



# At a Glance

## ***EPA Guidance Addresses Implementation Requirements for Infrastructure Investment and Jobs Act for Drinking Water State Revolving Fund Emerging Contaminants Funding, but Clarification Is Needed Before More States Spend Funds***

### **Why We Did This Audit**

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

The U.S. Environmental Protection Agency Office of Inspector General conducted this audit to determine the extent to which the EPA provided state agency officials with guidance for the use of the Drinking Water State Revolving Fund for emerging contaminants, in accordance with Infrastructure Investment and Jobs Act requirements and related federal implementation guidance. The Act appropriates \$4 billion in supplemental appropriations to address emerging contaminants in drinking water through the Drinking Water State Revolving Fund.

In prior reports, the OIG identified that the EPA's implementation guidance for another supplemental appropriation, the American Recovery and Reinvestment Act, had challenges related to clarity and comprehensiveness. As such, we conducted this audit to build on those lessons learned and to help the EPA more effectively implement its Infrastructure Investment and Jobs Act funding.

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

- *Ensuring clean and safe water.*

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### **What We Found**

EPA guidance generally addresses Infrastructure Investment and Jobs Act, or IIJA, Drinking Water State Revolving Fund, or DWSRF, emerging contaminants provisions. These provisions include focusing on projects that address per- and polyfluoroalkyl substances, or PFAS. However, the EPA's guidance does not detail allowable ranking and funding levels of non-PFAS projects. PFAS are chemical compounds that are part of a specific group of emerging contaminants. The guidance is clear on what kinds of emerging contaminant projects may be funded, as it notes that state agencies may fund projects for any contaminant in any of the EPA's Contaminant Candidate Lists.

While most EPA regional staff agree that the guidance is generally clear, some EPA regional staff and state agency officials told us that parts of the guidance need clarification. Clearer guidance may also lead to more consistent implementation of IIJA funding, while more effectively addressing risks to human health. As of the end of fiscal year 2023, \$3.5 billion remained unobligated and only \$1.2 million, or 0.03 percent, of IIJA DWSRF emerging contaminants funds were spent on projects by the states. As more IIJA funding is spent by the states and more PFAS and other emerging contaminants are discovered, clearer guidance on how to prioritize DWSRF projects will help the EPA regions and states consistently address the risks of these emerging contaminants to human health in a more effective and timely manner.

Further, the EPA guidance does not adequately describe how to process transfers between different state revolving funds. At least three regions told us that, as a result, the process for awarding grants took longer than expected. Without adequate guidance, states may inconsistently process transfers between their state revolving funds. Such delays and inconsistencies may not only prevent the EPA from effectively implementing the IIJA provision to address emerging contaminants, but may also prevent the EPA from effectively implementing its *FY 2022-2026 EPA Strategic Plan* goal and objective to ensure safe drinking water.

**Inconsistencies and delays caused by a lack of clarity in the guidance may prevent the EPA from effectively implementing the IIJA provision to address emerging contaminants and from effectively addressing the risks of emerging contaminants to human health.**

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

We make three recommendations to the assistant administrator for Water. These recommendations include providing clarification to state agency staff on their discretion to prioritize non-PFAS over PFAS projects, based on the most serious risk to human health and how to process transfers between the state revolving funds, as well as providing additional training on the supplemental guidance. Two of the recommendations are resolved with corrective actions pending. One recommendation is unresolved, and resolution efforts are in progress.