

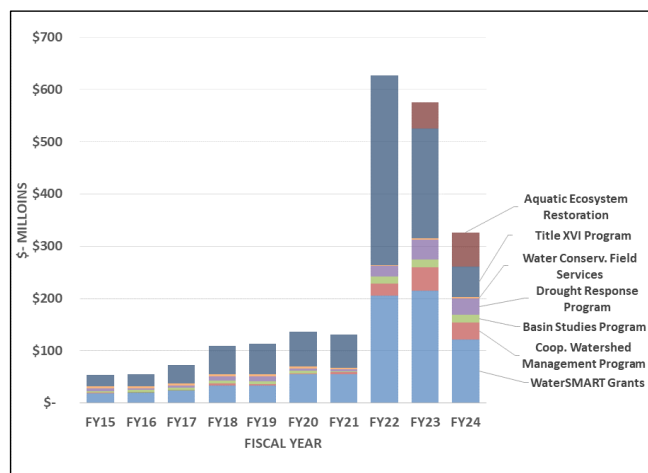
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Bureau of Reclamation WaterSMART Program

The Bureau of Reclamation (Reclamation), an agency within the Department of the Interior (DOI), combines funding for multiple agency-wide programs promoting water conservation into a single program—the WaterSMART (Sustain and Manage American Resources for Tomorrow) program. The program was formally established in 2010 under DOI Secretarial Order 3297. As of 2023, WaterSMART includes funding for seven subprograms: WaterSMART Grants, Title XVI Water Reclamation and Reuse (Title XVI Program), the Drought Response Program (DRP), the Basin Studies Program, the Cooperative Watershed Management Program, Water Conservation Field Services, and Aquatic Ecosystem Restoration. Unlike most traditional “Reclamation projects,” which are geographically specific authorizations, WaterSMART funding is awarded on a competitive basis.

Congress has increased funding for WaterSMART activities generally (**Figure 1**), including \$1.85 billion in new funding for selected WaterSMART subprograms over the FY2022-FY2026 window in the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58). This included significant new funding relative to baseline levels for WaterSMART Grants, water reuse and recycling projects under the Title XVI Program, the Cooperative Watershed Management Program, and Aquatic Ecosystem Restoration. For more information, see CRS Report R47032, *Bureau of Reclamation Provisions in the Infrastructure Investment and Jobs Act (P.L. 117-58)*.

Figure 1. WaterSMART Program Funding, FY2014-FY2024



Source: Enacted appropriations data for FY2014-FY2024.

Notes: FY2022-FY2024 reflects supplemental funding in the Infrastructure Investment and Jobs Act (P.L. 117-58).

The remainder of this In Focus discusses the subprograms in the WaterSMART Program.

WaterSMART Grants

P.L. 111-11. WaterSMART grants (authorized in P.L. 111-11, as amended (42 U.S.C. §10364)) provide cost-shared funding in four grant categories: water and energy efficiency, small-scale water efficiency, water strategy grants, and environmental water resources projects. The program’s initial focus was water and energy efficiency grants. Reclamation administratively added other grant opportunities, including for small-scale water efficiency projects and water marketing strategy development in FY2017 and for environmental water resources projects in FY2022. Environmental water resources project grants fund implementation of projects (i.e., phase two) whose initial stages were funded by the Cooperative Watershed Management Program (see below section).

Eligible applicants for WaterSMART grants are the same across grant categories. They include domestic nonprofit conservation organizations and states, Indian tribes, and other organizations with water or power delivery authority. Applicants also must be located in a Reclamation State or Territory (as identified in the Reclamation Act of 1902, as amended) or in Alaska, Hawaii, or Puerto Rico. WaterSMART grant award amounts may not exceed \$5 million based on statute; however, the award amounts typically depend on project categories—water and energy efficiency grants awards range from \$500,000 to \$5 million; small-scale water efficiency grants are typically up to \$100,000 (and may have maximum project costs of up to \$250,000); water marketing strategy grants range from \$200,000 to \$400,000; and environmental water resources projects grants may be up to \$3 million. Most of these grants limit the federal cost share for projects to 50%, except that environmental water resources projects developed as a part of a collaborative process may qualify for up to 75% in federal funding.

Title XVI Program

The Title XVI Program funds the study and construction of authorized nonfederal water recycling and reuse projects. The program originated with project authorizations in P.L. 102-575 and expanded over time. The 2016 Water Infrastructure Improvements for the Nation Act (WIIN Act; P.L. 114-322) created a new mechanism for authorization whereby the Secretary of the Interior may accept and review nonfederal feasibility studies for planning, design, and construction funding of projects. Once the Secretary has approved a project it is eligible to receive Title XVI funds (i.e., without additional congressional authorization). In the years since WIIN Act enactment, this authority has resulted in regular secretarial approval of new Title XVI projects, with 65 projects authorized through the WIIN Act authority as of May 2023.

