

Precedents and Rationale for Bureau of Reclamation Grant Funding for Conveyance Projects with Multiple Benefits

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While the Bureau of Reclamation has often provided reimbursable or loan funding for water supply benefits, that has not always been the case. Reclamation has provided grant funding for water supply through three recent programs, Title XVI water recycling projects (initiated in 1992), desalination projects (initiated in 2016), and large-scale water recycling projects (initiated in 2021).

What is significant about all these three precedents for Reclamation grant funding for water supply projects is that all three involve multi-benefit projects with environmental benefits besides water or irrigation or general drinking water supply. Water recycling, large-scale water recycling, and desalination projects all provide not only water supply but also environmental benefits, because to the extent that they substitute for more traditional water supply projects, they reduce diversions from streams, rivers and water bodies and therefore avoid harm to fish, wetlands, and significant aquatic and riparian habitat.

Like these earlier Reclamation grant programs for multi-benefit projects, the conveyance program of the MORE WATER Act provides grants that support multi-benefit water supply projects. In this bill, the benefits besides general water supply are both the environment and safe drinking water for low-income communities, where there is a Federal interest in providing clean drinking water to many low-income communities in areas served by the Bureau of Reclamation that often cannot afford clean drinking water on their own.

We believe that now is a particularly appropriate time to authorize a Reclamation grant program to support water supply projects with multiple benefits. **The last five years have seen dramatic inflation in construction costs for water supply projects, often making those projects too expensive for farmers facing declining commodity prices and increasing input prices without Federal grant assistance. At the same time, increasingly severe droughts in the arid West have made affordable water supply projects even more essential.** Virtually all Western states have need for improved water conveyance, and the MORE WATER Act attempts to assist agricultural and urban communities in constructing affordable conveyance projects.

There is a significant need to provide increased grant assistance not only for agricultural interests but also for low-income communities needing drinking water and environmental interests. **Many rural areas served by the Bureau of Reclamation have average incomes below 80% of the state median income, including Tribal communities, and water affordability is increasingly a challenge in these areas.** Affordability is a growing issue nationwide, and costs for water and wastewater services have grown at a rate more than double the increases in the Consumer Price Index from 1998-2024. In addition, the increasingly severe droughts and warmer temperatures in the arid West have adversely affected fish populations and in-stream and riparian environments just as these conditions have adversely affected agricultural communities. We believe that it just as it is appropriate for the Federal government to increase its support for adequate water supplies in Western rural areas, it should support all significantly affected interests, providing significant increased assistance to agriculture and cities and also supporting low-income communities needing affordable drinking water and the environment.