



At a Glance

Evaluation of the EPA Office of Water's Guidance to State Revolving Fund Programs for Implementing the Build America, Buy America Act Requirements

Why We Did This Evaluation

To accomplish this objective:

The U.S. Environmental Protection Agency Office of Inspector General conducted this evaluation to determine the sufficiency of the EPA Office of Water's guidance to the state revolving fund programs for the implementation of the Build America, Buy America Act requirements.

In November 2021, Congress enacted the Infrastructure Investment and Jobs Act, providing the EPA with over \$60 billion to invest in environmental infrastructure improvements. This Act included the Build America, Buy America Act, which requires federal agencies to ensure that all the funds used in federal financial assistance programs for infrastructure only be obligated for projects if all the iron and steel, manufactured products, and construction materials are produced in the United States.

To support this EPA mission-related effort:

- *Ensuring clean and safe water.*

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What We Found

While the Office of Water issued two memorandums on implementing the Build America, Buy America Act requirements, its guidance related to manufactured products, documenting compliance, the consequences for noncompliance, using current waivers, and applying for new waivers was not sufficient. For example, the Office of Water's guidance did not fully address how to classify an item as a manufactured product or how the amended adjustment period waiver would impact multiyear projects. Rather than issuing additional guidance to address these gaps, the Office of Water waited for the Office of Management and Budget to update its guidance for federal agencies. Without additional guidance, state revolving fund program administrators and manufacturers had concerns about complying with the Act's requirements. After the Office of Management and Budget updated its guidance in October 2023, the Office of Water shared related information with its stakeholders during a presentation. However, the Office of Water did not incorporate this information into its guidance. Insufficient guidance could hinder state revolving fund program efforts to properly plan and implement needed infrastructure projects and use Infrastructure Investment and Jobs Act funds in a timely manner.

Insufficient guidance can hinder water infrastructure project planning and implementation and may delay the use of Infrastructure Investment and Jobs Act funds for such projects.

Recommendations and Planned Agency Corrective Actions

We make four recommendations to the assistant administrator for Water to develop and issue guidance related to the implementation of the Build America, Buy America Act requirements. Specifically, we recommend that the guidance address item classification, cost determination, compliance documentation, adjustment period waivers, and the waiver request process. Further, we recommend that the guidance include job aids and resources to help the state revolving fund programs implement the Act's requirements. The EPA agreed with Recommendations 1 and 4 and provided acceptable corrective actions to address these recommendations. Recommendations 1 and 4 are therefore resolved with corrective actions pending. The EPA did not agree with Recommendations 2 and 3. These recommendations remain unresolved.

Noteworthy Achievements

The Office of Water leveraged its previous experience with domestic preference requirements to assist the Office of Management and Budget. Through its efforts, the Office of Water contributed to the development of the Office of Management and Budget's governmentwide guidance for applying the Build America, Buy America Act's domestic preference requirements to federal financial assistance programs for infrastructure projects. Additionally, the Office of Water engaged stakeholders before and after the Act became effective.