

Down the Drain

How Slashing Water Investment Risks America's Economy

Background

Clean, safe water is essential to public health, economic growth, and community well-being. But a nearly 90% reduction in water infrastructure funding puts decades of progress at risk.

The President's FY2026 Budget proposes a staggering \$2.46 billion (89 percent) cut to the Clean and Drinking Water State Revolving Funds—the main sources of federal funding to keep our water safe and secure.

These cuts don't just affect pipes and pumps—they threaten American jobs, delay billions in private investment, shift the cost burden to families already facing inflation, and put public health at risk.

Why It Matters

Water infrastructure is the backbone of a functioning economy—from safe and secure drinking water to flood-resilient sewer systems. Water systems provide essential services that businesses and families depend on daily—and they're especially critical for small towns, rural communities, and fast-growing suburbs struggling to keep pace with demand.

Investment in water delivers real returns:



15.7 American jobs

Every \$1 million invested in water infrastructure supports **15.7 good-paying American jobs**.



\$1 turns into \$2.63

Every \$1 invested generates **\$2.63 in economic output** across the U.S. economy.

\$2.46B in proposed cuts = 38,622 jobs lost and \$6.47B in lost output

Cutting federal water infrastructure funding would have far-reaching economic consequences. Water systems cannot absorb reductions of this magnitude without jeopardizing service reliability, delaying critical upgrades, and weakening America's infrastructure workforce.

The Economic Fallout

If enacted, these cuts would undermine the economic foundation of communities across the country:

Working families would face an increased cost of living

Working families would face an increased cost of living through as local governments lose federal cost-sharing and are forced to increase water bills or delay essential repairs that could threaten public health.

Small and rural utilities would fall behind

Small and rural utilities would fall behind, as cuts to technical assistance and workforce development leave them without the tools to modernize or meet regulatory standards. That puts residents at risk of service disruptions and higher maintenance costs down the line.

Certainty would disappear for states and municipalities

Certainty would disappear for states and municipalities, making it harder to plan long-term and harder to attract private investment needed to modernize infrastructure.

Shovel-ready projects would stall

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Momentum to modernize aging infrastructure would be lost

Momentum to modernize aging infrastructure would be lost, threatening America's competitiveness and the economic security of our workers and businesses.

Well-funded water infrastructure programs don't just repair aging systems—they help keep costs down for hardworking families, safeguard America's critical infrastructure, and support local economic growth. Every federal dollar invested serves as a force multiplier—attracting private capital, supporting good jobs, and strengthening our nation's long-term competitiveness.

How Funding Cuts Would Affect Your State

Cuts to water infrastructure funding will have drastic impacts in every state. Below is a chart showing the expected reduction in funds by state.

State	FY21 Base SRF Allotments by State	FY26 Projected Base SRF Allotments by State if 89% Cuts are Enacted*	Projected Reduction in Allotments to States (FY21-FY26)
Alabama	\$41.66 M	\$4.60 M	-\$37.06 M
Alaska	\$20.61 M	\$2.27 M	-\$18.33 M
Arizona	\$30.62 M	\$3.38 M	-\$27.25 M
Arkansas	\$27.05 M	\$2.98 M	-\$24.07 M
California	\$211.83 M	\$23.37 M	-\$188.47 M
Colorado	\$34.57 M	\$3.81 M	-\$30.76 M
Connecticut	\$30.66 M	\$3.38 M	-\$27.28 M
Delaware	\$18.88 M	\$2.08 M	-\$16.80 M
Florida	\$97.48 M	\$10.75 M	-\$86.73 M
Georgia	\$53.06 M	\$5.85 M	-\$47.21 M
Hawaii	\$23.43 M	\$2.58 M	-\$20.85 M
Idaho	\$18.88 M	\$2.08 M	-\$16.80 M
Illinois	\$114.09 M	\$12.59 M	-\$101.51 M
Indiana	\$55.49 M	\$6.12 M	-\$49.37 M
Iowa	\$39.15 M	\$4.32 M	-\$34.83 M
Kansas	\$27.25 M	\$3.01 M	-\$24.24 M
Kentucky	\$38.55 M	\$4.25 M	-\$34.30 M
Louisiana	\$34.11 M	\$3.76 M	-\$30.35 M
Maine	\$23.43 M	\$2.58 M	-\$20.84 M
Maryland	\$58.97 M	\$6.50 M	-\$52.46 M
Massachusetts	\$80.02 M	\$8.83 M	-\$71.19 M
Michigan	\$96.01 M	\$10.59 M	-\$85.42 M
Minnesota	\$46.29 M	\$5.11 M	-\$41.18 M
Mississippi	\$26.30 M	\$2.90 M	-\$23.40 M
Missouri	\$63.89 M	\$7.05 M	-\$56.84 M
Montana	\$18.88 M	\$2.08 M	-\$16.80 M
Nebraska	\$19.21 M	\$2.12 M	-\$17.09 M
Nevada	\$20.63 M	\$2.28 M	-\$18.36 M
New Hampshire	\$27.04 M	\$2.98 M	-\$24.06 M
New Jersey	\$84.36 M	\$9.31 M	-\$75.05 M

New Mexico	\$18.88 M	\$2.08 M	-\$16.80 M
New York	\$222.07 M	\$24.50 M	-\$197.58 M
North Carolina	\$62.75 M	\$6.92 M	-\$55.83 M
North Dakota	\$18.88 M	\$2.08 M	-\$16.80 M
Ohio	\$118.02 M	\$13.02 M	-\$105.00 M
Oklahoma	\$28.56 M	\$3.15 M	-\$25.41 M
Oregon	\$32.60 M	\$3.60 M	-\$29.01 M
Pennsylvania	\$97.45 M	\$10.75 M	-\$86.70 M
Puerto Rico	\$31.93 M	\$3.52 M	-\$28.41 M
Rhode Island	\$21.78 M	\$2.40 M	-\$19.38 M
South Carolina	\$30.69 M	\$3.39 M	-\$27.30 M
South Dakota	\$18.88 M	\$2.08 M	-\$16.80 M
Tennessee	\$42.42 M	\$4.68 M	-\$37.74 M
Texas	\$159.56 M	\$17.60 M	-\$141.96 M
Utah	\$19.46 M	\$2.15 M	-\$17.31 M
Vermont	\$18.88 M	\$2.08 M	-\$16.80 M
Virginia	\$50.80 M	\$5.60 M	-\$45.19 M
Washington	\$52.49 M	\$5.79 M	-\$46.70 M
West Virginia	\$36.02 M	\$3.97 M	-\$32.05 M
Wisconsin	\$62.14 M	\$6.85 M	-\$55.28 M
Wyoming	\$18.88 M	\$2.08 M	-\$16.80 M
D.C.	\$18.88 M	\$2.08 M	-\$16.80 M

* Beginning in FY23, the EPA made small adjustments to the Drinking Water SRF allotment formula. Because of this, the chart's expression of an 89% cut to SRF funding that uses FY21 as the baseline year will be incorrect in minor ways for some states. FY21 is used as the baseline year because it is the most recent year prior to earmark funding being removed from the topline SRF appropriation before state allotments were made.

The formula changes made in FY23 can be reviewed here:

<https://www.epa.gov/dwsrf/annual-allotment-federal-funds-states-tribes-and-territories>