

## Technical Comments

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Use page number from the draft report.		Provide specific remarks, including suggested revised report language, as appropriate.	Identify the name, title, phone number, email address, and program office of the program official/submitting each comment.	Choose one or more options to classify each comment:  1-Accuracy 2-Sensitivity 3-Context / Perspective 4-Editorial
1, 3	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.	OGWDW disagrees that there is risk associated with 2023 and future IIJA LSLR funding allotment as the methodology used to project LSLs developed under the 7th DWINSA continues to provide the best estimate of LSLR funding needs at the state level. To develop the allotments according to state needs, the EPA used the best available information collected through the 7 <sup>th</sup> DWINSA and assessed to date on service line materials in the U.S. There is no other nationwide, statistically significant projection of service line materials to use for distributing IIJA LSLR funding. Furthermore, after the release of the 7 <sup>th</sup> DWINSA and the LSL information, EPA provided an additional opportunity for the states and systems to update and further refine their submittals if needed. This one-time update informed and allowed surveyed water systems and states to review, verify, and revise their original response as needed, e.g., new service line inventory information or inclusion of systems who did not previously participate in the questionnaire. Through this effort, the agency received changes from the states, a few of which provided	Office of Groundwater & Drinking Water	1, 3

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		<p>impactful updated information. EPA will use the 7<sup>th</sup> DWINSA along with the updated data to allot FY24 and future IJIA LSLR funding.</p> <p>To further reduce any perceived risk, the SRF program has a “self-correcting” mechanism in place where funding not used by states will be reallocated and redistributed by EPA as required by SDWA. States also do not automatically receive the funding allotted to them. States have to demonstrate in their Intended Use Plan (part of the capitalization grant application) that they have an adequate list of identification and/or replacement projects that account for their amount of LSLR funding before receiving their capitalization grant from EPA. States rank projects according to SDWA priorities of public health, regulatory compliance and affordability, and can only fund projects in priority order. Projects can be bypassed if they are not ready to proceed. The LSL funding can only be used for LSL identification and replacement projects, or associated activities. The SRF is a reimbursement program; therefore, eligible activities must be completed before assistance recipients receive funding. Therefore, there are many checks and balances built into the program to reduce risks.</p> <p>The 7<sup>th</sup> DWINSA Report to Congress estimates the cost to replace all LSLs across the nation is \$50-80 billion. The EPA recognizes that the need for improved infrastructure far exceeds the \$15 billion provided under the Bipartisan Infrastructure Law (BIL) for lead service line replacement. The agency encourages states and systems, especially communities who face known lead health concerns, to utilize all available resources, such as</p>		

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		<p>other DWSRF funding like the BIL General Supplemental, Base SRF funding, etc. to replace known LSLs as soon as possible.</p>		
1, 2	<p>IIJA funds for lead service line replacements</p>	<p>In multiple places, the memo only mentions lead service line “replacement” as the use for the funding. The IIJA states that “this Act shall be for lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines”. Congress recognized that the first step in replacing LSLs is conducting inventories to identify service line materials. Therefore, IIJA funds can be used for identification, as well as replacement. LSL projections take this into account by including that a portion of the funding would likely go towards inventories for the unknown material service lines.</p>	<p>Office of Groundwater &amp; Drinking Water</p>	<p>1</p>
2	<p>The EPA did not provide states with clear guidance on how to review the data before submittal to the EPA.</p>	<p>OGWDW disagrees with this statement as the agency did provide clear and substantial amount of guidance to the states on how to review the data before submitting to EPA, as it is the state’s responsibility to review the medium and large system data before submittal. Specifically, OGWDW provided training, instruction, and early feedback through training, written guidance, and one-on-one interaction with the states and used the DWINSA State/EPA workgroup for this purpose.</p> <p>The agency held over 20 engagements with states starting with pre-survey training through the data collection period, all of which included an LSL component. LSL questionnaire specific instructions were provided. EPA also conducted ‘first few reviews’ for 30 states (note: not all may have included LSL questionnaire information) to provide hands-on</p>	<p>Office of Groundwater &amp; Drinking Water</p>	<p>1, 3</p>

