

June 15, 2017

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 maintain funding at the Fiscal Year 2017 level for the U.S. Department of Agriculture's (USDA's) Rural Development Water and Wastewater Loan and Grant Program in the Fiscal Year 2018 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies appropriations bill. This program is essential for the delivery and maintenance of safe, dependable, and affordable water and wastewater to millions of rural Americans every day.

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 Loan and Grant Program has a negative subsidy, which means there is no cost to the federal government. In fact, the federal government makes money on this program. The program also can brag about having no delinquencies.

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 applied to high cost projects to reduce user rates to affordable levels. 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 it remains funded in the Fiscal Year 2018 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  
Association of Metropolitan Water Agencies  
Water Environment Federation  
Association of Regional Water Organizations  
National Association of Clean Water Agencies