

CSPM 2000

LOCAL WATER UTILITY AFFORDABILITY POLICY

EFFECTIVE DATE **May 1, 2024**
ISSUE DATE **May 1, 2024**

REFERENCES

- [2023-PA-0119](#); Section 556
- CSPM 1800
- 2 CFR 200

FUNDING INFORMATION:

- **Source of Funding:** US Department of Treasury
- **Federal Award Identification Number (FAIN):** SLFRP0127
- **ALN/CFDA Number/Name:** 21.027; Coronavirus State and Local Fiscal Recovery Funds

SECTION I: BACKGROUND

Public Act 119; Section 556.

- (1) Funds appropriated in part 1 for ARP - local water utility affordability must be used to support efforts by community water systems to ensure the affordability of water. Eligible expenditures from these funds must be income-based and must include all of the following:
 - (a) Capping or lowering utility bills.
 - (b) Reducing consumer debt.
 - (c) Improving in-home plumbing.
 - (d) Protecting participating residents from water shutoffs.
- (2) Unexpended funds appropriated in part 1 for ARP - local water utility affordability are designated as a work project appropriation. Unencumbered or unallotted funds shall not lapse at the end of the fiscal year and shall be available for expenditure until the project has been completed. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:
 - (a) The purpose of the project is to provide assistance to low-income water utility consumers at risk of losing water service for their home.
 - (b) The project will be accomplished by utilizing state employees or contracts with service providers, or both.
 - (c) The total estimated cost of the project is \$35,000,000.00.
 - (d) The tentative completion date is September 30, 2026.

PURPOSE

To provide grants to qualified providers that assist eligible residents who have a financial burden, have accumulated a balance on their water and/or wastewater utility bill, have had their water service shut off, and/or are at risk of having their water and/or wastewater service shut off.

Community Action Service Plans must adhere to the state laws, including:

COMPLIANCE WITH STATE RULES AND REGULATIONS

To comply with the Michigan Economic and Social Opportunity Act of 1981 ([Act 230 of 1981](#) and as amended [Act 123 of 2003](#)) and the associated [Administrative Rules](#) with the Act.

Under the supervision of the MDHHS, the Bureau shall serve as a statewide advocate for social and economic opportunities for low-income persons and shall:

- (a) Coordinate state activities designed to reduce poverty and implement community social and economic programs.
- (b) Cooperate with agencies of the state and federal government and other public agencies, nonprofit private agencies, and nonprofit organizations in reducing poverty and implementing community social and economic programs.

COMMUNITY SERVICES POLICY MANUAL (CSPM)

To comply with Bureau of Community Action and Economic Opportunity's (BCAEO) Community Services Policy Manual (CSPM) pertaining to the Community Services Block Grant Program, Water Utility Affordability Service Plans are to be developed using a process that assess poverty-related needs, available resources, feasible goals and strategies, and that yield program priorities consistent with standards of effectiveness established for the Water Utility Affordability program. The Water Utility Affordability Service Plan should identify eligible activities to be funded in the program service areas and the needs that each activity is designed to meet.

SECTION II: ALLOWABLE AND UNALLOWABLE SERVICES

Assistance to households may include the following:

- (a) Restoring residential water and/or wastewater service.
- (b) Paying down water bills currently in arrears.
- (c) Supporting reasonable water and/or wastewater affordability plans that are based on an individual's ability to pay, including capped payments based on household income to prevent accumulating a balance on future water bills and funding to qualified providers to cover the remaining cost of service.
- (d) Protecting participating residents from water and/or wastewater shutoffs. This may include assisting with payments on bills that not in arrears or disconnect status.
- (e) Improved in-home plumbing.

Note: In-home plumbing improvements are applicable to metered services only. Well and septic repair are not allowable activities with this funding.

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The maximum payment (household cap) for bills, including costs of water restoration, arrears, payments towards water affordability plans or to protect eligible residents from shutoffs, is \$3,000 per fiscal year per household. This cap includes any fees needed for reconnection.

Note: Payments can only be made to the water/wastewater provider. Payments to landlords or other individuals are not allowable expenses.

