



INFRASTRUCTURE

The Water Infrastructure Investments States Will Need

The bill is coming due after years of underinvestment in water infrastructure. New research highlights needs in each state and the economic benefits from meeting them.

November 20, 2025 • **Carl Smith**



Crews in Novi, Mich., work to repair a September break in a 42-inch water transmission main owned and operated by Great Lakes Water Authority.
(David Guralnick, Detroit News/TNS)



In Brief:

- An estimated \$3.4 trillion will be needed over the next two decades to bring drinking water, stormwater and wastewater infrastructure up to date, according to a new report.
- Federal funding for this work has declined steadily over the past two decades.
- The report from the Value of Water Campaign — which advocates for greater water infrastructure investments — gives states an idea of just how large water infrastructure funding gaps could be.

Publicly owned systems deliver **more than 80 percent** of the water that is a survival necessity for homes and industry. Their general reliability masks long-term neglect.

Much of the country's water infrastructure was built in the 1970s and '80s. Years of deferred maintenance for many systems have created serious problems — the American Civil Society of Engineers this year gave the country's water infrastructure **grades ranging from a C- to a D**. At the same time, states have become increasingly responsible for funding water systems. In 1981, the federal government provided more than \$25 billion in capital investment for water infrastructure, almost half of the total for the year. By 2021, this had decreased to \$4 billion, 7 percent of total funding.

“Once upon a time, the federal government invested a majority stake in what we spend as a nation on water infrastructure,” says Emily Simonson, a senior director at the U.S. Water Alliance. “Now it’s less than 10 percent, a massive gap for future generations to cover.”

A **new report** from the Value of Water Campaign — a coalition of water organizations that advocates for increased investment in water infrastructure — says the U.S. needs to invest \$3.4 trillion in drinking water, stormwater and wastewater infrastructure over the next 20 years to bring it up to date.

State and local governments could reasonably provide about \$1.5 trillion of that investment, leaving a \$2 trillion gap, the authors say. That gap will increase if federal funding levels go below those currently provided by the Infrastructure

Capital Investment Need, 2025-2044 (billions of dollars)

Research by the Value of Water Campaign estimates that a capital investment of nearly \$3.4 trillion will be needed between now and 2044 to modernize and secure critical water infrastructure.

The gap between need and state and local government resources will be even greater if funding at levels in the Infrastructure Investment and Jobs Act does not continue.

Total Capital Investment Need \$3,360

Funding if IIJA-Level Support
Continues \$1,639

Funding if IIJA-Level Support Ends \$1,500

Chart: Governing • Source: Value of Water Campaign • [Get the data](#) • Created with [Datawrapper](#)

