

Low-Income Water Rate Assistance (LIRA) Program

Luskin Center for Innovation
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Overview

- Motivation for Program
- Key Design Features: Eligibility, Benefit, Cost
- Two potential program scenarios

Public expenditure for other LIRA programs (2015)

Programs	Expenditures
California Alternate Rates for Energy	\$1,300 Million
Energy Savings Assistance Program	\$400 Million
Low-Income Home Energy Assistance Program	\$173 Million
Universal Service Program (Telecommunications)	\$723 Million

Why help households pay for water service?

- Affordable water consumption is a public health priority
- The retail cost of water will continue to rise
- If water is unaffordable, low-income households either:
 - Consume less water than is healthy and/or
 - Consume less of other vital services to pay for water

Contract Scope (AB401, October 2015)

- Review existing LIRA programs for utilities
- **Economic and Fiscal analysis of program options**
- Governance and administrative design options
- Legal analysis (Berkeley Wheeler Center)
- Stakeholder consultation and input
- Final Report

Need for Californian households

Designation	% of State Households
Below Federal Poverty Line	14%
Below 150% Federal Poverty Line	24%
Below 200% Federal Poverty Line	34%

- 200% of the Federal Poverty Line for a 4-person household is currently \$48,600

Many systems have large need and can't implement a LIRA

County	Water System Name	% of Households Below 200% Federal Poverty Line
TULARE	CUTLER PUD	87%
FRESNO	MENDOTA, CITY OF	83%
TULARE	EARLIMART PUD	81%
SUTTER	CITY OF YUBA CITY	81%
FRESNO	SAN JOAQUIN, CITY OF	81%
TULARE	PIXLEY PUBLIC UTIL DIST	81%
SAN BERNARDINO	CITY OF ADELANTO	80%
KERN	CITY OF MCFARLAND	77%
KERN	ARVIN COMMUNITY SERVICES DIST	76%
TULARE	TERRA BELLA IRRIGATION DISTRICT	76%
SANTA BARBARA	GUADALUPE WATER DEPARTMENT	75%

- In 22% of systems, more than half of households would be eligible

Three Key Program Design Features

- **Eligibility:** the number of households qualified based on socioeconomic criteria
- **Household Benefit:** the type and level of annual financial assistance
- **Potential annual program cost:**
Number of eligible households × Household benefit

Two Policy Alternatives

- #1 : All state households below 200% of the Federal Poverty Line (FPL) receive the benefit
- # 2: All state households below 200% of FPL who are served by water system not currently offering a LIRA receive the benefit
- Both alternatives offer benefit allowing average household to afford above 55 gallons/person/day

#1 Policy alternative: 200% of the Poverty Line

- Eligibility: The 34% of the state's households below 200% of the federal poverty line
- Benefit: Equal to 20% of their drinking water expenditure on 12 hundred cubic feet (CCF)

#2 Policy alternative: Systems without LIRAs

- The systems with existing LIRAs keep these programs
- Eligibility: Households below 200% of the federal poverty line where system does not currently offer a LIRA
- Benefit: Equal to 20% of their drinking water expenditure on 12 CCF