The maximum total payment per address for improved in-home plumbing is \$9,000 and must only be applied for any aspect of the water system that is the client's responsibility. The agency may submit a waiver to MDHHS-BCAEO@michigan.gov to address items that are not the resident's responsibility if other paths to resolve the issue have been explored and the resident's safe water access remains unresolved. Administrative costs are not included in the job cost.

- Grantees may submit waiver requests to the cap to MDHHS-LIHWAP@michigan.gov with the subject line "Water Affordability Waiver Request — (Client Last Name)". The waiver request template is located in [SharePoint](#) or can be requested through MDHHS-LIHWAP@michigan.gov. Waiver requests must be fully completed prior to approval.
 - Waiver requests will not be approved for payments that will exceed \$5,000 per household for the duration of the funding.

In instances where utility payments are included in the customer's rental payment, renters may qualify for Water Affordability benefits provided they can show proof that the water and/or wastewater utilities are included in their rent and the amount past due has led to disconnection status or imminent disconnection. To qualify, the applicant must submit a water and/or wastewater bill that shows that they are in jeopardy of being disconnected or have already been disconnected. The applicant may use their lease or a statement from the landlord to verify the water utilities are included in their rent.

In instances where an arrearage does not match the customer's current address, the arrearage may be paid if the bill, including old or transferred balances, must be paid to start or maintain service at the current or new address.

In instances where a customer has a bill that is bundled with other services (garbage, utilities, etc.), payments can **only** be applied to the water and/or wastewater portion of the obligation.

It is the responsibility of the grantee to determine if a household with high usage or in need of repairs is assisted or deferred until repairs or a plan to reduce usage are received. Repairs up to \$9,000 may be completed per address to mitigate ongoing high usage when leaks or other issues are present. This cap is per address for the duration of the funding availability.

Assistance to households **may not** include the following:

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- Any services beyond items (a)-(e) in Section II.
- Any bill payment assistance above the \$3,000.00 per fiscal year per household unless a waiver request has been pre-approved by BCAEO.
- Any in-home plumbing repairs above \$9,000 per address for the duration of the program unless a waiver request has been pre-approved by BCAEO.
- Well and septic repair or replacement.
- Duplicated payments -Funding may not include activities or costs that have already been paid for with a different funding source. Funding may be combined with different sources to ensure allowable activities or services are completed as allowed by funding regulations.

For households requesting plumbing repairs.

Note: This section may also apply to renters that meet program requirements.

Households with high water/wastewater burden or inability to use water/wastewater due to compromised plumbing may be eligible for up to \$9,000 in repair assistance. Grantee staff will work with applicants and gather additional information about their plumbing situation create a list of priority points, based on the suggestions below and/or determined by identified local needs. Households with any of the determined points may receive services. Grantees are encouraged to consider the applicant's level of need as determined by the priority points; however, any applicant with any displayed level of need may receive up to \$9,000 per address for the duration of this funding. The sample point list is below:

1. Do you have access to running water [No = 1]
2. Are you manually turning your water on and off at the main valve? [Yes = 1]
3. Do you have access to hot water? [No = 1]
4. Are you using a toilet in your home? [No = 1]
5. Are you able to take a shower or bath in your home? [No =1]
6. Are you able to wash your hands in your bathroom sink? [No = 1]
7. Can you use your laundry tub? [No = 1]
8. Are you able to use your kitchen sink to wash your dishes? [No = 1]
9. Does wastewater regularly drain from your house? [No = 1]

Grantees may customize this point list to meet the local area's plumbing/water repair need. Grantees are also encouraged to prioritize homes with children, seniors, vulnerable/immune compromised people or people with a disability.

Grantees with a waitlist are encouraged to utilize a prioritization assessment, where clients with no access to running water and a higher number of points are provided services first.

After determined eligible for repair, plumbing contractors will conduct an assessment on the home and provide the Grantee staff with a list of necessary plumbing costs. At this stage, program approval is based on household plumbing repair costs and

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availability of funding. It is allowable for a partial work order to be completed, if it meets the stated program goal that every eligible home will have access to hot and cold water and at least one functioning toilet, shower/bath, kitchen faucet, and laundry tub. If the household is approved, the Grantee will pay the plumbing contractor directly to conduct the necessary repairs.