Where Need Is Greatest

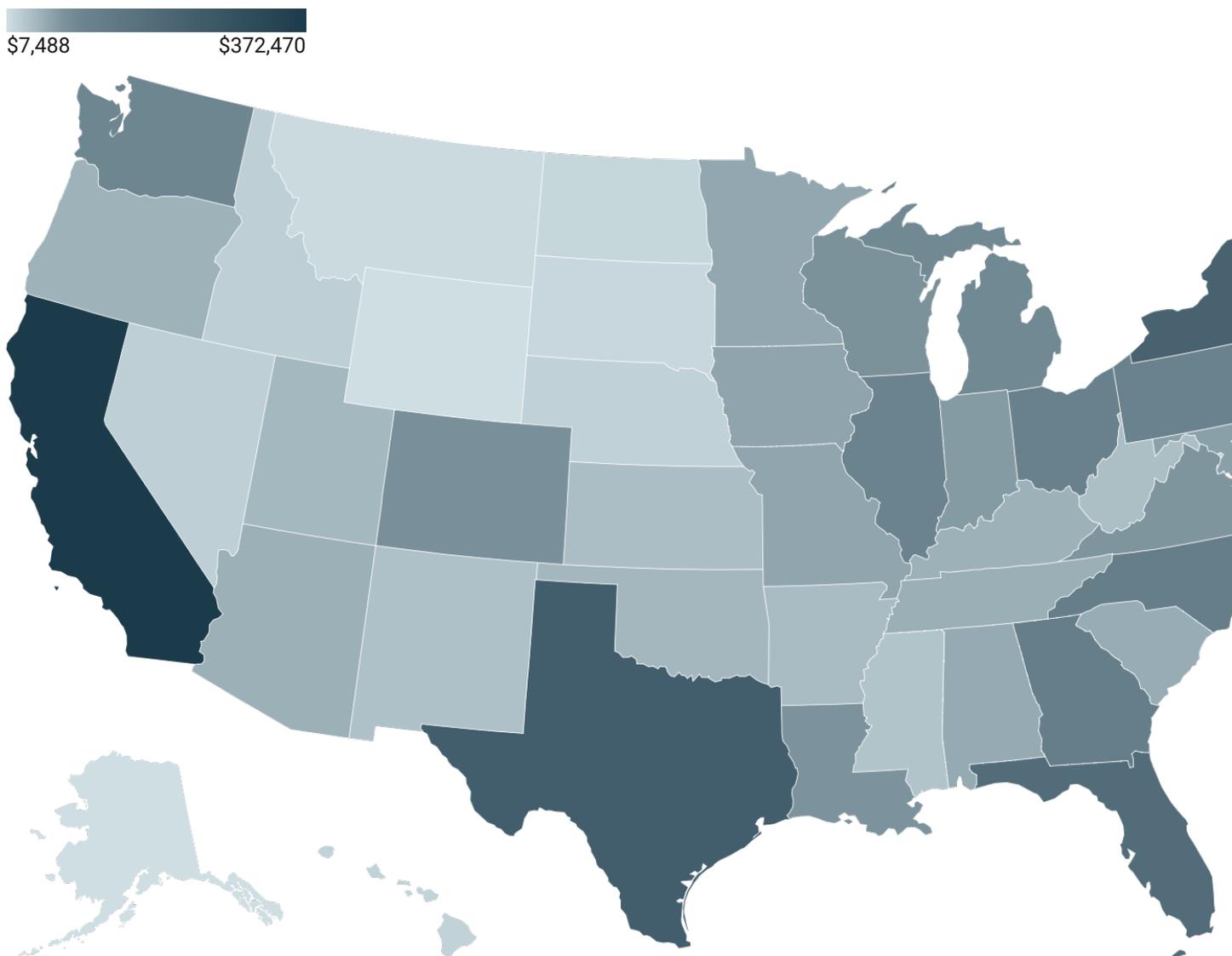
Drawing on data from a [U.S. Environmental Protection Agency \(EPA\) needs survey](#), the researchers estimated that it would take \$1.6 trillion to upgrade drinking water infrastructure alone. Most of this money will be needed for distribution and transmission systems.

The EPA survey does not account for system expansion to reach new customers, they note. Annual water consumption by the large data centers needed to support AI industry growth can be as much as used in a town of [10,000 to 50,000](#) people. Most of this is [potable water](#) from water utilities.

Not surprisingly, the total investment need is greatest in the states with the biggest populations, like Texas and California.

State Water Infrastructure Investment Needs, 2025-2044

(Millions, 2025 Dollars) Hover over a state to see its share of the national need.



