



At a Glance

Evaluation of the Use of Infrastructure Investment and Jobs Act Funds for Drinking Water Security Projects

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 extent to which Drinking Water State Revolving Fund Infrastructure Investment and Jobs Act supplemental funds are used for projects that improve resilience to physical and cyber threats and hazards.

Water and wastewater systems are critical infrastructure in the United States. However, these water and wastewater systems face risks from malevolent acts and natural hazards, and disruption in system service or destruction of these systems would negatively affect national security, economic stability, and public health and safety. The Infrastructure Investment and Jobs Act included \$50 billion to strengthen water infrastructure. This investment included \$11.71 billion for the Drinking Water State Revolving Fund Program, \$3.8 billion of which was allocated in fiscal years 2022 and 2023. The EPA urged states to use the significant increase in funds to foster water system resilience to all threats and hazards.

To support this EPA mission-related effort:

- *Ensuring clean and safe water.*

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What We Found

The EPA has opportunities to improve its oversight of physical or cyber resilience projects. Such oversight would help the Agency meet and track strategic goals and requirements to safeguard water and wastewater critical infrastructure. Projects that intend to improve physical security or cybersecurity cannot be identified unless a state includes relevant information about the project in its intended use plan, or IUP, or in Office of Water State Revolving Fund, or OWSRF, database reporting. We analyzed the IUPs that states used to apply for Drinking Water State Revolving Fund Infrastructure Investment and Jobs Act, or IJA, general supplemental capitalization grants in fiscal years 2022 and 2023 for descriptions of efforts to foster water system resilience to physical and cyber threats. Specifically, we searched for keywords that we expected to see in such descriptions. While the Agency did not require states to include these keywords in their IUPs, if a state described efforts to foster water system resilience in an IUP using expected keywords, then that could indicate the state's intention to use the IJA funds for projects that improve physical and cyber safeguards.

In the analyzed IUPs, we identified projects and efforts to improve resilience to physical and cyber threats and hazards. While we found descriptions of such projects and efforts, we could not identify the total amount of IJA funds intended for these purposes because the EPA does not require states to include this information in their IUPs. Moreover, states generally did not describe resiliency efforts in the OWSRF database project descriptions. From our review of the IUPs and OWSRF database project descriptions, we could not determine whether resilience efforts are occurring but are not being described using the expected keywords or whether they are not occurring and thus not described at all. Ultimately, the IUPs and OWSRF database project descriptions that do not describe, using expected keywords, states' efforts to foster water system resilience to physical and cyber threats indicate that the \$3.8 billion in IJA funds allocated in fiscal years 2022 and 2023 may not be prioritized for resilience improvements.

Without investments in resilience-related projects, U.S. water systems remain at risk from physical and cyber threats and hazards.

Recommendations and Planned Agency Corrective Actions

We make two recommendations to the assistant administrator for Water: (1) adopt a method for tracking projects that aim to improve resilience to physical and cyber threats and (2) collaborate with state stakeholders to develop guidance for IUPs. The Agency agreed with our recommendations. We found that the Agency's corrective action partially met the intent of Recommendation 1, which we consider unresolved. We consider Recommendation 2 resolved pending implementation of the agreed-to corrective actions.