



At a Glance

Half the States Did Not Include Climate Adaptation or Related Resilience Efforts in Their Clean Water State Revolving Fund Intended Use Plans

Why We Did This Audit

The U.S. Environmental Protection Agency Office of Inspector General conducted this audit to determine to what extent (1) the EPA is providing guidance and reviewing states' clean water state revolving fund intended use plans to ensure that the plans, as they relate to climate change resiliency, meet the intent of the presidential policy directive to strengthen and maintain secure, functioning, and resilient critical infrastructure and (2) the states, in their clean water state revolving fund planning, are considering climate change resiliency to safeguard federal investments, including funding provided by the Infrastructure Investment and Jobs Act.

The clean water state revolving fund is a federal-state partnership that provides low-cost financing for infrastructure projects. The EPA annually provides grants to the states, which in turn fund projects at the community level. To receive grants, states prepare annual intended use plans with information including their goals and objectives, the projects to be funded, and the criteria and methods used to select projects.

In 2021, the Infrastructure Investment and Jobs Act provided \$12.7 billion appropriated over five years to the clean water state revolving fund.

To support this EPA mission-related effort:

- *Ensuring clean and safe water.*

To address these top EPA [management challenges](#):

- *Mitigating the causes and adapting to the impacts of climate change.*
- *Overseeing, protecting, and investing in water and wastewater systems.*

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What We Found

The EPA prioritized climate adaptation and provided guidance to states during the development of their annual clean water state revolving fund intended use plans, or CWSRF IUPs. Despite these EPA actions, the EPA had limited success in getting states to include climate adaptation or related resilience efforts, such as those addressing natural disasters, in their IUPs. Just 13 states included this in their 2020 IUPs. After passage of the Infrastructure Investment and Jobs Act and after the federal government established its climate adaptation priority in 2021, the number increased to 25 states for the 2022 IUPs, an increase of 12 states over two years. In addition, only 13 states included climate adaptation or related resilience efforts as part of the project prioritization criteria documented in their 2022 IUPs.

We attribute the lack of climate adaptation and related resilience efforts being included in IUPs to several factors. For example, the Clean Water Act grants sole authority to states to determine the funding priorities for eligible CWSRF projects. This meant that the EPA could only use its oversight interactions to encourage states to fund projects that support climate adaptation. The EPA also did not require that states include a discussion of climate adaptation in their IUPs. Further, the EPA's communication to the regions about discussing funding priorities with the states did not always include the EPA's climate adaptation priority.

State incorporation of climate adaptation or related resilience efforts into their IUPs varied across the country. For example, all six states in EPA Region 1 included resilience efforts in their 2022 IUPs, while only one of the six states in EPA Region 8 did so. The state of Florida, which is located in EPA Region 4 and suffered more than \$30 billion in damages following Hurricane Ian in 2022, did not mention resilience efforts in its 2022 IUP. The long-term sustainability of federal investments through the CWSRF is at risk when states do not include climate adaptation in their planning.

In federal fiscal year 2022, the EPA awarded \$1.2 billion out of the available \$3 billion CWSRF funds—which included annual and Infrastructure Investment and Jobs Act appropriations—to states that did not include resilience in their IUPs. Funded projects may become inoperable if the impacts of climate change are not considered.

Recommendations and Planned Agency Corrective Actions

We recommend that the assistant administrator for Water (1) require the EPA regions to annually discuss with states the priority to fund projects that support climate adaptation, (2) update guidance to regions and states on the required discussions, (3) determine whether additional steps could be taken to require states to include in their IUPs a discussion of their progress with including climate adaptation, and (4) annually document the states' progress with including climate adaptation in their planning efforts.

The Agency provided acceptable corrective actions to address Recommendations 1, 2, and 4 and concurred with Recommendation 3. However, the proposed corrective actions do not meet the intent of Recommendation 3. Resolution efforts are ongoing.