing the water bottle truck delivery service or by purchasing water bottles on behalf of households at local markets and grocery stores. The quantity and the frequency of water bottle delivery is at the discretion of the administering agency and should be based on household size and need.

If a grant recipient is considering utilizing septic or water bottle flexibilities, please reach out to your assigned Program Specialist to begin the process of updating your Implementation Plan to reflect these services.

Maximize Outreach Dollars

While administrative costs for LIHWAP are capped at 15% of the total award amount, the program also allows for up to 10% of the award funding to go towards outreach, intake, and eligibility determination activities for the program. This funding is flexible and can be used to pay for the following: the time and labor of staff, materials and equipment needed for outreach, to bring on board a contractor or temporary hires tasked with conducting these activities, and to subsidize or reimburse the outreach activities undertaken by water service providers or other entities. If you have any questions about the potential uses of this funding, or would like to increase your outreach allocation, please reach out to your Program Specialist.

Internal Reallotment Process

Lastly, given the limited time remaining for program implementation, OCS encourages grant recipients who are utilizing subrecipients to develop an internal process to assess the performance of their subrecipients and to make determinations about who can feasibly spend their funding allotment. If a subrecipient has not demonstrated an intent or an ability to utilize

their subcontracted funds, OCS encourages grant recipients to implement a process for recouping that funding and reallocating it to subrecipients who have demonstrated an ability to spend and who demonstrate a continued need for funding in their service area.

OCS strongly encourages all grant recipients to leverage these best practices in order to serve more households and increase expenditures.

Thank you for your attention to this matter.

/s/

Dr. Lanikque Howard

Director

Office of Community Services