Grantees are encouraged to build a roster of contractors through a Request for Proposal (RFP).

Grantees will have cost controls in place through a price list that all prospective contractors fill out as part of the RFP. The pricing list includes the most common installations, incidental materials needed for installations (i.e. screws, chalk, etc.) and standard hourly rates for each company's Master Plumber and Journeyman. Pricing is based on the total cost of labor and materials.

Alternatively, Grantees may bid out each job on an individual basis following rules outlined in 2 CFR 200. If Grantees elect to use this option, they must adhere to contractual obligations, including the background checks of subcontractors. Please refer to the contract language in EGrAMS for these requirements.

Payments must be made directly to contractors. Quotes that include the scope of work and detailed invoices must be retained and uploaded to empowOR in the customer file.

SECTION III: ALLOCATIONS AND PLAN INSTRUCTIONS

The Water Utility Affordability allocations are based on final negotiated proposals resulting from the successful Request for Proposal (RFP) bidders. \$35,000,000 will be available statewide for distribution for the period on or around April 1, 2024 through September 30, 2026, or until funding is fully expended, whichever comes first. Annual allocations will be monitored and may be reallocated based on spending trends throughout the state.

POLICY

Upon award notification of the RFP, BCAEO will work with grantees to update and submit any revised Water Affordability Service Plan documents in accordance with the guidelines below.

Service Plan – The final plan will apply to the period on/around April 1, 2024, through September 30, 2026.

Expenditure Plan – The final expenditure plan (budget) will apply to the period on/around April 1, 2024, through September 30, 2026.

The administrative expense limit is 15%.

It is expected that the Grantees immediately begin to engage with a communication strategy to reach low-income and vulnerable households to provide water assistance.

SUBMITTAL PROCESS

The metrics for the Service Plan will be extracted from successful RFP applicants and updated to align with final negotiated qualitative and quantitative data.

Questions regarding the Water Utility Affordability Service Plan should be directed to your grant manager and/or MDHHS-BCAEO@michigan.gov.

SECTION IV: ELIGIBILITY GUIDELINES

INCOME ELIGIBILITY

Income eligibility can be determined in one of two ways: through categorical eligibility or an income computation.

Categorical Eligibility

A residential water service customer who currently receives one or more of the following benefits can be determined categorically eligible:

- Temporary Assistance for Needy Families
- Supplemental Security Income
- State Emergency Relief
- Food Assistance Program/Supplemental Nutrition Assistance Program
- Weatherization Assistance Program

Supporting documentation showing the customer is a current beneficiary of a categorically eligible program must be stored in the client file. The MDHHS case number must also be entered when an MDHHS program is used for categorical eligibility. Income sources are not required to be entered in empowOR for categorically eligible households.

Income Computation

If a residential water service customer is not categorically eligible, an income computation must be performed. Use the 200% of poverty income guidelines to determine eligibility for services provided with Water Utility Affordability funds. Income refers to total cash receipts (gross) before taxes from all sources) for all household members (see Income Inclusions/Exclusions below).

An applicant's household's gross income for the preceding 30 days, including the date of application must be computed in empowOR to be annualized. Income computations must be performed in empowOR, and all income sources must be entered in empowOR.

Note: empowOR will automatically include and exclude income sources in compliance with the Inclusions/Exclusions below.

For zero income households, Grantees must make a reasonable effort to obtain documentation of income and document that effort in the client file. If no documentation

can be obtained after a reasonable effort is made, a self-declaration of zero income the applicant may be used as a last resort.

BCAEO Grant Manager approvals and notary signatures are waived for zero-income self-declarations for Local Water Utility Affordability funding.

Migrant Income Computation and Self-Declarations of Income

Due to the nature and frequent changes in employment of Migrants, self-declarations of income may be used as a last resort after all other options have been exhausted. Self-declared income must be annualized and entered as one lump sum in empowOR. The client file should include notes of why the self-declaration was used by Grantee staff. The annualized income must adhere to Water Affordability Federal Poverty guidelines.