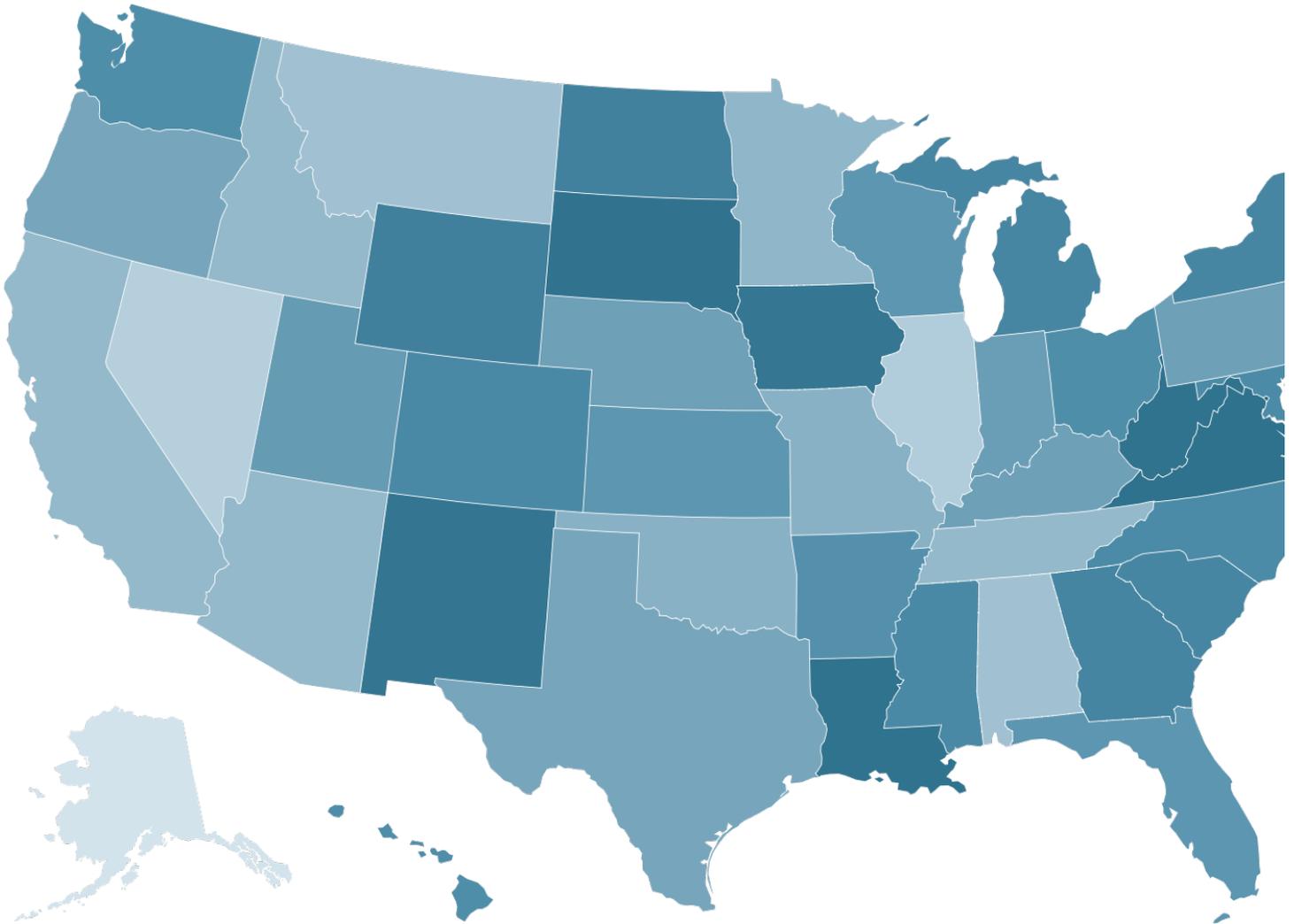
Map: Governing • Source: Value of Water Campaign • [Get the data](#) • Created with [Datwrapper](#)

When viewed on a per capita basis, however, the picture changes. Investments needed in urban areas of some smaller states are considerably greater than high-population states like Texas or California. Rural need is consistently greater in all states.

Per Capita Investment Need

Shading reflects urban need. Hover over state for number and for per capita need in rural areas.
(Blank rural number = data not available)

\$110 \$1,180



Map: Governing • Source: Value of Water Campaign • [Get the data](#) • Created with [Datavrapper](#)

The IJA provides about \$8 billion a year for water infrastructure projects through 2026. The gap between need and resources will grow if funding is not reauthorized at least at this level. Cuts would amount to hundreds of millions in most states.

