

February 28, 2018

Senator Thad Cochran
Chair, Senate Committee on Appropriations
113 Dirksen Senate Office Building
Washington, D.C. 20510

Representative Rodney Frelinghuysen
Chair, House Committee on Appropriations
2306 Rayburn House Office Building
Washington, D.C. 20515

Senator Patrick Leahy
Ranking Member, Senate Committee on
Appropriations
437 Russell Senate Office Building
Washington, D.C. 20510

Representative Nita Lowey
Ranking Member, House Committee on
Appropriations
2365 Rayburn House Office Building
Washington, D.C. 20515

Senator John Hoven
Chair, Senate Appropriations Subcommittee
on Agriculture, Rural Development, Food and
Drug Administration and Related Agencies
338 Russell Senate Office Building
Washington, D.C. 20510

Representative Robert Aderholt
Chair, House Appropriations Subcommittee
on Agriculture, Rural Development, Food and
Drug Administration and Related Agencies
235 Cannon House Office Building
Washington, D.C. 20515

Senator Jeff Merkley
Ranking Member, Senate Appropriations
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and
Related Agencies
313 Hart Senate Office Building
Washington, D.C. 20510

Representative Stanford Bishop
Ranking Member, House Appropriations
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and
Related Agencies
2407 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Cochran, Chairman Frelinghuysen, Ranking Member Leahy, Ranking Member Lowey, Chairman Hoven, Ranking Member Merkley, Chairman Aderholt, and Ranking Member Bishop:

As national organizations representing water utilities, associations, and national service providers, we are writing to ask you to increase funding for the U.S. Department of Agriculture's (USDA's) Rural Development Water and Wastewater Loan and Grant Program in the Fiscal Year 2019 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill. Specifically, we are requesting \$650 million for grants and \$2 billion for loans. This increase in funding will help alleviate the over \$3 billion backlog in applications from eligible rural communities across the country.

Since the inception of this program, and with the help of our national organizations, USDA has been able to expand water service to thousands of small communities and rural areas – often for the first time. Every single dollar from this program has gone directly to rural customers and has significantly improved the public health and safety of small community water systems throughout the United States. Because of these rural water infrastructure investments, economic development and agricultural advancement has grown in rural communities. It is also important to note that the last assessment conducted by the Office of Management and Budget to determine program effectiveness found the USDA Water and Wastewater Loan and Grant program was awarded the highest rating possible. The review was designed to measure how effectively tax dollars are being spent and included program purpose, design, strategic planning, program management, results and accountability.

As you know, Congress has long recognized the value of USDA's Water and Wastewater Loan and Grant Program, and has consistently supported funding to help small communities improve existing infrastructure,

protect their drinking water resources, and comply with federal drinking water regulations. More than 98% of rural Americans receive their drinking water from small systems and the cost of operating and maintaining these systems is significantly higher than that for urban areas. This program is vital to assuring the highest quality drinking water and sanitation service to rural America's water supplies.

USDA's Water and Wastewater Loan and Grant Program is not duplicative of other federal financing programs or commercial financing through private lenders. Seventy percent of all funds provided for water infrastructure through this program are loans and are paid back with interest to the federal treasury. Currently, the USDA Water and Waste Water Direct Loan Program has a negative subsidy, which as you are aware, is no cost to the federal government. In fact, the federal government makes money on this program and has a delinquency rate of less than one-half of 1 percent.

The expertise of the USDA's Rural Development field staff, coupled with effective underwriting and technical assistance has generated tangible, successful results for rural America. USDA loans have 40 year terms. Grant funds are limited to lower-income communities to ensure user rates are affordable to the residents of the communities served. Other federal financing programs and commercial lenders limit loan terms to 20 years which is not economically feasible for rural customers. Capital improvement projects in many small communities are simply unaffordable for the rural families and residents without this USDA financing. In most rural communities the USDA Water and Wastewater Loan and Grant Program is the only affordable financing source for critical infrastructure.

We greatly appreciate your continued support for the Department of Agriculture's Rural Development Water and Wastewater Loan and Grant Program. We look forward to working with you to ensure strong funding levels are included in the Fiscal Year 2019 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill.

Sincerely,

Rural Community Assistance Partnership Inc.
National Rural Water Association
American Water Works Association
Water Environment Federation
National Ground Water Association
Association of Regional Water Organizations
Water Systems Council
Water Well Trust
National Association of Regional Councils
National Onsite Wastewater Recycling Association
National Association of Clean Water Agencies
National Rural Housing Coalition
National Association of Development Organizations