DOCUMENTATION OF INCOME ELIGIBILITY

All support documentation for income eligibility determinations must be uploaded to empowOR.

IDENTIFICATION

The chart below includes the minimum types of identification requested at intake and documented in the client file.

Type of Identification Collected	Collected from Whom		
	Applicant Only	All Adults in Household	All Household Members
Social Security Card is photocopied and retained	Requested	Requested	Requested
Social Security Number (Without Actual Card)	Requested	Requested	Requested
Government-issued identification card (i.e.: driver's license, State ID, Tribal ID, passport, etc.)	Requested	Requested	Requested

CITIZENSHIP

The following methods may be used to verify citizenship requirements:

- Applicants sign an attestation of citizenship or legal residency.
- Applicant's submission of Social Security cards is accepted as proof of legal residency.
- Noncitizens must provide documentation of immigration status.

ASSETS

Asset Testing is waived for Water Utility Affordability Funding.

CLIENT SIGNATURES

- Video chatting (FaceTime, Skype, etc.) can be used to obtain client approval. This can be achieved by the client holding picture identification to the camera and the

intake specialist taking a screen shot to show they spoke with the client and the text message portion of the media app will be used for the client to document and state their approval. This text message portion could then be printed/saved along with the screen shot of the photo ID to keep on file as temporary client approval.

- The Grantee can email the client a scan of the document to sign. The client can then print the document, sign it, place their photo ID next to the signature line and take a picture of the signed document (with photo ID included in the photo) and send the photo back to the Grantee in a text or email. If the client does not have access to a printer, then they can reply to the email from the Grantee and attach a picture of their photo ID to that email while stating their approval in the email.
- If the above options are not available to the client, they can use voicemail by either:
 - Calling the Grantee's main office and leaving a voice message stating their name (along with a client PIN, file number, etc.) and their approval of the information obtained by the Grantee during the intake process on X month and X date.
 - Calling a cell phone and leaving a voicemail message. The text version of this voice mail would be retained to document temporary approval. The information contained in a) above should be included in this voicemail.
- The Grantee may mail the form(s) to the client for approval, the client could then sign and mail them back to the Grantee. However, unless the client includes a notary approval with their signature this method will only be used as temporary approval.
- If the Grantee has electronic signature software, that is allowable.
- If none of the above methods will work for the Grantee to obtain necessary client approval for intake (client only has access to a land line, etc.), then the intake specialist can document their phone conversation with the client stating the date, start and end time of the discussion, client, and general description of what was discussed, and the client gave verbal approval of this information. The Oral Release of Information Phone Script document can be used to document this information. This can be found in [SharePoint](#).

Sufficient reasoning must be documented, and kept with the approval, as to why the specific method of obtaining temporary approval was used. This information must be retained and kept along with the documentation signed in person (when it is obtained) as this will be subject to the normal monitoring procedures and will be used to support the start date for services.

HOUSEHOLD COMPOSITION

Income from all household members is used to determine income eligibility. A household is all persons occupying a housing unit, regardless of whether they are related.

Exception: For income eligibility purposes, Foster Children are not to be included as household members and Foster Care payments/subsidies are not to be included as income.

Absent Household Members

Household members who are absent from the home for 90 consecutive days or more are excluded from the household and therefore, their income is excluded.

Roomers

For applicants/households that have “roomers” paying rent, the “roomer” is not considered a member of the “household” and the income of the “roomer” is not counted for income eligibility. However, the rent from the roomer should be included as income. When annualizing income, the income from rent payments should only be included for the months that rent was received.

For applicants/households that are “roomers” paying rent, only the income of the “roomer” is counted for income eligibility (the income of the homeowner/principle renter is not counted).