Title XVI projects are authorized for the Reclamation States and Territories and for Hawaii. The federal cost share for most Title XVI projects is generally limited to the lesser of \$40 million or 25% of total project costs. In Section 40905 of the IJA, Congress added new authority for “large-scale” water recycling and reuse projects, defined as projects with total construction costs in excess of \$500 million. In contrast to traditional Title XVI projects, these projects can receive a federal cost share of 25%, with no dollar cap.

Drought Response Program

The DRP provides assistance to water managers dealing with drought in the West through three subprogram areas: Contingency Planning, Resiliency Projects, and Emergency Response Actions. Congress authorized emergency response and planning in the Reclamation States Drought Relief Act of 1991 (P.L. 102-250). In Section 9504 of P.L. 111-11, Congress enacted additional authority that Reclamation uses to fund resiliency projects (defined by Reclamation as on-the-ground projects that improve water management flexibility during periods of drought).

DRP project eligibility differs based on subprograms. Drought contingency planning project applicants may include Reclamation States and Hawaii, as well as tribes and organizations with water or power delivery authority located in the aforementioned areas. Resiliency project applicants generally include Reclamation States and Territories, Hawaii, and Alaska, as well as tribes, organizations with water or power delivery authority, and nonprofit conservation organizations located in the aforementioned areas. Emergency response applicants are limited to Reclamation States, Hawaii, and tribes in those states. The federal cost share for contingency planning and resiliency projects is typically limited to 50% of project costs. Emergency response actions do not require a federal cost share. Drought contingency planning projects are capped at \$200,000 in federal funding, and resiliency projects are capped at \$5 million in federal funding.

Basin Studies Program

Reclamation’s Basin Studies Program, authorized under Section 9503 of P.L. 111-11, partners with nonfederal participants in Reclamation States to analyze the impacts of climate change and develop adaptation strategies to address water supply and demand imbalances. It provides financial support for baseline assessments of risks and impacts to water supply and demand, the development of applied science tools, and collaborative efforts to evaluate and address supply and demand imbalances. The program also funds reservoir operation pilots that use modeling and forecasting to optimize water management flexibility.

Basin studies are conducted collaboratively by Reclamation, with federal costs limited to 50% (under extraordinary circumstances, this requirement may be waived by the Commissioner). Applied Science Grants similarly require a 50% cost share, whereas Baseline Assessments and Reservoir Operations Pilots have no formal cost share requirements. Eligible applicants for the Basin Studies Program may include a state, tribe, or other organization with water or power delivery authority in a Reclamation State. Applicants must submit a letter of

interest to their Reclamation regional office, which works with selected entities to formulate a study proposal for consideration by a Reclamation panel. If selected, studies must be completed within three years of an executed cost-share agreement.

Cooperative Watershed Management Program

The Cooperative Watershed Management Program was authorized under Section 6002 of P.L. 111-11. It funds projects by watershed groups that provide local solutions to address water management needs. Funding recipients must be self-sustaining, nonregulatory entities that address water availability and quality issues. Funding for the program is deployed for two phases, with the first phase consisting of development and planning and the second phase consisting of implementation of projects developed under the first phase. Grants under the second phase of the program are now solicited as “environmental water resources projects” grants, a new category of WaterSMART grants as of FY2022 (see previous section, “WaterSMART Grants”). Phase one projects may receive assistance of up to \$100,000 per year for a period of up to two years (i.e., \$200,000 total), with no nonfederal cost share required.

Watershed Conservation Field Services

The Watershed Conservation Field Services Program is managed by Reclamation regional offices, which provide technical and financial assistance for the development of water conservation plans and design of water management improvements. Reclamation established the program administratively in 1996 to implement the Preferred Alternative in Reclamation’s Environmental Impact Statement for Implementation of the Reclamation Reform Act of 1982 (P.L. 97-293). Reclamation also cites Section 9504(e) of P.L. 111-11 as guiding implementation of this program. Eligible applicants include Reclamation States, Territories, and Hawaii, as well as tribes and organizations with water or power delivery authority located in the aforementioned areas. Project grants are limited to a maximum of \$100,000 per year in federal funding, with federal costs limited to 50%. Proposals that involve planning and development associated with other Reclamation authorizations (e.g., Basin Studies, Title XVI, or other federal reclamation projects) are not eligible to receive support from the program.

Aquatic Ecosystem Restoration

Authorized by 33 U.S.C. §2330c, the Aquatic Ecosystem Restoration Program provides grants for the study, design, and construction of aquatic ecosystem restoration and protection projects to improve the health of fisheries, wildlife, and aquatic habitat (e.g., dam removal). Reclamation accepts proposals for study and design up to \$2 million and construction up to \$10 million. Applicants must be located in a Reclamation State or Territory. The maximum federal project cost share is 65%, except that a nonfederal cost share is not required for Territories.

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