The bill expires in September 2026 and **reauthorization is in doubt**. In a March **executive order**, President Donald Trump noted his power to “undo almost everything Biden did.” Funding could become available through new legislation, however. California Rep. Salud O. Carbajal has introduced a bill, **H.R. 5566**, that

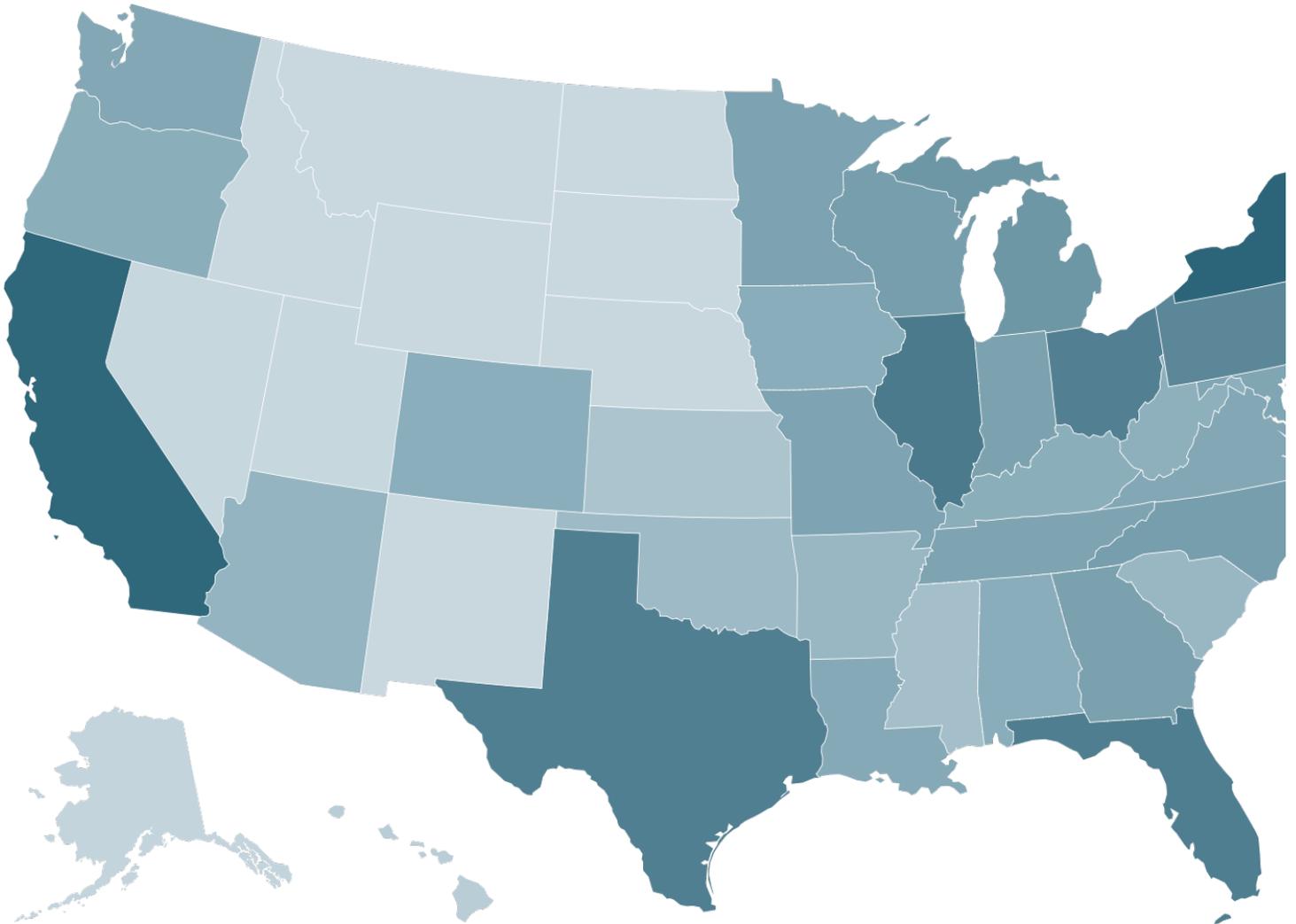
would extend funding for water infrastructure past 2026.

