



At a Glance

Why We Did This Review

We conducted this review to determine how the U.S. Environmental Protection Agency (EPA) and states demonstrate that completed Drinking Water State Revolving Fund (DWSRF) projects met project and program goals and contributed to improved drinking water quality and public health.

The 1996 Safe Drinking Water Act Amendments, in part, authorize the EPA to provide funding for capitalization grants to states to further public health objectives and promote efficient use of funds. The states use these funds to support low interest loans and other types of assistance to public water systems. The EPA conducts annual reviews encompassing certain aspects of the states' programs.

This report addresses the following EPA goals or cross-agency strategies:

- *Protecting America's waters.*
- *Protecting human health and the environment by enforcing laws and assuring compliance.*

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The full report is at: www.epa.gov/oig/reports/2014/20141205-15-P-0032.pdf

EPA Needs to Demonstrate Public Health Benefits of Drinking Water State Revolving Fund Projects

What We Found

The EPA does not obtain all required DWSRF project data from states, despite capitalization grants that require states to input key project information into EPA databases. The EPA also does not always use annual reviews of state DWSRF programs to assess project outcomes. Without this information the EPA cannot determine whether completed DWSRF projects contributed to improved drinking water quality and public health. In addition, the GPRA Modernization Act of 2010 (GPRA refers to the Government Performance and Results Act of 1993) requires all federal agencies to have long-term goals that are supported by interim performance indicators. The EPA requires states to systematically provide information that can be used to assess project results. However, not all states report complete, required information in every instance. Our analysis shows that systems that received DWSRF funding regain compliance, indicating public health improvements. However, incomplete reporting affects the overall value of our analysis of the DWSRF program. These incomplete data hamper the EPA's ability to evaluate program effectiveness and public health outcomes.

The EPA needs to enforce grant requirements for collecting DWSRF project information to demonstrate the public health results of the \$11.37 billion it has invested in drinking water infrastructure since 2009.

As a result, the EPA is unable to demonstrate the public health results of its large DWSRF agency expenditure, which represents about 10 percent of the agency's annual budget. Further, the EPA cannot demonstrate the overall success of DWSRF projects. The EPA is also missing an opportunity to capture potential best practices of state programs and projects.

Recommendations and Agency Corrective Actions

We recommend that the Assistant Administrator for Water enforce grant requirements that states input all necessary data in the project-level tracking database and review data completeness as part of the EPA's annual review of state performance. We also recommend that the EPA enhance coordination between DWSRF and Public Water System Supervision programs and periodically evaluate program results.

The agency agreed with our recommendations and provided corrective actions with milestone dates. The recommendations are resolved with corrective actions pending.