Documentation of "roomer" status must be provided including:

1. A statement from the homeowner/principle renter that the applicant is a "roomer" and is paying monthly rent in the amount of \$____.
2. A copy of a canceled check or monthly bank statement showing the check amount and the payee.
3. If the payment transaction was in cash, or a canceled check or monthly bank statement is not available, ask the applicant to get a written receipt from the homeowner for the last month's rent paid (this could be incorporated in #1 above if necessary).

INCOME INCLUSIONS/EXCLUSIONS

Income Includes (there are no stipulations on spending)

1. Gross wages/earnings and salaries before any deductions.
2. Self-employment/net receipts from nonfarm or farm self-employment: receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses. (*See Self-Employment Income below*)
3. Social Security (Retirement, Survivor's, Dependent's, and Disability Insurance Income) gross benefits, including any Medicare premium from the Social Security Administration*.
4. Railroad Retirement payments*.
5. Supplemental Security Income (SSI)*.

*Note: Retroactive lump sum payments for Supplemental Security Income (SSI), Social Security Insurance or Railroad Retirement Benefits should be prorated on a 12-month basis so that only benefits covering the three-month calculation period are included.

6. State SSI Supplemental Payment. (e.g., State SSI quarterly payment).
7. Worker's compensation, and/or private long-term or short-term disability payments.
8. Veteran's Payments: VA Service-Connected Disability Compensation; VA Non-Service Connected Disability Pension; Military Retirement Pay, and Military Family Allotments.
9. Temporary Assistance for Needy Families - TANF, Family Independence Program-FIP (Cash Assistance Title IV) and State Disability Assistance (SDA).
10. Adoption Subsidies and Independent Living Stipends (if there are no restrictions on use).
11. Training stipends.
12. Private Pensions, Government Employee Pensions, and other Retirement income.
13. Insurance or annuity payments.
14. Income from Individual Retirement Accounts (IRAs) received during the computation period, whether received as monthly or in a lump-sum withdrawal.
Note: Lump-Sum IRA withdrawals should be prorated on a 12-month basis and the three months of prorated amount should be included in the computation.
15. Income from Dividends, Interest, Stocks or Bonds.
16. Periodic receipts from Estates or Trusts.
17. Net Rental Income, including from Roomers.
18. Net Royalties; Net Gambling/Casino, or Lottery winnings.
19. Tribal Payments - Any payments received by Native Americans, such as from Casino income or other Tribal income.
20. Joint Income received by more than one individual. Divide the income equally among recipients.
21. Third party benefits paid directly to a company for a client's housing or bills. Third party benefits are only counted as income if they are paid to a company or entity in lieu of paying an individual Child Support, Alimony, or wages directly.

Lump Sum Payments

Note: Retroactive lump sum payments for Social Security, SSI, Railroad Retirement Benefits and Lump-sum IRA withdrawals should be prorated on a 12-month basis so that only benefits covering the 30-day calculation period are included.

Income Excludes (includes examples that are limited in what the income can be spent on.)

1. Emergency assistance program payments
2. Tax Refunds or Earned Income Tax Credit.
3. Gifts or Loans (including but not limited to Reverse Mortgages).
4. Lump-Sum Inheritances.
5. Compensation for Injury or One-time Insurance Payments.
6. Non-cash benefits such as employer paid or union paid portion of health insurance or other employee fringe benefits
7. Food or housing received in lieu of wages/earnings (in-kind).
8. The value of food and fuel produced and consumed on farms or the imputed value of rent from owner-occupied non-farm or farm housing.

9. State/Federal Non-Cash Benefit programs such as: Medicare (Medicare premiums payments are **not** excluded), Medicaid, SNAP/Food Assistance Program benefits (including cash received in lieu of food stamps), school lunches, housing assistance, childcare vouchers (Child Development and Care payments made on the behalf of MDHHS customers), Women Infant and Child Supplemental Nutrition Program (WIC), Temporary Assistance for Needy Families (TANF), or Affordable Care Act Subsidies.
10. College Scholarships (including work study), Grants, Student Stipends, Fellowships and Assistantships, VA Education Benefits (GI Bill).
11. Foster Care Payments, including Foster Grandparent Payments, Family Support Subsidies, and Guardianship Assistance Payments.
12. Combat Zone Pay to the Military.
13. Student Income - Income earned through employment by a child age 18 and under, **and** attending high school.
14. Any assets resulting from withdrawals from a bank; or the sale of property, a house or a car, including capital gains.
15. Unemployment income
16. Covid-19 Economic Impact Payments (Stimulus Checks)
17. Court-ordered Child Support and Alimony or Spousal Support.