How Much Would States Lose If IIJA-Level Funding Ends in 2027?

Current annual support for water infrastructure projects through the Infrastructure Investment and Jobs Act is roughly \$8 billion. Even this is not enough to close funding gaps. If this ends after 2026, states could fall further behind.

(Hover over state for number.)

Millions of Dollars



Map: Governing • Source: Value of Water Campaign • [Get the data](#) • Created with [Datawrapper](#)

Not Just Infrastructure

It's not just the physical infrastructure that states need to worry about. They'll also need to make investments in water system operations and management. Almost all of these costs are borne by ratepayers, Simonson says. Value of Water estimates a funding gap for these of more than \$1 trillion over the next two

decades.

If the gap is filled by customers, it could mean an extra \$1,000 per year on the average household water and sewer bill, Simonson says. This would be an increase of more than 200 percent for a low-income household.

Return on Investment

Every project creates jobs in construction, operations and supply chains. If funding needs are fully met, most states could gain tens of thousands of new jobs each year. This work pays **above national averages**, and the fact that it revolves around an essential service increases job security.

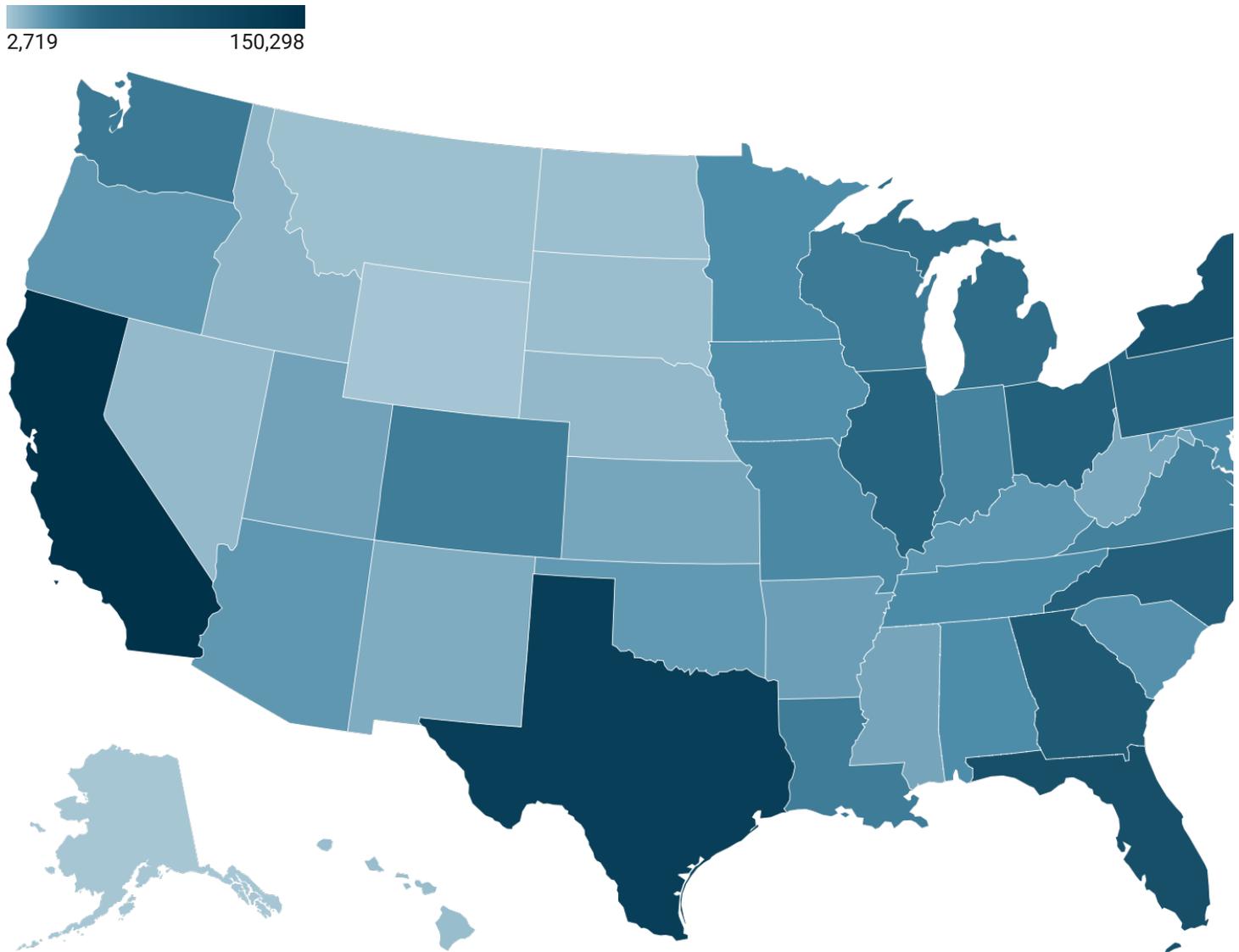
To get an idea of the economic benefits from water infrastructure investments, the researchers used IMPLAN, the latest iteration of a tool first developed in the 1970s to model the impact of federal investments in rural communities.

