

Data Reliability Issues Impede the EPA's Ability to Ensure Its Allotment of Infrastructure Investment and Jobs Act Funding for Lead Service Line Replacements Reflects Needs

May 15, 2024 | Report No. 24-N-0039



Report Contributors

Patrick Gilbride
Sean Mahoney
Julie Narimatsu
Alton Reid
Nirvair Stein

Abbreviations

DWINSA	Drinking Water Infrastructure Needs Survey and Assessment
EPA	U.S. Environmental Protection Agency
IIJA	Infrastructure Investment and Jobs Act
OIG	Office of Inspector General

Cover Image

A corroded lead service line. (EPA image)

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OFFICE OF INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY

May 15, 2024

MEMORANDUM

SUBJECT: Data Reliability Issues Impede the EPA's Ability to Ensure Its Allotment of Infrastructure Investment and Jobs Act Funding for Lead Service Line Replacements Reflects Needs Report No. 24-N-0039

FROM: Sean W. O'Donnell, Inspector General *Sean W O'Donnell*

TO: Bruno Pigott, Acting Assistant Administrator
Office of Water

The U.S. Environmental Protection Agency Office of Inspector General [initiated](#) an evaluation of the EPA's Infrastructure Investment and Jobs Act, or IIJA, allotments for lead service line replacements.¹ While conducting work on that evaluation, which remains ongoing, we decided to issue this memorandum to alert the Agency of the risk of using unreliable data to allot IIJA funds for lead service line replacements. Specifically, as we evaluated the execution of the EPA's 7th Drinking Water Infrastructure Needs Survey and Assessment, or DWINSA, we saw indications that a lack of internal controls may have caused the EPA to base its fiscal year 2023 allotment of \$3 billion in IIJA funds for lead service line replacements on inaccurate data. As such, there is a risk that the EPA did not allot the fiscal year 2023 IIJA funds, and will not allot future IIJA funds, according to states' lead-service-line-replacement needs.

This memorandum supports this EPA mission-related effort:

- Ensuring clean and safe water.

This memorandum addresses these top EPA [management challenges](#):

- Overseeing, protecting, and investing in water and wastewater systems.
- Integrating and implementing environmental justice.

We will post this memorandum to our website at www.epaoig.gov. Because this memorandum did not have recommendations, the EPA was not required to provide a response. However, because you did provide a response, that response will be posted on the OIG's website.

Issue Identified

The Safe Drinking Water Act requires that the EPA administer the DWINSA every four years to determine the country's drinking water infrastructure needs. The Act further requires the EPA to use the DWINSA

¹ Eligible projects or activities funded by this appropriation include lead-service-line-replacement projects or activities directly connected to the identification, planning, design, or replacement of lead service lines.

data to determine how to allot funds to each state for water infrastructure improvements. Not all states receive the same amount of funds; the EPA allots funds based on the needs identified via the DWINSA. The EPA administered the seventh and most recent DWINSA in calendar year 2021 and published the results in 2023.

In the United States, there are millions of water pipes made of lead, known as lead service lines, that provide water to homes and properties. The EPA has several initiatives and plans underway to help states and communities replace their lead service lines. The America's Water Infrastructure Act of 2018 required the EPA to evaluate the cost of lead service line replacements. To meet this mandate, the EPA added a supplemental lead service line questionnaire to the 7th DWINSA to request service line material information from participating public water systems and states.

The IIJA was enacted in November 2021. Overall, the IIJA appropriated over \$60 billion to the EPA from fiscal year 2022 through 2026. The IIJA provides the EPA with \$15 billion specifically for lead-service-line-replacement projects and associated activities. These funds are to be appropriated across the five fiscal years in \$3 billion increments.