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		<p>assistance. EPA assisted small systems directly by conducting 606 in person site visits to help them fill out the survey instrument, including the LSL questionnaire. The OIG mentioned on a call with OW on 4/10/24 that despite EPA’s extensive efforts (as outlined below), “a few states” expressed confusion to the OIG on EPA’s guidance and training. EPA would like to better understand OIG’s information and associated analysis on this matter so we may continue to hone our outreach efforts going forward.</p> <p>More details on EPA’s extensive engagement and training efforts can be found below:</p> <ul style="list-style-type: none"> <li>• Training: Extensive and repeated training and guidance was provided to states on what service line information is requested and how to complete the questionnaire form. EPA held over 20 engagements with states starting with pre-survey training through the data collection period, all of which included an LSL component. Because states serve as the direct contact and initial reviewer of their systems’ survey responses, this training provided ample and multiple opportunities for states to understand their QA/QC role. This is the same role they have for the infrastructure needs questions for the DWINSA for decades.</li> <li>• Instructions: The survey form included explicit instructions on the LSL questionnaire. The form was relatively simple (certainly less complex than the needs project questionnaire). The instructions provided background information and context to explain the need for the information, detailed description of the service lines information requested, and explicit instructions to include the number of service lines “for which it is known or there is reason</li> </ul>		

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		<p>to believe the service line likely fits the description.” The survey form was reviewed and tested with states before fielding the full survey, to include review from the Office of Management and Budget while processing the Information Collection Request.</p> <ul style="list-style-type: none"> <li>• Early Feedback: “First Few Reviews” of complete survey response packages were provided to states upon request. These written review reports provided in-depth project-specific suggestions and policy clarifications for up to 5 survey responses from each state based on EPA’s QA review of each submittal. Thirty (30) states participated in this early QA-feedback opportunity. States were also given the opportunity to discuss the comments with EPA. The reviews of the first few submittals were intended to provide helpful information early in the data collection process so that documentation and coding errors and policy misconceptions could be corrected for subsequent submittals. These reviews addressed 20-year infrastructure needs and the supplemental questions, which included LSL inventories. While not all 30 states included LSL questionnaires, the opportunity to bring these submissions in for clarification and detailed review was provided. This review effort helped identify common issues, which were then raised in workgroup meetings and memoranda.</li> </ul>		
2	Further, the EPA did not request supporting documentation from public water systems or states on	<p>The SDWA mandates EPA to conduct an assessment of public water system capital improvement needs every four years and to use this assessment to allot the Drinking Water State Revolving Funds. Participation in the Drinking Water Infrastructure Needs Survey and Assessment on the part of water systems and states is a voluntary effort. EPA does not have the authority to require water systems and states to complete the survey. The instructions to the questionnaire do request</p>	Office of Groundwater & Drinking Water	3

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	<p>how the systems collected the lead service line data or how the states reviewed that data.</p>	<p>the system or state to keep the records to support its determinations and submittals.</p> <p>When conducting needs surveys, EPA endeavors to achieve high response rates by balancing the value of the requested information with the burden in providing it. In designing the portion of the survey to meet the new service line information mandate, the EPA was aware that most public water systems across the US had sparse information about the number of lead services lines owned by or connected to the system. Furthermore, America’s Water Infrastructure Act (AWIA), which amended SDWA to require that any needs survey “shall included an assessment of costs to replace all lead service lines...of all eligible public water systems in the United States,” did not specify, or require, a standardized level of documentation.</p> <p>During trainings and DWINSA State/EPA Workgroup sessions, the EPA provided examples of how states or systems could determine the number of lead service lines in their systems (e.g., estimating based on housing age). At the time of conducting the 7th DWINSA, our understanding was that most systems did not have an inventory and those systems that did have an inventory had developed them following varying standards and state level regulations. By requiring a dictated documentation format and submittal would have resulted in much lower participation due to a disproportionate and high burden for response. In addition, with proposed LCRR requirements under development, requesting fully documented inventories could have been misinterpreted</p>		

