



MAY 2025

## WHAT YOU NEED TO KNOW:

# EFAB's Advancing Water Affordability Nationwide: A Framework for Action

Water affordability is a challenging and multifaceted issue facing the nation. Increases in water and wastewater rates have outpaced growth in household incomes and the general rate of inflation for decades. The cost of providing clean, safe, and reliable water services is escalating. For many people, even at current rates, paying for water services is a struggle.

The Environmental Protection Agency (EPA) plays a vital role in ensuring that states, Tribes, and communities have access to resources, tools, and information to help them make informed decisions about environmental protection and public health. As part of EPA's ongoing water affordability work, EPA charged the Environmental Financial Advisory Board (EFAB) with developing recommendations for addressing water affordability.

In response to this charge, EFAB prepared its deliverable, [Advancing Water Affordability Nationwide: A Framework for Action](#). The report provides a framework of considerations to EPA for addressing water affordability issues. The recommendations will help to establish a path of holistically addressing water affordability and provide a roadmap of recommended approaches.

## Ensuring Access to Affordable, Clean, and Safe Water Services





The EFAB report provides significant information, resources, and related recommendations to EPA on the topic of water service affordability. Through the development of an affordability framework, EFAB has identified several ways that EPA can facilitate and support affordability-related efforts at the local, state, and federal level.



## What is the Environmental Financial Advisory Board?

EFAB provides ideas and advice to EPA on ways to lower the costs of, and increase investments in, environmental and public health protection. Membership consists of officials from state and local governments; leaders from the finance community and other business industries; and members of environmental, tribal and non-governmental organizations.

### EFAB's work focuses on:

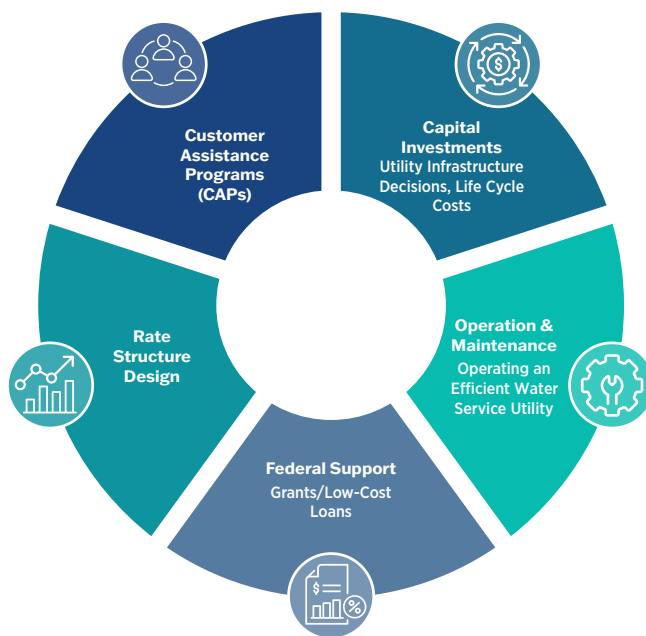
-  ..... Lowering the cost of environmental protection
-  ..... Removing financial and programmatic barriers that raise costs
-  ..... Increasing public and private contribution in environmental facilities and services
-  ..... Building state and local financial ability to meet environmental laws

## EFAB Affordability Framework

In response to EPA's five-part affordability charge, EFAB developed an Affordability Framework. The framework concept reflects that utilities can address household water affordability at various points in their decision making and financing processes, and through various mechanisms, as most appropriate for their community and ratepayer needs. Each section of EFAB's report explores a component of the affordability framework.

### Section 1: Capital Investments

A primary cost driver for water services in most communities is capital investment in water infrastructure. Whether to address the needs of aging systems or make necessary upgrades, utilities make infrastructure decisions every day that will impact ratepayers for decades to come. While the cost of conventional water infrastructure is rising at record rates, utilities increasingly have a wider array of alternatives to meet their drinking water, wastewater, and stormwater management objectives, both in terms of the options they choose to invest in, as well as how they go about implementing those decisions.



**Water infrastructure is the most capital-intensive utility to operate**, with some analysts estimating it to be twice as capital-intensive as providing electricity, and three times as capital-intensive as providing gas.



## Section 2: Operational Efficiencies

Effective utility management practices are foundational for sustaining financial capacity and ensuring that water services are affordable. Utilities have considerable flexibility in organizing their operations, and numerous resources have been developed to support utilities seeking to maximize operational efficiencies and limit ratepayer burdens where possible.

## Section 3: Federal Financial Support

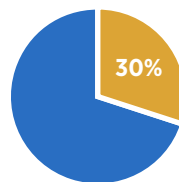
The federal government, and some states, offer various financial support options for local water capital investment, including grants, below-market-rate loans, principal forgiveness, other “additional subsidies,” and more. EPA has a key role to play in ensuring that communities can easily identify and access federal grant and loan opportunities most appropriate and relevant for their communities and to maximize the support available.

## Section 4: Rate Structures and Design

Many water service providers have options for creating rate structures that can reduce financial burdens for low-income customers within current legal and regulatory parameters. Options might include, but would not be limited to, lifeline rates, income-based rate structures, senior assistance plans, host community rate structures, payment restructuring programs, and customer charge waivers.

## Section 5: Customer Assistance Programs (CAPs)

There are households in every community unable to pay for essential water services, either chronically or in response to unexpected crises. CAPs can provide bill assistance directly to these customers through bill discounts, water use efficiency programs, payment management plans, and other methods. CAPs vary in structure and size and often address only short-term needs. Nationally, CAPs suffer from uneven outreach efforts, differences in the amount of assistance provided, and low participation rates among eligible households.



An EPA survey of 800 communities found that **only 30 percent of utilities offered CAPs**, and further, that this assistance does not always reach the households most in need.

Source: [https://www.epa.gov/sites/default/files/2016-04/documents/dw-ww\\_utilities\\_cap\\_combined\\_508.pdf](https://www.epa.gov/sites/default/files/2016-04/documents/dw-ww_utilities_cap_combined_508.pdf)



## Recommendations

Through the development of an affordability framework, EFAB has identified several ways that EPA can facilitate and support affordability-related efforts at the local, state, and federal level. EFAB provided EPA with a total of 26 recommendations identifying actions that EPA can take to enhance affordability across the framework's five key focus areas outlined above. Some recommendations, such as compiling and updating affordability resources to build a comprehensive EPA affordability website, are in the process of being implemented. Others, such as working with external partners to issue a policy statement on expanding the cost-of-service framework, may take more time and effort but also have the potential to have a significant impact.



**To learn more, read  
EFAB's full report:**

[https://www.epa.gov/system/  
files/documents/2025-01/efab-  
water-affordability-report.pdf](https://www.epa.gov/system/files/documents/2025-01/efab-water-affordability-report.pdf)



**To learn more about EPA's work to address water  
affordability challenges across the country, visit  
the EPA Water Affordability website:**

[https://www.epa.gov/waterfinancecenter/  
water-affordability](https://www.epa.gov/waterfinancecenter/water-affordability)

