Freshwater Supply:
Interior Should Continue to Identify Improvements to the Large-Scale Water Recycling Program

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Fast Facts

Water recycling treats wastewater so it can be used for drinking water, farming, housing, and industry. Communities across the U.S. also turn to water recycling to increase existing water supplies.

The Bureau of Reclamation selected 5 projects in Southern California and Utah to receive grants worth about $308 million for developing water recycling projects. Projects will serve rural, suburban, and urban communities.

Agency officials identified ways to address challenges they had implementing the initial grant program. We recommended the Bureau document the experience so that Congress can improve the program if it is revised or reauthorized.



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Highlights

What GAO Found

Some communities facing water scarcity are turning to water recycling as a strategy to replenish and conserve their existing water sources. Water recycling (reuse) involves treating wastewater or other unusable water so that it can be used by the public. In addition to replenishing and conserving existing water sources, water recycling can reduce the need to import water from other regions and improve resilience to droughts and other disasters, such as wildfires. In 2021 the Infrastructure Investment and Jobs Act (IIJA) directed the Secretary of the Interior to establish the Large-Scale Water Recycling Program. This program awards grants to fund up to 25 percent of a project with an estimated total cost of at least $500 million.

In 2024 Interior's Bureau of Reclamation selected five projects to receive grants totaling about $308 million of the $450 million appropriated for the program. The selected projects will serve rural, suburban, and urban communities in Southern California and Utah. Project documents describe multiple potential benefits to

their communities once the projects are completed, including reduced strain on the Colorado River by millions of gallons per day, assistance in providing water to millions of customers, and the creation of at least an estimated 24,000 jobs.

Projects the U.S. Department of the Interior's Bureau of Reclamation Selected for the Large-Scale Water Recycling Program in 2024

Project (State)	Grantee	Estimated production of recycled water (in millions of gallons per day)	Agency-selected grants[a] (in millions)
Chino Basin Resiliency Project (California)[b]	Inland Empire Utilities Agency	13.4	$10.9
Los Angeles Groundwater Replenishment Project (California)	Los Angeles Department of Water and Power	18.4	60.0
Pure Water Southern California Program	Metropolitan Water District of Southern California	115.0	125.5
VenturaWaterPure Program (California)	City of San Buenaventura	3.2	90.5
Washington County Regional Reuse System (Utah)	Washington County Water	4.5	21.2

	Conservancy District	
Total	**154.5**	**$308.0**

Source: GAO analysis of Bureau of Reclamation and grantee information. | GAO-26-107888

[a]Reclamation obligates (or awards) funding when a financial assistance agreement is executed; funding disbursed to the project grantee is considered expended. GAO refers to the amounts that Reclamation assigns to projects before the funds are obligated as “agency-selected grants.”

[b]The full name of this project is Advanced Treatment of Recycled Water to Enhance Chino Basin Resiliency Project.

Sites in California and Utah for Large-Scale Water Recycling Projects



From left to right: the site of the Pure Water Southern California Program, a reservoir for the Washington County Regional Reuse System in Utah, and the site of the Chino Basin Resiliency Project in California.

Source: GAO. | GAO-26-107888

As of December 2025, Reclamation had obligated $236.5 million for three of the projects. Reclamation officials said the agency would obligate the remaining $71.5 million for the other projects after Interior approves the execution of the grant agreements. Officials said, as of December 2025, Interior was continuing to review the other grants. Also, Reclamation has not yet selected projects for the remaining $142 million because of a department-level review of the grants and program.

Reclamation's grant selection process and the selected projects aligned with the relevant IIJA criteria for the Large-Scale Water Recycling Program. Reclamation officials identified some challenges implementing the program as described below:

- **The IIJA does not include project feasibility study costs as an eligible use of funds.** All five grantees told GAO that they needed to develop or update these studies to apply for project funding. Reclamation addressed this challenge by developing a separate funding opportunity to fund the feasibility studies.

- **The IIJA does not address how a law requiring Interior to fund all approved projects for insular areas (e.g., Guam) affects grant funding.** Reclamation decided to exclude projects from insular areas from the selection process to ensure that grants from other areas could be considered.

Reclamation's efforts to identify challenging external factors and to implement strategies to address these challenges are consistent with key practices for evidence-based policymaking, such as assessing the environment. Reclamation officials said these strategies could help the agency distribute the funding sooner and manage the federal government's investment. By reporting its experience with the program, Reclamation could provide decision-makers such as Congress with information that can be used to improve how the Large-Scale Water Recycling Program or future water recycling programs are implemented.

Why GAO Did This Study

Population growth and drought are among the factors that place increasing demands on the U.S. water supply. In 2021 the IIJA directed the Secretary of the Interior to establish the Large-Scale Water Recycling Program.

The IIJA includes a provision for GAO to submit a report to Congress about the grant selection process for the program. This report examines the extent to which Reclamation's grant selection process and selection criteria aligned with relevant IIJA criteria, and examines the projects selected and the challenges Reclamation and grantees experienced with the program's implementation. GAO compared program and project documentation, including Interior's guidance, with IIJA criteria and federal grant regulations. GAO also assessed Reclamation efforts against key practices for evidence-based policymaking. GAO developed these practices based on federal laws and guidance and past GAO work.

In addition, GAO conducted site visits with each project grantee in California and Utah. GAO also interviewed Reclamation officials about the application and selection processes, stakeholders about the intended benefits of the projects, and both officials and grantees about any implementation challenges.

Recommendations

The Commissioner of the Bureau of Reclamation should, through the U.S. Department of the Interior, report to Congress the agency's experience implementing the Large-Scale Water Recycling Program, including legislative opportunities for Congress to consider to improve the program if it is revised or reauthorized, or to improve similar programs. Interior concurred with the recommendation.

Recommendations for Executive Action

Agency Affected	Recommendation	Status
Bureau of Reclamation	The Commissioner of the Bureau of Reclamation should, through the U.S. Department of the Interior, report to Congress the agency's experience implementing the Large-Scale Water Recycling Program, including legislative opportunities for Congress to consider to improve the program, if it is revised or reauthorized, or to improve similar programs. (Recommendation 1)	Open The Bureau of Reclamation agency agreed with this recommendation. In May 2026, Reclamation stated it would reach out to Congress through the appropriate channels to communicate the agency's experience implementing the Large-Scale Water Recycling Program, including legislative opportunities for Congress to consider for improving the program, if it is revised or reauthorized. Reclamation's target date for implementing this recommendation is November 2026.

Full Report

Full Report (31 pages) Accessible PDF (31 pages)

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