Since the IIJA was passed after the EPA started collecting lead service line data via the 7th DWINSA, the Agency was not initially aware that it would rely on the survey data to allot the \$12 billion in IIJA funds available for lead service line replacements from fiscal year 2023 through 2026.²

Our initial evaluation results show that the EPA did not have internal controls in place to verify the DWINSA data collected and submitted. The EPA instructed states to use their "best professional judgment" in reviewing lead service line data prior to submitting the data to the EPA. The EPA, for its part, did not take reasonable measures to verify the state-submitted data to identify anomalies or discrepancies. Further, the EPA did not request supporting documentation from public water systems or states on how the systems collected the lead service line data or how the states reviewed that data.

This lack of internal controls may have caused the EPA to base its allotment of the \$3 billion in IIJA lead-service-line-replacement funds for fiscal year 2023 on inaccurate data.³ Our ongoing evaluation has uncovered inaccuracies in the 7th DWINSA data set, including an error in one water system's submittal and adjustments made by another state to its water system submittals. These inaccuracies inflated the number of reported lead service lines for those two states. The inaccuracies may have also resulted in financial impacts and increased the risk that the EPA allotted the fiscal year 2023 IIJA funds in a manner that does not reflect the lead-service-line-replacement needs of each state.

² The EPA allotted the \$3 billion in IIJA lead-service-line-replacement funds for fiscal year 2022 based on the 6th DWINSA and general infrastructure needs.

³ In the fall of 2023, the EPA offered states and water systems the opportunity to make a voluntary, one-time update to their original 7th DWINSA responses based on new service line inventory information or to provide a response if they did not previously complete the lead service line questionnaire. The EPA used the updated data to allot fiscal year 2024 IIJA lead-service-line-replacement funds.

We may include recommendations on this issue in our forthcoming evaluation report, but the EPA need not wait for issuance of that report to act, especially as the Agency begins planning to allot the fiscal years 2025 and 2026 IJIA funds. During a discussion in January 2024, we shared our concerns with the EPA about data that may have impacted the IJIA allotments. On May 1, 2024, after receiving our draft memorandum, the EPA released the fiscal year 2024 IJIA lead-service-line-replacement allotments and adjusted some of the allotment amounts from fiscal year 2023. The EPA can take additional steps to improve the reliability of the data used to allot the IJIA funds for lead service line replacements, and we encourage it to do so as soon as practicable.

Scope and Methodology

We conducted our work for this memorandum from November 2023 to April 2024. While our overall evaluation, which is still ongoing, is being conducted in accordance with the Council of Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*, the work related to this memorandum does not constitute an evaluation done in accordance with those standards. We did, however, follow the OIG's quality control procedures for ensuring that the information in this report is accurate and supported.

cc: Michael S. Regan, Administrator

Janet McCabe, Deputy Administrator

Dan Utech, Chief of Staff, Office of the Administrator

Wesley J. Carpenter, Deputy Chief of Staff for Management, Office of the Administrator

Faisal Amin, Agency Follow-Up Official (the CFO)

Susan Perkins, Agency Follow-Up Coordinator

Andrew LeBlanc, Agency Follow-Up Coordinator

Jeffrey Prieto, General Counsel

Tim Del Monico, Associate Administrator for Congressional and Intergovernmental Relations

Nick Conger, Associate Administrator for Public Affairs

Benita Best-Wong, Deputy Assistant Administrator for Water

Mae Wu, Deputy Assistant Administrator for Water

Nancy Grantham, Senior Advisor, Office of Water

Jennifer McLain, Director, Office of Ground Water and Drinking Water, Office of Water

Stefan Martiyan, Director, Office of Continuous Improvement, Office of the Chief Financial Officer

Macara Lousberg, Director, Office of Program Analysis, Regulatory, and Management Support,
Office of Water

Janita Aguirre, Associate Director, Office of Program Analysis, Regulatory, and Management
Support, Office of Water

Michael Benton, Audit Follow-Up Coordinator, Office of the Administrator

Carla Hagerman, Audit Follow-Up Coordinator, Office of Water

Shari Grossarth, Office of Policy OIG Liaison

Stuart Miles-McLean, Office of Policy GAO Liaison



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