NOTE: "Earnings" do not include program benefits such as Social Security, Supplemental Income (SSI), etc.; these are included in the total household income.

Self-Employment Income

Self-employment income must be documented for each type of self-employment activity or business. Business expenses may be deducted from the gross income amount determined for each self-employment activity/business. Documentation of claimed expenses must be included in the client file information.

NOTE: Losses from a single self-employment source of income cannot be applied to any other self-employment income or other household income types. In other words, if self-employment business A realizes a loss of \$10,000, the income from that source is considered zero. The \$10,000 loss cannot be deducted from self-employment business B or other household income.

Self-Employment Expenses

Allowable expenses (deduct from income):

- Identifiable expenses of labor, stock, raw material, seed, fertilizer, etc.
- Interest and principal on loans for equipment, real estate or income-producing property.
- Insurance premiums on loans for equipment, real estate and other income-producing property.
- Taxes paid on income-producing property.
- Transportation costs while on the job (example: fuel).
- Purchase of capital equipment.

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- A child care provider's cost of meals for children. Do not allow costs for the provider's own children.
- Any other identifiable expense of producing self-employment income except those listed below.

Unallowable expenses (not deducted from income):

- A net loss from a previous period.
- A net loss from another type of self-employment.
- Federal, state and local income taxes.
- Personal entertainment or other individual business expenses.
- Money set aside for retirement.
- Depreciation on equipment, real estate or other capital investments.

SECTION V: REPORTING

Grantees must report information in real time in empowOR, including demographics, services outcomes, and awards. BCAEO staff must be able to generate real-time reports from empowOR, on the following information at minimum:

- Number of individuals whose water/wastewater service was restored after disconnection.
- Number of individuals who avoided utility disconnect.
- Number of individuals with rate reduction (payment toward a bill not in arrears or on a rate reduction plan).
- Number of individuals whose inoperable metered water/wastewater lines or equipment was repaired or replaced.
- Number of households that were denied participation including the denial reason.
- Number of households whose water/wastewater service arrearages over \$3,000.

Grantees must complete and submit Quarterly Narrative Reports in empowOR on a format prescribed by BCAEO within 15 days of the end of the reported quarter.

- Quarter ending June 30: Report due July 15
- Quarter ending September 30: Report due October 15
- Quarter ending December 31: Report due January 15
- Quarter ending March 31: Report due April 15

The report must include, at a minimum:

- Client success stories
- Increased community partnerships
- Notable program accomplishments

Any additional data elements including the breakdown of sewer and water arrearages, associated fees, or other relevant program data is encouraged to help support the requests for additional and continued water assistance programs.

SECTION VI: OTHER

CLIENT FILE

Grantees must maintain a client file for all recipients of Local Water Utility Affordability services in empowOR (See CSPM Item 1800).

Documentation of collateral contact with the water provider may be included in lieu of requesting a copy of the actual bill.

A copy of a lease or rental agreement may be required for renters to verify obligation.

PROGRAM OUTREACH

It is the expectation that Grantees work with water providers as well as other community partners in their service area to provide outreach services for water providers. Examples of outreach services may include:

- Flyers for lobbies, food distribution boxes, mailers, account bills, etc.
- Mass texting
- Social media and website promotion
- Radio/television advertisement
- Wraparound services

FUNDING

Reallocations may take place until December 31, 2024, depending on state and federal grant regulations, the needs by region, and overall program demand. Grantees will be required to periodically report on actual and forecasted throughout the grant program.

Any Community Action Agencies that have received a notice of de-designation are not eligible for supplemental funding programs. In this case, the funding for the service area of a CAA in process of de-designation will be administered in that service area by an alternate CAA or other entity to be determined by BCAEO.