#2 Policy alternative: Upsides and downsides

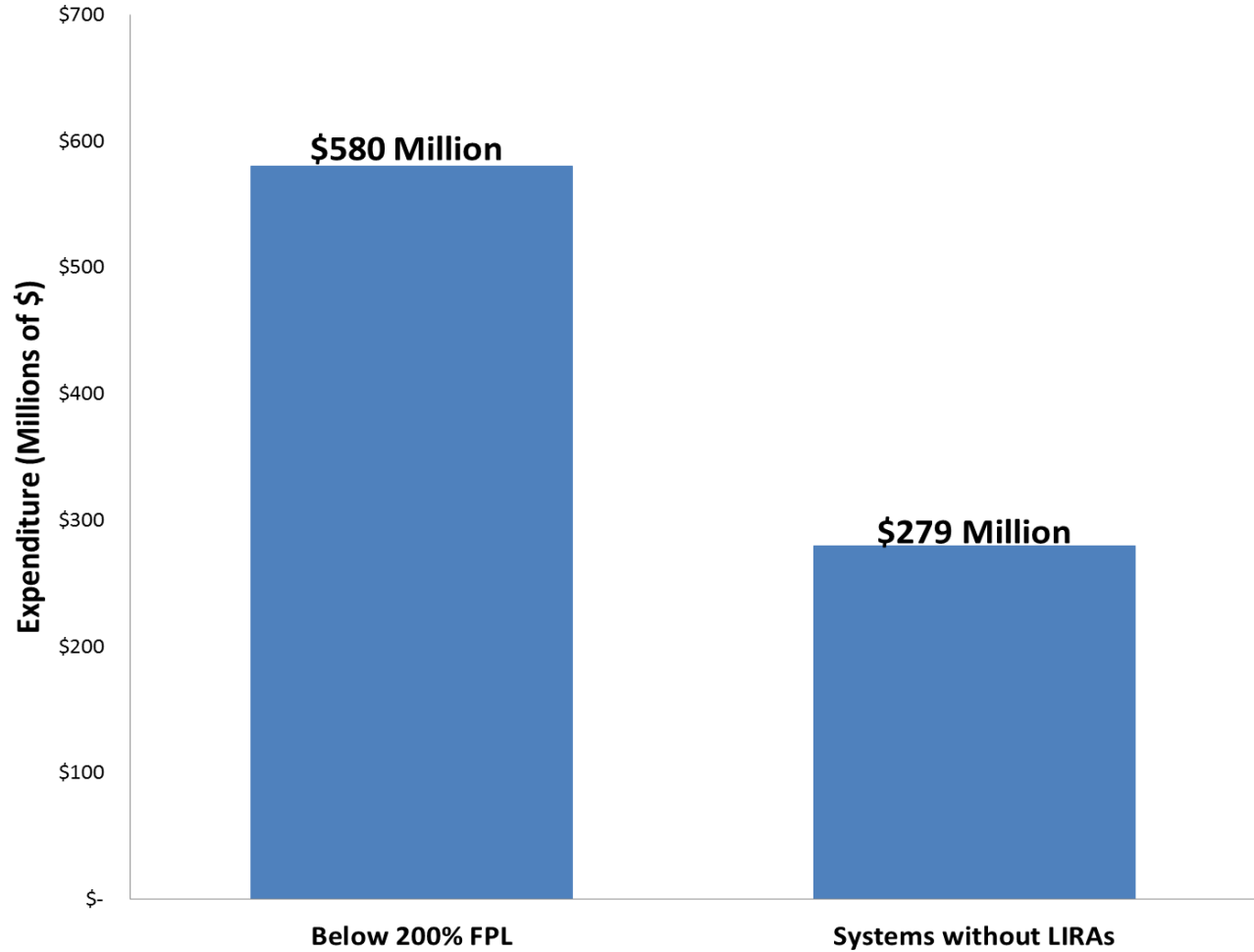
Upsides

- Lowers “new” cost of the program
- Continues local administration (for existing LIRA programs)

Downsides

- Systems with existing LIRA programs vary substantially in eligibility criteria, benefit level and enrollment
- Potentially smaller base of financial support for new program

Potential Cost of these designs



Public expenditure for other LIRA programs (2015)

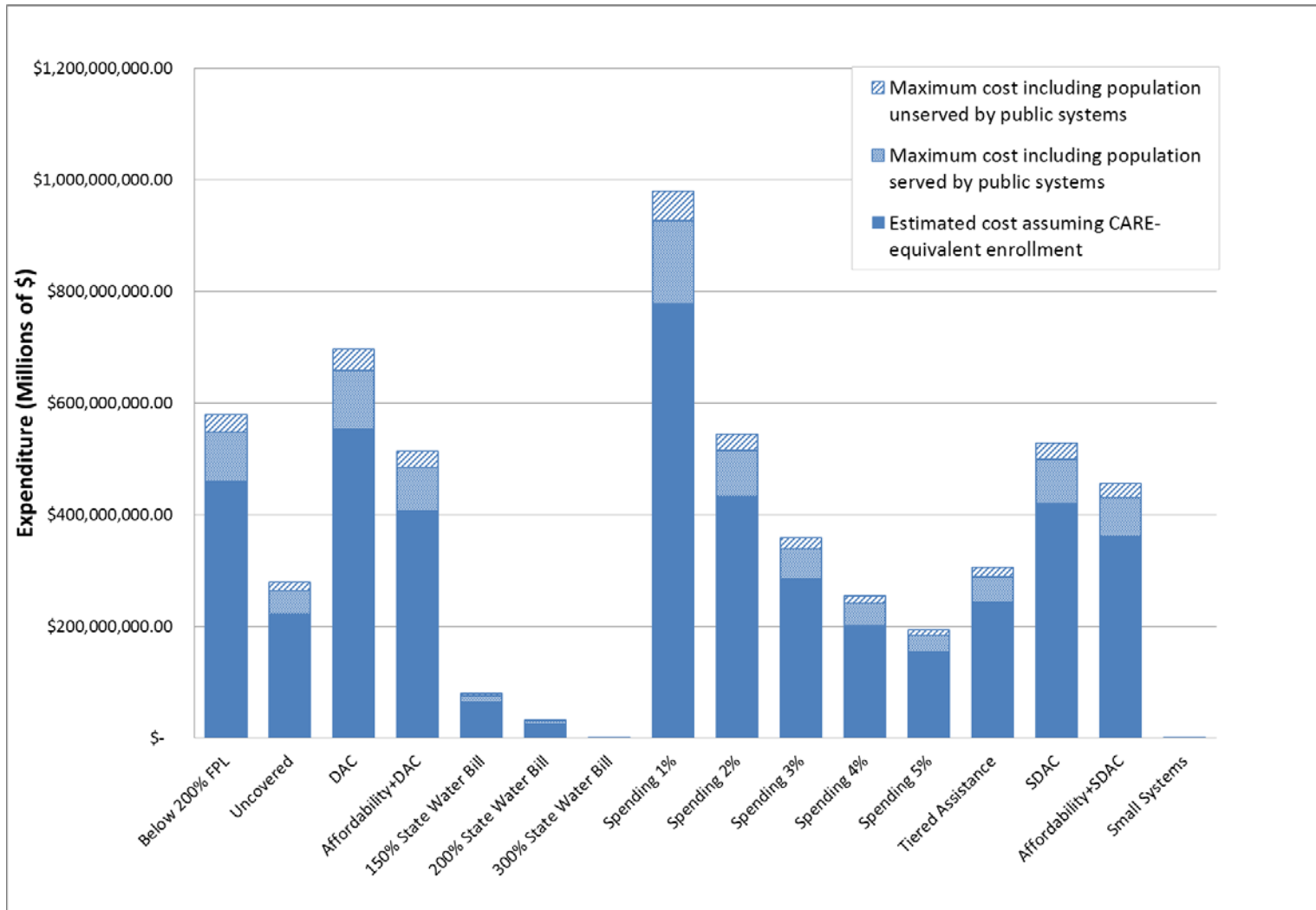
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Summary of Program Benefits

