



# At a Glance

## ***Inadequate Execution of the 7th DWINSA Lead Service Line Questionnaire Led to Flawed Data Being Used to Allot Lead Service Line Replacement Funds***

### **Why We Did This Evaluation**

#### **To accomplish this objective:**

The U.S. Environmental Protection Agency Office of Inspector General conducted this evaluation to determine whether the design and execution of the 7th Drinking Water Infrastructure Needs Survey and Assessment were appropriate to create accurate allotments of infrastructure funds based on the lead-service-line-replacement needs in each state.

As required by the Safe Drinking Water Act, the EPA administered the 7th Drinking Water Infrastructure Needs Survey and Assessment in 2021. This survey included a supplemental questionnaire that sought to estimate how many U.S. drinking water distribution pipes are made of lead. These pipes are referred to as *lead service lines*. Also in 2021, Congress passed the Infrastructure Investment and Jobs Act, which included \$15 billion to be distributed from fiscal year 2022 through fiscal year 2026 to finance replacements of lead service lines and associated activities. The EPA is responsible for allotting these lead-service-line-replacement funds to the states.

#### **To support this EPA mission-related effort:**

- *Ensuring clean and safe water.*

#### **To address this top EPA management challenge:**

- *Overseeing, protecting, and investing in water and wastewater systems.*

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### **What We Found**

The design and execution of the 7th Drinking Water Infrastructure Needs Survey and Assessment did not result in allotments of lead service line, or LSL, funds that accurately reflected the LSL replacement needs in each state. The EPA used the responses to the survey's supplemental LSL questionnaire to project how many LSLs each state had, a number that it then used to determine how to allot the approximately \$2.8 billion of LSL replacement funds provided by the Infrastructure Investment and Jobs Act, or IIJA, for fiscal year 2023. The LSL questionnaire, however, was originally designed to only estimate LSL replacement costs, not to allot billions of dollars of IIJA LSL funds. As such, it lacked the rigorous internal controls needed to ensure data quality and reliability, and the EPA did not implement the needed internal controls after the purpose of the LSL questionnaire expanded. For example, the Agency relied on the "best professional judgement" of the states to collect and submit their LSL data and did not require states to document support for their responses or explain their data collection methodologies. In addition, the EPA had a minimal data verification process for the LSL questionnaire responses.

The EPA's lack of internal controls over the LSL questionnaire responses resulted in significantly flawed data, which affected the Agency's LSL projections and ultimately the way the Agency allotted the fiscal year 2023 IIJA LSL funds. For the two states whose data we reviewed, the EPA's LSL projections were not accurate and resulted in \$343.73 million of questionable allotments to those two states for fiscal year 2023. A data entry error in Texas's LSL questionnaire response caused the EPA to project that the state had about 95 percent more LSLs than if the data had been accurate. Additionally, although Florida developed a methodology to estimate the number of LSLs for its water systems, this methodology was not consistently applied. Further, the methodology itself inflated the number of LSLs for at least eight of Florida's water systems.

For the fiscal year 2024 IIJA LSL allotments, the EPA corrected Texas's data errors, but it based Florida's allotment on data that did not align with our findings, leading to an additional \$200.03 million in questioned costs. Furthermore, if the EPA does not address these LSL data issues before it allots Florida's fiscal years 2025 and 2026 IIJA LSL funds, that would result in \$400.06 million of funds that could be put to better use in states whose LSL replacement needs merit greater allotment percentages. All told, for the IIJA LSL replacement appropriation, we identified \$943.82 million in questioned costs and funds that could be put to better use.

**Flawed data and questioned allotments for Texas and Florida alone carry financial implications for the entire country, as an inflated projection for just one state means that fewer IIJA funds are available to other states.**

### **Recommendations and Planned Agency Corrective Actions**

We make three recommendations to the assistant administrator for Water: (1) develop a process to identify unreliable LSL data obtained from the Drinking Water Infrastructure Needs Survey and Assessment; (2) determine whether updates to the LSL data are needed to inform IIJA LSL allotments; and (3) if necessary, adjust the IIJA LSL allotments so that they are commensurate with the LSL replacement needs of each state. The Agency disagreed with all three recommendations, which are unresolved.