



## Support the Water Infrastructure Finance and Innovation Act (WIFIA)

WIFIA is an innovative federal loan program that will help meet the nation's water infrastructure needs with a minimum budgetary impact. It is modeled directly on the successful Transportation Infrastructure Finance and Innovation Act (TIFIA), which Congress dramatically expanded in the last transportation bill because of its ability to leverage a small amount of federal funding to enable large, job-creating infrastructure projects.

The American Water Works Association, Association of Metropolitan Water Agencies, and Water Environment Federation – which together represent over 90% of water utilities nationwide – strongly support passage of WIFIA legislation this year. The Senate included a WIFIA pilot program in its recently-passed Water Resources Development Act (WRDA), and House Water Resources and Environment Subcommittee Chairman Bob Gibbs is currently drafting his own version of the proposal. We strongly urge the House to act now on this important and innovative legislation. Enacting WIFIA is an opportunity that cannot be missed to help meet our nation's immense water infrastructure needs and create tens of thousands of jobs.

### ***What is WIFIA?***

Following the successful TIFIA model, WIFIA will provide long-term, low-interest loans for large water infrastructure projects (over \$20 million) that cannot access funding through the State Revolving Loan (SRF) programs, which are primarily focused on smaller projects. In addition, SRF authorities can aggregate a series of small projects into a single larger loan application, so that small communities and SRFs also benefit.

WIFIA loans will be repaid entirely from local rates and charges – water bills – maintaining full local responsibility for water infrastructure development but creating a mechanism to provide lower cost capital. By being able to access funds at near Treasury rates, communities receiving WIFIA loans can save up to 20 percent compared with current borrowing rates. This will allow local resources to go farther, accelerating critically needed water infrastructure investment and lowering costs for American families.

As water systems serve an essential function and have a dedicated revenue source, WIFIA loans will be highly secure: the historical default rate on water and sewer loans is 0.04 percent. Because a federal appropriation is needed only to cover the risk of default, according to CBO, an appropriation of \$100 million (which would be fully offset) could support anywhere between \$990 million and \$3.3 billion in WIFIA loans. In this way, a very small federal investment will have an exponential impact in addressing the nation's water infrastructure needs.

### ***Why Is It Needed?***

The need to repair, replace and overhaul the nation's water systems is immense. Much of the nation's water infrastructure was built over 100 years ago and is rapidly deteriorating. It must be updated to continue providing the nation with clean and safe drinking water and waterways. At the same time, current local, state and federal programs are insufficient to meet investment needs – in particular, upfront capital needs.

By providing a source of low cost capital, WIFIA will help meet the nation's water infrastructure needs while maintaining full local responsibility, minimizing the federal budgetary impact, and creating tens of thousands of jobs. According to the Department of Commerce, every \$1 invested in water infrastructure generates \$2.62 in the private economy, and every job created in the water workforce adds 3.68 jobs nationally.