

**Opening Statement of Chairman Whitehouse
Senate Budget Committee
“Droughts, Dollars, and Decisions: Water Scarcity in a Changing Climate”
May 22, 2024**

Ranking Member Grassley, members of the committee, witnesses, and guests, welcome. Today we address how climate change is making droughts more severe, magnifying so many of the other risks we have talked about in this Committee.

Climate change exacerbates the severity of droughts: major agricultural regions like the American West and the Mediterranean are seeing less precipitation. Many places around the world are whiplashed by wild swings between drought and deluge. Almost everywhere is experiencing increased heat.

The most straightforward of these is heat. Hotter weather means higher demand for water: to drink, to support agriculture, and to cool power plants. But without cold winters, less snowfall accumulates in the mountains, and there's less runoff into streams, rivers, and watersheds during the summer months. Snowpack across the American West is down almost 25% since 1955.

As temperatures go up, the pace of water returning to the atmosphere from soils and plants also goes up; global warming is turbocharging evaporation and transpiration.

Without water, the agricultural industry suffers. Manufacturing slows down. Communities empty out, and real estate values plummet. The costs of running out of water can be existential.

Since 1980, 31 droughts have cost the nation an average of \$11.6 billion *each* in physical and economic damages—notably not counting loss of life and other non-monetary harms. But the true costs of drought are more systemic, and amplify dangers this Committee has heard about.

Hot, dry weather increases the risk of wildfires. These fires along with climate-driven flood risks are creating an insurance crisis that the *Economist* says could cause a \$25 trillion hit to global property values.

Worsening droughts threaten national security. Droughts have contributed to conflict and instability in Syria, Guatemala, Honduras, and El Salvador. The United Nations estimates that 1.84 billion people worldwide—nearly a quarter of humanity—lived under drought conditions between 2022 and 2023, the vast majority in low- and middle-income countries.

Droughts also jeopardize some of the world's most important waterways and reduce food production, raising prices in grocery aisles. Years of drought depleted the Panama Canal, cutting ship traffic in this major thoroughfare by nearly 40%. An intense Mediterranean drought caused global olive oil prices to rise 130% in 2023. The former executive director of agri-giant Cargill warned that, as a result of climate change, “U.S. production of corn, soybeans, wheat and cotton could decline by 14 percent by mid-century, and by as much as 42 percent by late-century.”

Our infrastructure—the foundation of our economy—is also harmed. Glen Canyon Dam’s electric power generating infrastructure has been damaged by low water levels. New and expanded reservoirs, channels, even desalination plants, could be needed to make up water loss. Much of this infrastructure will likely be funded by the federal government.

And more infrastructure means higher capital and operating costs, so utility companies will raise rates, putting the burden ultimately on households and businesses.

Climateflation flows downstream.

As droughts worsen, some places just won’t have the water to meet demand, creating hard choices likely to fall most heavily on farmers and low-income households. Development options will wither in places where increased aridity leads to real water scarcity.

Even communities that rely on oil and gas for tax revenues should be concerned about the risks of droughts, as water supports fossil fuel production, and cools fossil fuel power plants. Water shortage can lead to stranded assets for companies and a declining tax base for communities.

Today we will hear about the crisis of water scarcity from three different witnesses who all face the same fundamental challenge: how do we make do with less?

The hard choices and mounting costs associated with water scarcity are the result of decades of negligence on climate. We have a chance now to make a different decision. I hope colleagues heed these warnings.