



## Federal Water Funding in 2025: NAVIGATING CHANGES

Projecting how Congress will budget in the coming years may feel a bit like playing the lottery or looking into a magic 8 ball. Priorities shift, and cuts can come in unexpected places. The year 2025 has exemplified this unpredictability, with significant changes to federal funding programs that support water infrastructure and resiliency. This article outlines changes we've seen to some of our primary water funding sources in 2025 and sets the foundation for how priorities may shift in the federal 2026 budget.

### FEMA

Following President Trump's inauguration in January 2025, federal priorities shifted, impacting many of our key funding sources. One of the most notable changes was the termination of FEMA's Building Resilience Infrastructure and Communities (BRIC) Program. BRIC awards from fiscal years 2020-2023 were canceled, with FEMA stating the program was cancelled due to wasteful and politicized agendas that didn't support the core mission of disaster recovery.

As a result of this cancellation, North Dakota communities lost more than \$20 million in grant funding for local water and wastewater projects. While the Hazard Mitigation Grant Program (HMGP) remains available through North Dakota Department of Emergency Services, its smaller funding pool leaves a gap for large-scale resiliency projects that previously relied on BRIC or its predecessor, the Pre-Disaster Mitigation Program.

### BOR WATERSMART

The Bureau of Reclamation's WaterSMART program, which includes a portfolio of 11 grant programs focused on conserving water and improving water supply reliability; drought planning and resiliency upgrades; and developing tools and data to support water management. Since spring 2025, WaterSMART funds have been frozen pending



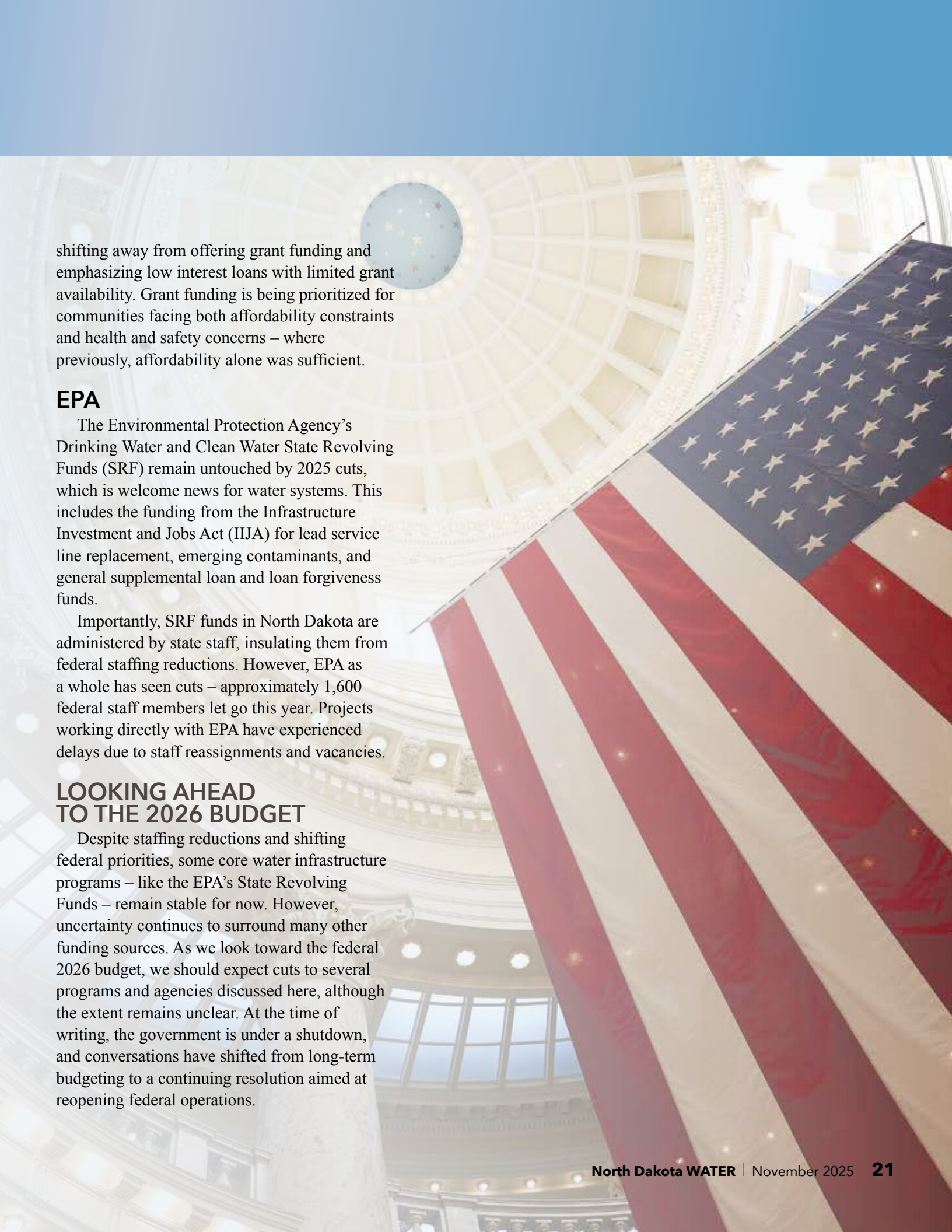
a federal review to align guidance with White House priorities.

Although many feared permanent cuts, recent updates to the WaterSMART website suggest that some programs may continue. The language remains vague, stating that the next funding opportunity is "under development." Time will tell whether WaterSMART emerges intact from the 2025 budget shifts.

### USDA RURAL DEVELOPMENT

USDA's Water and Waste Disposal Loan and Grant Program is a cornerstone for rural water infrastructure, offering extended terms and grant support for affordability. However, the agency has experienced significant changes in staffing, as well as policy on grant funding. According to recent data collected by the *New York Times*, USDA lost nearly 13,000 employees in the last year. North Dakota's USDA offices were not exempt from these cuts, and the Rural Development staff that support the WEP program were significantly cut. While staff remain available, systems should prepare for extended processing times.

Additionally, USDA has changed its approach to WEP,



shifting away from offering grant funding and emphasizing low interest loans with limited grant availability. Grant funding is being prioritized for communities facing both affordability constraints and health and safety concerns – where previously, affordability alone was sufficient.

## EPA

The Environmental Protection Agency’s Drinking Water and Clean Water State Revolving Funds (SRF) remain untouched by 2025 cuts, which is welcome news for water systems. This includes the funding from the Infrastructure Investment and Jobs Act (IIJA) for lead service line replacement, emerging contaminants, and general supplemental loan and loan forgiveness funds.

Importantly, SRF funds in North Dakota are administered by state staff, insulating them from federal staffing reductions. However, EPA as a whole has seen cuts – approximately 1,600 federal staff members let go this year. Projects working directly with EPA have experienced delays due to staff reassignments and vacancies.

## LOOKING AHEAD TO THE 2026 BUDGET

Despite staffing reductions and shifting federal priorities, some core water infrastructure programs – like the EPA’s State Revolving Funds – remain stable for now. However, uncertainty continues to surround many other funding sources. As we look toward the federal 2026 budget, we should expect cuts to several programs and agencies discussed here, although the extent remains unclear. At the time of writing, the government is under a shutdown, and conversations have shifted from long-term budgeting to a continuing resolution aimed at reopening federal operations.