- Supports the state's national leadership in implementing a Human Right to Water
- Ensures water affordability comparable to other sector's LIRA programs
- Provides financial assistance for healthy but responsible water consumption level

Questions?
Contact Greg Pierce at
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Full display of potential costs



Full table of potential costs

Program Cost Estimates	Below 200% FPL	Uncovered	DAC	Affordability+D AC	150% State Water Bill	200% State Water Bill	300% State Water Bill	Spending 1%
CARE equivalent enrollment	\$ 460,558,519	\$ 221,862,744	\$ 553,843,487	\$ 407,927,339	\$ 63,570,746	\$ 25,641,220	\$ 765,368	\$ 778,568,796
Including population served by public systems	\$ 548,283,951	\$ 264,122,314	\$ 659,337,485	\$ 485,627,784	\$ 75,679,459	\$ 30,525,261	\$ 911,153	\$ 926,867,614
Including population unserved by public systems	\$ 579,915,717	\$ 279,360,140	\$ 697,376,186	\$ 513,644,772	\$ 80,045,582	\$ 32,286,334	\$ 963,719	\$ 980,340,746
Program Cost Estimates	Spending 2%	Spending 3%	Spending 4%	Spending 5%	Tiered Assistance	SDAC	Affordability+S DAC	Small Systems
CARE equivalent enrollment	\$ 432,548,128	\$ 284,951,266	\$ 202,442,065	\$ 154,076,933	\$ 243,099,869	\$ 420,221,688	\$ 361,863,843	\$ 1,132,513
Including population served by public systems	\$ 514,938,248	\$ 339,227,698	\$ 241,002,458	\$ 183,424,920	\$ 289,404,606	\$ 500,263,914	\$ 430,790,290	\$ 1,348,230
Including population unserved by public systems	\$ 544,646,224	\$ 358,798,526	\$ 254,906,446	\$ 194,007,127	\$ 306,101,026	\$ 529,125,293	\$ 455,643,576	\$ 1,426,012

Additional Eligibility Explanations

- **150%, 200%, 300% State Water Bill** – Provides benefits to households below 200% FPL in a system with exceptional costs relative to the state average
- **Spending 1,2,3,4,5%**- Provides benefits to individual households spending more than a certain percent of their income on water
- **Tiered Assistance**- Provides a benefit equal to 10% of a household's water bill to all households below 200% FPL. Additionally, it provides a 10% benefit to households in systems where costs are more than or equal to twice the state average (for a total of 20% benefit).
- **SDAC and Affordability+SDAC**- Identical to the DAC and Affordability+DAC designation, except this uses the “Severely Disadvantaged Households” threshold (60% of state median income).
- **Small Systems**- Provides benefit to those households below 200%FPL that exist in small systems, serving less than 200 people.