According to IMPLAN modeling, every investment of \$1 million in water will create 10 jobs and generate \$2.5 million in economic output, \$1.4 million in GDP and \$837,000 in labor income.

The report is accompanied by **fact sheets** with details regarding the importance of water investment to industry, rural America and manufacturing, and state-by-state profiles describing need, consequences of inaction on local industries and state-level return on investments.

Jobs Gained

Average annual job increases if water infrastructure funding needs are met.



Map: Governing • Source: Value of Water Campaign • [Get the data](#) • Created with [Datavrapper](#)

Related Stories

[A California City's Groundbreaking Path to Water Self-Sufficiency](#)

[When \\$20 Billion Isn't Enough: Water Infrastructure](#)

Tags: [Water and Sewer](#), [Utilities](#), [Infrastructure Finance](#)



Carl Smith

Carl Smith is a senior staff writer for *Governing* and covers a broad range of issues affecting states and localities. He can be reached at carl.smith@governing.com or on Twitter at [@governingwriter](#).

SEE MORE STORIES BY CARL SMITH

Latest News

MANAGEMENT AND ADMINISTRATION

The Safety Net 'System' That Isn't

OPINION | November 20, 2025

SPONSORED

From the Trenches: Why Every City Manager Needs Better Meeting Documentation

November 19, 2025

NEWS IN NUMBERS

\$37 million

Nov. 19, 2025

WHO SAID THAT

“We have members just openly attacking the secretary of state and their staff.”

Nov. 19, 2025

POLICY

Illinois Rolls Out Digital Driver’s Licenses

Nov. 19, 2025

POLITICS

Court Rejects Texas’ Mid-Decade Map, California’s Redraw Unaffected

Nov. 19, 2025

[More News](#)

Most Read

INFRASTRUCTURE

The Water Infrastructure Investments States Will Need

November 20, 2025

RESILIENCE

A California City’s Groundbreaking Path to Water Self-Sufficiency

November 17, 2025

POLICY

States and Localities May Get More Federal Cybersecurity Money

November 19, 2025

POLITICS

Court Rejects Texas’ Mid-Decade Map, California’s Redraw Unaffected

Nov. 19, 2025

FINANCE

States With the Worst Pension Debt in the Nation

Nov. 26, 2024

HOUSING AND URBAN ISSUES

Should Cities Open Their Own Grocery Stores?

Jan. 10, 2025

Stay on top of the latest state & local government news.

Sign up for Governing Daily. Delivered each morning to your inbox.

FREE NEWSLETTER SIGN UP



[Papers](#)

[Webinars](#)

[Podcasts](#)

[Sponsored Articles](#)

[About](#)

[Privacy & AI](#)

[Contact](#)

[Advertise](#)

Stay Up To Date

Get smart with Governing. Where government is going in states & localities.

[SIGN UP FOR NEWSLETTERS](#)

[GET THE MAGAZINE](#)

©2025 All rights reserved. e.Republic LLC
[Do Not Sell My Personal Information](#)