

United States Senate
WASHINGTON, DC 20510

July 5, 2023

VIA ELECTRONIC TRANSMISSION

The Honorable Michael S. Regan
Administrator
U.S. Environmental Protection Agency

Dear Administrator Regan:

The Water Infrastructure Improvements for the Nation (WIIN) Act provides grants to address America's drinking water infrastructure.¹ Grants under this Act support underserved communities, schools, and childcare by funding lead testing and reduction programs and ensuring access to household water or wastewater services.²

On November 17, 2022, the Environmental Protection Agency (EPA) Office of Inspector General (OIG) announced it planned to begin fieldwork on an audit titled, *The EPA's Identification and Replacement of Lead Service Lines in Disadvantaged Communities*.³ The audit is designed "to determine whether the [EPA] distributed [WIIN] Act funds to replace lead service lines in disadvantaged communities in adherence with applicable guidance."⁴

During the audit, the EPA released a management alert on June 20, 2023 titled, *The EPA Could Not Readily Identify More Than \$162 Million in Water Infrastructure Improvements for the Nation Action Grant Funds*.⁵ The management alert found the EPA could not accurately determine whether WIIN Act funds were truly distributed to replace lead service lines in disadvantaged communities in accordance with the Act.⁶ The OIG also found several issues regarding the accurate reporting and tracking of funds.

¹ The Env't Prot. Agency, *The Water Infrastructure Improvements For the Nation Act (WIIN Act) Grant Programs*, US EPA, (Accessed June 23, 2023), <https://www.epa.gov/dwcapacity/water-infrastructure-improvements-nation-act-wiin-act-grant-programs>.

² Deirdre White, *EPA Grants For States To Assist Small Underserved And Disadvantaged Communities*, ASDWA, (Aug. 24, 2021), <https://www.asdwa.org/2021/08/24/epa-grants-for-states-to-assist-small-underserved-and-disadvantaged-communities/>.

³ The Env't Prot. Agency, *Notification of Audit: The EPA's Identification and Replacement of Lead Service Lines in Disadvantaged Communities Project No. OA-FY23-0037*, US EPA, (Nov. 17, 2022), https://www.epa.gov/system/files/documents/2022-11/_epaig_NotificationMemo_11-17-22_OA-FY23-0037.pdf.

⁴ The Env't Prot. Agency Off. Of Inspector Gen., Report No. 23-N-0019, *The EPA Could Not Readily Identify More Than \$162 Million in Water Infrastructure Improvements for the Nation Action Grant Funds*, (June 20, 2023), https://www.epa.gov/system/files/documents/2023-06/_epaig_20230620-23-N-0019.pdf.

⁵ The Env't Prot. Agency Off. Of Inspector Gen., Report No. 23-N-0019, *The EPA Could Not Readily Identify More Than \$162 Million in Water Infrastructure Improvements for the Nation Action Grant Funds*, (June 20, 2023), https://www.epa.gov/system/files/documents/2023-06/_epaig_20230620-23-N-0019.pdf.

⁶ *Id.* at 2.

Specifically, the OIG identified a discrepancy between the amounts received by the EPA and the amounts reportedly awarded by the Office of Water for two programs within the “universe of WIIN Act grants.”⁷ Specifically, for FY 2017-2021, the OIG identified “\$59.72 million in discrepancies between the funding EPA received and the funds it awarded” for the Assistance for Small & Disadvantaged Communities and the Reducing Lead in drinking Water programs.⁸ For the Assistance for Small & Disadvantaged Communities program, the EPA received \$96.82 million in grant funds; however, the Office of Water reportedly awarded \$147.97 million under this program.⁹ Separately, for the Reducing Lead in Drinking Water program, the EPA received \$66.02 million from FY 2017-2021; however, the Office of Water reportedly awarded \$74.59 million under this program.¹⁰ The Office of Water claimed these discrepancies occurred because the “office included all project costs from all appropriation sources and not just WIIN Act grant funds.”¹¹ When the OIG requested an actual cost breakdown, “the office was not able to provide the information.”¹²

In the same management alert, the EPA OIG also identified an issue with consistent reporting across multiple offices. The OIG requested the complete list of WIIN Act grants awarded to replace lead service lines in disadvantaged communities from the Office of Ground Water and Drinking Water to “evaluate the distribution and oversight of funds.”¹³ After some resistance, the OIG was provided information which it cross-referenced with the “Agency’s website, Next Generation Grant System (NGGS), and regional grant project officers.”¹⁴ The OIG discovered that those three entities had reported different awarded amounts for the same regions. Specifically, in FY 2018 and 2019, the NGGS indicated \$2,639,000 was awarded to Region 2,¹⁵ but the Office of Water reported \$4,462,691, and the EPA website reported \$4,286,691.¹⁶ Similar financial discrepancies occurred in Region 7.¹⁷

The OIG concluded that the “EPA was unable to identify or provide accurate information for over \$162 million in WIIN funds.”¹⁸ The taxpayer spends millions of dollars on clean drinking water programs. Accordingly, the EPA has an obligation to ensure these programs are appropriately administered and fraud, waste and abuse are eliminated. So that Congress can better understand how the EPA is tracking taxpayer dollars, please provide answers to the following questions by July 19, 2023:

⁷ *Id.*

⁸ *Id.* at 5.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.* at 4.

¹² *Id.*

¹³ *Id.* at 2.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.* at 3.

¹⁷ *Id.*

¹⁸ *Id.* at 4.

1. What steps has the EPA taken to ensure accurate and effective accounting for all taxpayer funds granted through the WIIN program? Please provide all records.¹⁹
2. Why was the EPA unable to provide a breakdown of actual costs that the OIG requested? What steps has the EPA taken to remedy this shortcoming?
3. Why did the Agency's website, NGGS, and the Office of Water report different amounts awarded to Region 2 and Region 7? What steps has the EPA taken to correct this and ensure an accurate accounting of taxpayer funds?

Thank you for your prompt attention to this matter. Should you have any questions, please contact my Committee staff at (202) 224-0642.

Sincerely,



Charles E. Grassley
Ranking Member
Committee on the Budget

¹⁹ "Records" include any written, recorded, or graphic material of any kind, including letters, memoranda, reports, notes, electronic data (e-mails, email attachments, and any other electronically created or stored information), calendar entries, inter-office communications, meeting minutes, phone/voice mail or recordings/records of verbal communications, and drafts (whether they resulted in final documents).