



Highlights

Highlights of [GAO-07-1094](#), a report to the Honorable Gordon Smith, U.S. Senate

Why GAO Did This Study

Rural areas generally lack adequate funds for constructing and upgrading water supply and wastewater treatment facilities. As a result, they typically rely on federal grants and loans, primarily from the Rural Utilities Service (RUS), Economic Development Administration (EDA), Bureau of Reclamation (Reclamation), and the U.S. Army Corps of Engineers (Corps), to fund these projects. Concern has been raised about potential overlap between the projects these agencies fund. For fiscal years 2004 through 2006 GAO determined the (1) amount of funding these agencies obligated for rural water projects and (2) extent to which each agency's eligibility criteria and the projects they fund differed.

GAO analyzed each agency's financial data and reviewed applicable statutes, regulations, and policies.

What GAO Recommends

GAO recommends actions to ensure that the Congress has adequate information to determine whether rural water supply and wastewater projects that the Corps funds merit continued funding or duplicate other agency efforts.

In its comments on a draft of this report, the Department of Defense concurred with GAO's findings and recommendation. The Departments of Agriculture, Commerce, and the Interior also agreed with GAO's findings.

www.gao.gov/cgi-bin/getrpt?GAO-07-1094.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Anu K. Mittal at (202) 512-3841 or mittala@gao.gov.

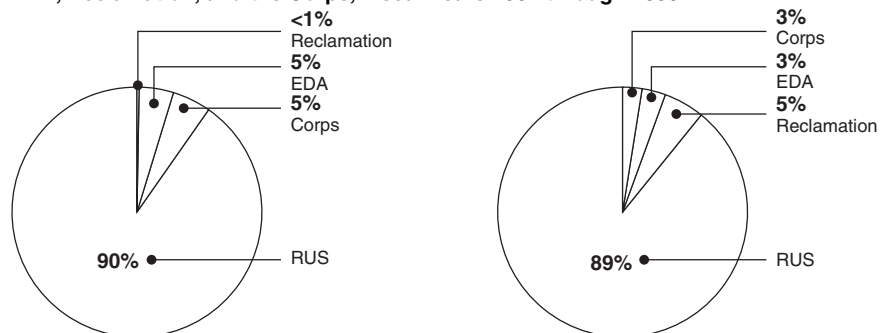
WATER RESOURCES

Four Federal Agencies Provide Funding for Rural Water Supply and Wastewater Projects

What GAO Found

From fiscal years 2004 through 2006, RUS, EDA, Reclamation, and the Corps obligated nearly \$4.7 billion to about 3,100 rural water supply and wastewater projects. RUS obligated the majority of these funds—about \$4.2 billion—to about 2,800 projects. Of this \$4.2 billion, RUS loans accounted for about \$2.7 billion, and RUS grants accounted for about \$1.5 billion. EDA, Reclamation, and the Corps, combined, obligated a total of about \$500 million in grants to rural communities for about 300 water projects.

Percentage of Rural Water Supply and Wastewater Projects and Funds Obligated by RUS, EDA, Reclamation, and the Corps, Fiscal Years 2004 through 2006



3,104 rural water supply and wastewater projects

Total obligations of \$4.7 billion

Source: GAO.

Note: Numbers may not add to 100 percent due to rounding.

RUS, EDA, Reclamation, and the Corps fund similar rural water supply and wastewater projects, but they have varied eligibility criteria that limit funding to certain communities based on population size, economic need, or geographic location. RUS, EDA, and the Corps provide funding for both water supply and wastewater projects, while Reclamation provides funding only for water supply projects. Eligible water projects can include constructing or upgrading distribution lines, treatment plants, and pumping stations. RUS and EDA have formal nationwide programs with standardized eligibility criteria and processes under which communities compete for funding. In contrast, Reclamation and the Corps fund water projects in defined geographic locations under explicit congressional authorizations. In 2006 the Congress passed the Rural Water Supply Act, directing Reclamation to develop a rural water supply program with standard eligibility criteria. The Corps continues to fund rural water supply and wastewater projects under specific congressional authorizations, many of which are pilot programs. The Congress required the Corps to evaluate the effectiveness of these various pilot programs and recommend whether they should be implemented on a national basis. The Corps has only completed some of the required evaluations and, in most cases, has not made the recommendations that the Congress requested about whether or not the projects carried out under these pilot programs should be implemented on a national basis.