



**Testimony of the Michigan Section of the American Water Works Association
Before the Michigan House of Representatives
Health and Human Services Subcommittee on Appropriations**

Tuesday, June 24, 2025

Chairperson Roth, Vice Chair Kelly, Vice Chair Edwards and Honorable Members of the Subcommittee:

We Are Subject Matter Experts

Thank you for the opportunity to testify today. My name is Sara Rubino and I'm speaking on behalf of the Michigan Section of the American Water Works Association (MI-AWWA) which represents approximately 2,300 water professionals across the state. The Section includes members from water utilities and suppliers of all sizes, municipalities, engineers, operators, utility leaders, scientists, and others who are dedicated to protecting public health through safe and reliable drinking water. Our members are on the frontlines, maintaining critical infrastructure and managing costs, so water systems remain strong and reliable for everyone. We care about water, and we care about our customers. Our vision is "A better Michigan through better water".

We appreciate your time and attention to this critical issue and respectfully request a \$60 million appropriation to sustain critical water assistance programs that help households maintain access to essential water services—while also supporting the financial and operational stability of Michigan's public water systems.

Why Water Assistance is Needed

Michigan communities are facing a difficult reality - the cost of providing safe and reliable drinking water is rising, while the ability of many households to pay is not keeping pace. Water systems are working hard to modernize aging infrastructure and meet evolving regulatory requirements. But these upgrades come at a cost. Local water systems are supported by local customer rates – not county, state, or federal dollars. This means that when rates increase, even modestly, families on fixed or limited incomes shoulder the burden and can quickly fall behind. Unpaid bills don't just impact individual households; they impact the entire water system. When even a small portion of those customers fall behind, the utility's revenue declines, and tough decisions must be made - raise rates for everyone, reduce service quality, or defer needed capital work.

Assistance programs are not the silver bullet to solving this problem, but they are an important tool that support communities in setting rates that reflect the true costs of service to safely and reliably deliver clean water.

Why This is a Smart Investment

Funding for water assistance programs is good business – it fuels investment in local systems, helps all households in the system, and protects communities from costly disasters. These critical programs:

- Prevent service interruptions that compromise hygiene and public health;
- Reduce administrative and shut off costs for utilities;
- Avoid shifting unpaid costs to other customers;
- Stabilize revenue, which supports long-term system maintenance and reliability; and
- Improve public trust in the essential services communities rely on.

A long-term solution to establish a permanent statewide water affordability program, with a sustainable funding mechanism, has been proposed in a legislative bill package and will be discussed later in this meeting. The Section was invited to help craft the proposed legislation and firmly believes that the bills will benefit water utilities of every size in every region of the state. It's a fiscally responsible and commonsense approach that provides a bridge between household affordability and water system sustainability—helping residents in need while strengthening and securing Michigan's water infrastructure.

Water is Essential – and Too Often Overlooked

Safe water service is just as essential to life and public health as electricity or gas, arguably more so. Yet when it comes to state and federal investment, water systems receive far less support than private electric and energy utilities. For decades, Michigan has invested in programs that help stabilize energy service for residents:

- The Michigan Energy Assistance Program and utility-run payment plans are bolstered by state support;
- The state regulates investor-owned energy utilities through the Michigan Public Service Commission, providing a mechanism for ratepayer assistance and cost recovery; and
- When outages occur—whether from storms or grid strain—energy customers receive credits or reimbursements, and the state often takes action.

Contrast that with water service:

- Water shutoffs are often treated as local issues, despite their direct impact on public health;
- Public water systems are not-for-profit and have limited flexibility to spread unpaid costs without impacting service or infrastructure investment; and
- There is no permanent, federal or state-supported water assistance fund, leaving utilities to absorb losses or shift costs onto other customers.

Yet public water systems—unlike energy providers—rarely experience outages, blackouts, or emergency shutdowns. They are highly reliable, locally managed, and already operating under tight financial constraints.

The Funding Request

Until a permanent statewide solution is established, we respectfully request that this subcommittee include \$60 million in the FY 2026 Health and Human Services budget to support water assistance programs across the state. Michigan's water utilities are committed to delivering safe, affordable water to every customer, every day. We are local governments providing a public service for people – not profits. We're asking the state to be a partner in this mission by supporting programs that protect both public health and the financial integrity of essential infrastructure. Thank you for your consideration of this request.

Respectfully submitted,

Sara Rubino

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