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		by the systems as having regulatory implications, thus again resulting in reduced participation.		
2	Finally, the EPA did not take reasonable measures to verify the state-submitted data to identify anomalies or discrepancies.	<p>OGWDW strongly disagrees with this statement and respectfully asks the OIG to substantiate it. The agency performed a tremendous amount of quality assurance and quality control checks on the submittals provided by states, including:</p> <ul style="list-style-type: none"> <li>• Early training and communications with states eliminated an unknown number of inadequate responses.</li> <li>• Conducted review of each response as received and identified potential problems. Several responses were rejected because the responses were inconsistent internally or with SDWIS.</li> <li>• Global automated checks were able to find some potential problems, but the nature of the questions limit the ability of these checks to identify all issues. For example, the EPA checked that the reported number of service lines were consistent with the reported number of connections. However, systems can have more service lines than connections or fewer service lines than connections, the comparison is not dispositive.</li> <li>• The EPA conducted reviews and applied overall QA checks, while meeting deadlines. In any survey, there are tradeoffs between spending additional resources on review and providing timely information.</li> <li>• The ratio model that was used minimized the potential effect of an individual system reporting a number of service lines that is not consistent with their connections.</li> <li>• QA/QC includes addressing bias and submittal of intentionally misleading information.</li> </ul>	Office of Groundwater & Drinking Water	1, 3

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		<p>Furthermore, as discussed above, EPA also provided an opportunity to do a voluntary one-time update to the 7<sup>th</sup> DWINSA, which allowed surveyed water systems and states to revise their original response based on the new service line inventory information or to provide a response if they had not previously participated in the service line material questionnaire. While there are not significant changes to allotments for most states, there are a few states with significant changes due to the updated data provided or due to errors and discrepancies found during the QA/QC process.</p>		
3	<p>Our ongoing evaluation has already uncovered inaccuracies in the 7th DWINSA data set, including an error in one submittal and adjustments made to other submittals that inflated the number of reported lead service lines.</p>	<p>The EPA is interested in the OIG’s analysis as we are not aware of artificially inflated numbers submitted by states for the 7<sup>th</sup> DWINSA or one-time update. As stated above, the 7<sup>th</sup> DWINSA is a voluntary effort and EPA relies on states to submit verified and accurate data on behalf of their systems. States and water systems were allowed to use a methodology to determine numbers of lead service lines that best represented where they were with their inventorying efforts. During trainings and DWINSA State/EPA Workgroup sessions, the EPA provided examples of how states or systems could determine the number of lead service lines in their systems (e.g., estimating based on housing age).</p> <p>As stated above, the SRFs have a “self-correcting” mechanism in place. Furthermore, states do not automatically receive the funding allotted to them as they have to demonstrate in their Intended Use Plan that they have eligible projects for this funding. Funding not used by states for lead</p>		3



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		<p>service line identification and replacement will be reallocated and redistributed by EPA as required by SDWA.</p>		
3	<p>We encourage the EPA to take steps as soon as practicable to improve the reliability of the data used to allot the IIJA funds for lead service line replacements.</p>	<p>OGWDW has already taken several important steps to enhance the information originally received for the 7th DWINSA. We recognized that service line information was rapidly evolving as states and water systems develop inventories required under the Lead and Copper Rule Revisions. EPA provided an opportunity to do a voluntary one-time update to the 7th DWINSA, which allowed surveyed water systems and states to further review, verify, and revise their original response based on new service line inventory information or to provide a response if they had not previously participated in the service line material questionnaire.</p> <p>As part of the one-time update, EPA performed substantial amount of quality assurance and quality control checks on all the LSL questionnaire data. To address feedback, EPA conducted additional analysis as well as reached out directly to water systems when data reported conflicted with publicly available information or where we observe inconsistencies. The type of quality assurance and quality control checks on the data, included but were not limited to: (1) response form screening, (2) assessing for anomalies and outliers, (3) comparing the total service connections reported, (4) comparing against publicly available data, and (5) assessing for trends and/or significant changes.</p> <p>In conclusion, the EPA is using the best available information of the estimated LSLR identification and replacement needs at the state level to distribute the IIJA LSLR funding according to needs, Currently, there is no</p>	<p>Office of Groundwater &amp; Drinking Water</p>	3

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		other nationwide, statistically valid and significant projection of service line materials to use for distributing IJA LSLR funding other than the 7 <sup>th</sup> DWINSA.		
<b>AFFIRM: This report has been reviewed to identify classified and controlled unclassified information. This report DOES/DOES NOT contain such information (highlight one).</b>				
<b>Program Official Point of Contact (name, title, phone number, email)</b>				