



At a Glance

Evaluation of the U.S. Virgin Islands' Capacity to Manage and Use Infrastructure Investment and Jobs Act Funds for Clean Water and Drinking Water Infrastructure Improvements

Why We Did This Evaluation

To accomplish this objective:

The U.S. Environmental Protection Agency Office of Inspector General conducted this evaluation to determine the U.S. Virgin Islands' capacity to manage and use Infrastructure Investment and Jobs Act funds for clean water and drinking water infrastructure improvements. The U.S. Virgin Islands are part of EPA Region 2.

The EPA annually awards federal funds to the U.S. Virgin Islands for water-infrastructure improvement projects via a clean water and drinking water construction grant. With the enactment of the Infrastructure Investment and Jobs Act, the funds the territory received for these projects increased significantly beginning in fiscal year 2022. Whereas it received \$10.215 million and \$10.211 million in fiscal years 2020 and 2021, respectively, it received \$38.879 million, \$55.333 million, \$36.117 million, and \$29.462 million in fiscal years 2022, 2023, 2024, and 2025, respectively. It is also expected to receive increased funds in fiscal year 2026.

Grantees should meet four dimensions of capacity to manage and use federal funds: financial, human capital, organizational, and stakeholder. Challenges in any of these four dimensions can adversely impact a grantee's capacity to effectively manage and implement federal grants.

To support this EPA mission-related effort:

- *Ensuring clean and safe water.*

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What We Found

The U.S. Virgin Islands, or USVI, has the financial capacity to manage and use its Infrastructure Investment and Jobs Act, or IIJA, funds. However, the USVI faces human capital-, organizational-, and stakeholder-related challenges that limit its capacity to manage and use its IIJA funds for clean water and drinking water construction grants.

In terms of human capital challenges, the USVI struggles to hire and retain staff, which leaves key positions like the federal grants manager vacant. This lack of personnel causes existing staff to fall behind on their grant management tasks. For example, staff had not submitted more than \$1.5 million in administrative reimbursement requests for payroll and travel expenses to the EPA. Among the organizational challenges that the USVI faces are inadequate succession and contingency plans, standard operating procedures, and accounting practices for its grants management responsibilities. Finally, the USVI's stakeholders, including its water utility providers and wastewater systems, have their own capacity challenges, which often render them unable to take full advantage of the funds available for infrastructure improvements. It is therefore difficult for the USVI to spend its clean water and drinking water construction grants in a timely manner. As of March 2025, the USVI had an approximate \$135 million balance for these grants, \$83.1 million of which was awarded under the IIJA.

Limited human capital, organizational, and stakeholder capacity negatively impact the USVI's ability to efficiently manage its clean water and drinking water construction grants, including those funded by the IIJA. As a result, critical water infrastructure improvements in the territory may be delayed.

Recommendations and Planned Agency Corrective Actions

We recommend that the regional administrator for Region 2 monitor the hiring of the USVI's federal grants manager and then provide training to the new hire; establish a timeline for the USVI to submit complete administrative reimbursement requests; implement the appropriate remedy if those requests are not submitted; monitor and assist in the USVI's update of and training of staff on its standard operating procedures addressing grants management tasks; and work with the USVI to increase its outreach to its water systems to inform them about the availability of technical assistance from the EPA. Region 2 agreed with three of our five recommendations and partially concurred with two. Through our analysis of Region 2's response, we concluded that the proposed corrective actions met the intent of all five recommendations. Therefore, all recommendations are resolved with corrective actions pending.