



Financial Services Audit Committee Communication

Date: March 25, 2022

To: Great Lakes Water Authority Audit Committee

From: Madison Merzlyakov, Affordability & Assistance Manager

Re: Water Residential Assistance Program – Next Steps in Program Improvements

The Great Lakes Water Authority (GLWA) is continuously evaluating ways to improve the Water Residential Assistance Program (WRAP) to best utilize the funding available. The following program design changes are recommended to remove unnecessary barriers to households enrolling in the program, as well as providing the right level assistance to adequately meet a household's need.

1. Evaluate Water Affordability

A household enrolled in WRAP is currently eligible for \$25 per month in direct bill assistance. This amount is meaningful in some communities but not in others. Household income, size and the amount of the water bill is not considered. In some cases, households decline participation because they know they will not be successful based on their payment amount given the relative size of their water bill.

When evaluating water affordability at a community level the EPA has determined combined sewer and water bills over 4.5% of the median household income for the community to be unaffordable. GLWA is proposing to utilize this approach and create a sliding scale for direct bill payment assistance that is based upon their average bill amount and household income.

As discussed above, upon intake a household would need to provide data on a year's worth of water consumption and costs to calculate the average bill amount. It would then be determined how much of their household income is being spent on their bill. Once this percentage is obtained, the caseworker could determine the level of assistance based on a scale. Below is an example of what this scale might look like.

Water Bill as a Percentage of Household Income	Under 4%	4.5%	5%	5.5%	6%	6.5% and above
Monthly Support	\$25	\$30	\$35	\$40	\$45	\$50

Using this sliding scale of assistance, GLWA has run the following scenarios to demonstrate how the program would work for different households.

Scenario 1: Household of one at 135% of the federal poverty level (FPL)

Household Income: \$20,000 or \$1,666 a month

- Average water bill: \$95/month or 5.7% of their household income (\$95 is the average bill in City of Detroit)
- Monthly direct assistance: \$40
- New average water bill: \$55/month or 3.3% of their monthly household income

Scenario 2: Household of four at 200% of FPL

Household income \$55,500 or \$4,583 a month

- Average water bill: \$140/month or 3% median household income
- Monthly direct assistance: \$25
- New water bill \$115 or 2.5% of their monthly household income

Scenario 3: Median household income in Detroit and average monthly water bills

Household income: \$32,498 or \$2,708 a month

- Average water bill: \$95 or 3.5% of household income
- Monthly direct assistance: \$25
- New water bill \$70 or 2.6% of household income

2. Move toward direct client assistance

Reducing the workload burden required of our Member Communities. This will be accomplished by removing the requirement of communities to verify on time payments for the household. This will also empower the Community Action Agencies (CAAs) to work with the client to review their progress in making payments as a pathway to long-term personal financial sustainability.

Direct Client Assistance Process:

- 1) Household provides documented income (if available)/ability to pay and data on water consumption and cost for the past year (i.e. past water bill information)
- 2) CAA verifies eligibility and calculates monthly support based on annual water bill amount and household income
- 3) CAA alerts Member Community that the household is enrolled in WRAP

- 4) Member Community flag accounts that are enrolled in WRAP to avoid water shutoff or penalty fees (*note: this part of the proposal may not be universally accepted by Member Communities and will require further dialog*)
- 5) CAA makes payments directly to the Member Community on behalf of the household
- 6) Member Community receive and apply payments from the CAA to the corresponding household in same manner as any other account payment
- 7) Household makes payments on the remainder of their bill to the Member Community
- 8) CAA works directly with household to review progress in making payments as a pathway to long-term success

It is important to note that the current relationship between Wayne Metro and the Detroit Water & Sewerage Department (DWSD) is working well and the current established process is successful. What works well for a large community like Detroit, will not always work well for smaller communities. GLWA is not recommending changes to that specific relationship.

3. Provide WRAP as core service for eligible Member Communities (thereby eliminating opt-in/out and service levels)

Due to Member Community resources being required to administer the program, communities must choose to opt into WRAP. When opting in, a community then has multiple options to choose from. The opt in requirement and options have caused confusion for residents and is a burden on the CAAs. It also means that while all Member Communities are paying into the program, not all residents are able to take advantage of the program.

By removing the workload burden Member Communities experienced with their involvement in the monthly/quarterly bill review as mentioned in item 2 above, we believe there is no reason to continue with the opt in model and different program options. This would mean that if a low-income household in an eligible GLWA Member Community meets the other requirements of WRAP, they will be eligible for all elements of the program. This will allow the program to be more accessible, removes the burden at the Member Community level and allows for more simple, direct assistance to the household.

4. Allow for instances where there is no income

There is the impression that a household must have income to be eligible for WRAP. While CAAs have been flexible in what they accept as formal income, this has been a barrier to categorial eligibility and engaging the wraparound services that CAAs can provide.

GLWA is proposing that upon intake if a household indicates they do not have documented income, they are still able to enroll in the program and a plan to maintain payments is

documented. An example of this could be where a family member provides financial support to the household.

5. Form a Member Community WRAP Advisory Panel

GLWA recognizes that engagement at the member community level is still important to the success of WRAP. A Member Community WRAP Advisory Panel will be formed that has representatives from various Member Communities to help establish what that relationship might look like and to help continuously evaluate the program and its success.

6. Expand Partnerships

The CAAs have been key partners in administering WRAP, however they are often faced with resource constraints, as they are responsible for administering many other programs. There are other resources in the region that may be able to support different elements of the WRAP program.

GLWA proposes to begin engaging other potential service delivery partners in addition to our CAAs to help with program aspects like outreach and conservation elements (minor plumbing repairs, home water audit, contractor resources).

7. Track progress

Currently, the CAAs own the data and report out to GLWA in various formats. Data tracking on a monthly basis is not timely or effective for decision making and monitoring program effectiveness. GLWA proposes that data is more closely tracked and provided directly to GLWA via a client data sheet submitted upon intake that provides statistical data (but not personal information).

8. Provide more frequent reviews of overall program utilization

The City of Flint is in a unique position that often results in the stopping and starting of the program based on current funding available. GLWA is proposing that by reviewing the program utilization more frequently and considering reallocation on a more regular basis, the program will be able to run smoother for Flint residents.