

Frequently Asked Questions: COVID-19 Drinking Water Financial Impacts Survey Results

Survey Design and Administration

1. Why did the Board survey drinking water systems about COVID-19 financial impacts?

- For nearly a year, the COVID-19 pandemic has made it difficult for many Californians to pay their bills due to job loss and other hardships. Water systems, like many other service providers, have been directly affected by their customers' inability to pay. Californians have been protected from water shutoffs during the COVID emergency by the Governor's April 2020 Executive Order preventing water shutoffs for lack of payment. To gauge the magnitude of household debt and related financial impacts on water systems, the State Water Resources Control Board surveyed water systems between November 9 and December 4, 2020. This data effort will support development of analyses for policymakers exploring response/assistance options and help inform policy decisions to stay ahead of potential crises.

2. How did the Board choose which systems to survey?

- The systems were randomly selected to ensure statistically valid results. See https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/2020/faq_covid-19_impact_survey_updated_1.5.21.pdf for more detail about how systems were selected.

3. Was survey completion mandatory for selected systems?

- No, completion of the survey was voluntary.

4. Why didn't the Board require mandatory responses from all community water systems?

- There are nearly 2,900 community water systems in California, and it would have taken significant time to obtain data from all of them. The survey method we used allowed for quicker data collection and results that could be used to develop statewide estimates with high confidence.

5. How many systems completed the survey?

- The small/medium systems (below 10,000 service connections) survey was administered to 510 systems and received responses from 428 (83% response rate)
- The large system survey (above 10,000 service connections) was administered to 150 systems and received 131 responses (87% response rate)

6. How much confidence does the Board have in the survey response data?

- The Board has high confidence in the data. Statewide estimates are made at a 95% confidence interval based on the survey responses. Surveys to small/medium systems were conducted by phone to obtain a high degree of accuracy and completeness. In addition, the Board held a workshop for the large systems to answer question about how to respond to the survey questions.

7. Is the survey data available to the public?

- Yes, the survey data is posted on the Board's website at:
https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/covid-19watersystemssurvey.html

Survey Results

Note: The survey responses cover financial data from March through October 2020.

8. How much household water debt exists?

- The Board estimates \$1 billion in household debt across the state as of January 2021.

9. Is all of the debt for drinking water service?

- All of the debt is from non-payment of water bills. However, some water systems collect charges for other services, such as wastewater, stormwater, and energy on the water bill. The Board's estimate of drinking-water specific debt is between \$600 and \$700 million.

10. How many households have water debt?

- The Board estimates that at least 1.6 million households have water debt. This means at least 12% of households in the state have water debt.

11. What is the median amount of water debt?

- The average debt amount is roughly \$500 per household.

12. How many households have over \$1,000 in debt?

- The Board estimates that over 155,000 households have more than \$1,000 in water debt. These households account for over half of the total water debt.

13. How is the household debt related to race and income?

- Zip codes with higher percentages of Hispanic and Black households have:
 - A higher percentage of households with some level of debt,
 - A higher average level of debt,
 - A higher percentage of households with very high levels of debt (above \$600 and \$1,000),
- These relationships hold true even after controlling for income, poverty level, and housing type

14. Which Zip Codes reporting in the survey have the highest levels of water debt?

- The top 10 Zip Codes with the highest levels of water debt are in Los Angeles, Santa Maria, Rancho Cordova, Colton, Bell Gardens, Norwalk, and Cypress. The water-debt crisis is most acute in Southern California, particularly in Los Angeles. Not all Zip codes were included in the survey, so there are projected to be more Zip codes that face high debt as well.

15. How many water systems may require emergency assistance?

- The Board estimates that up to 25 small/medium water systems are at extreme risk and may require emergency assistance within 180 days.

16. Why are these systems at risk?

- Some smaller systems lack financial and operational capacity to withstand prolonged revenue loss. The data show a strong correlation between median household income and level of financial risk, indicating that communities that were already disadvantaged have experienced disproportionate impacts during the COVID-19 pandemic. This finding is consistent with overall economic and health impacts falling primarily on low-income communities of color.

Use of Survey Results for Solutions

17. What is the Water Board doing to ensure at-risk systems don't stop providing water to people?

- The Board will support water systems to identify and obtain assistance for continued operation. The Board will coordinate with state and federal emergency management agencies to ensure systems are able to operate as systems in need are identified.

18. Can the Safe and Affordable Fund for Equity and Resilience (SAFER) program be used to help these systems since they now fall into the at-risk category?

- The SAFER program funds have been allocated to provide safe drinking water to communities that were not able to provide safe and affordable water prior to the COVID pandemic and are still struggling to do so. The Board is developing an affordability pilot program within SAFER to address affordability in an overall context and may use this survey data to inform decisions about which systems and households to prioritize for the pilot program. However, the funds available in SAFER are limited and will not be sufficient to address the extent of the problem resulting from the COVID pandemic economic impacts.

19. What policy discussions are happening to address the household debt crisis?

- The Board conducted the survey to gain an understanding of the magnitude of the crisis. The Board will work with the Administration, the Legislature, and the federal government to develop policy options to address the crisis. In his proposed budget, Governor Newsom has allocated a \$600/month state stimulus payment for low-income families struggling to pay rent and other expenses.

20. Is debt relief one of the options being considered?

- Any proposal for debt relief or other direct assistance would have to consider possible funding sources, go through a legislative process, and be approved by the Governor. The Board will support the development of policy options requested by the Administration and the Legislature. Senator Dodd has introduced two bills aimed at addressing these issues, and more legislative proposals are expected.

21. Is federal assistance available?

- In the December 2020 COVID relief bill passed by Congress, which provided limited relief for water utilities and ratepayers, \$638 million was appropriated nationwide for emergency low-income drinking and wastewater assistance, and California expects to receive approximately \$60 million. The COVID relief bill also included an Emergency Rental Assistance program to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The Board will

support the Administration and the Legislature to develop options for allocating the funds.

22. Is there any other assistance available?

- Households served by water systems regulated by the California Public Utilities Commission (CPUC) may be eligible for additional assistance. (Investor-owned water utilities regulated by the CPUC serve approximately 6 million Californians). More information is available at:

<https://www.cpuc.ca.gov/covid19protections/#WaterIOUs>

Additional Information

23. Does the water shutoff moratorium have an end date?

- No, the moratorium will remain in effect as long as the Governor's emergency declaration for the COVID emergency is in effect.

24. What other actions has the Water Board taken in response to the COVID-19 pandemic?

- In response to the Governor's April 2, 2020 Executive Order, the Board developed a guidance and best practices document for water systems. The document is available at: https://www.waterboards.ca.gov/resources/covid-19_updates/docs/eo_implementation_guidelines_04302020.pdf
- The Board also created a website and toll-free phone number for people to report issues with water shutoffs, reconnections, and payment. The website is located at: <https://watershut-off.covid19.ca.gov/>. The phone number for people who require translation assistance is: 844-903-2800. The Board follows up with water systems on all submissions received.
- In addition, in February 2020 the Board submitted a report to the Legislature with recommendations on the creation of a statewide low-income water rate assistance program. The report includes recommendations for the creation of a water crisis assistance program. The report is available at: https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/assistance/docs/ab401_report.pdf