



441 G St. N.W.
Washington, DC 20548

April 3, 2025

The Honorable Gary Palmer
Chairman
Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
House of Representatives

Subject: Responses to Questions for the Record regarding the hearing entitled, *"Examining the Biden Administration's Energy and Environment Spending Push."*

Dear Chairman Palmer:

Thank you for the opportunity to appear before the Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, on February 26, 2025, to discuss oversight of agency spending at the Environmental Protection Agency and U.S. Department of Energy. This letter responds to your March 21, 2025 request that I provide answers to questions for the record from the hearing. The questions submitted by Rep. Ross Fulcher, along with my responses, are enclosed. Responses are primarily based on work done for the testimony, along with prior work.

Sincerely yours,

//signed//

Alfredo Gómez

Director
Natural Resources and Environment

Enclosure: GAO Responses to Questions for the Record

Additional Questions for the Record from Rep. Russ Fulcher

- 1. In our discussions in the hearing, you noted the lack of technical expertise and financial reporting when it came to local water districts in their reporting of programs from the IIJA, such as the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund. Can you drill down on that, highlighting suggested ways that we can help them work through those challenges? You also noted problems of “duplicative reporting” in water program applications. Can you cite anything specific, or where are areas we can at to save money or reduce the reporting workload to especially smaller rural water districts?**

Federal agencies can provide assistance to help states, local communities, and utilities—including small and rural utilities—with reporting. EPA has expanded technical assistance to help water and wastewater utilities, including small utilities, apply for, manage, and report IIJA funds. In the past, we have recommended that federal agencies allow applicants to use the same preliminary engineering reports and develop uniform environmental analyses to reduce the cost and simplify the process for rural utilities. Agencies have responded positively to our recommendations and have developed and shared best practices for applications, preliminary engineering reports, and environmental reviews with state agencies, who manage SRF funds.

Given the increase in funding and efforts to provide technical assistance, a review of all the federal technical assistance programs that support water and wastewater infrastructure could prove timely.

- 2. As I noted in the hearing, it is not that these municipalities don’t want monitoring. It is more clarity, given they also work with the state’s DEQ. These local municipalities seek clear monitoring partly because they have to watch for lawsuits by environmental groups over inconsistent compliance requirements that require sampling of a specific set of chemicals that need to be cleared to meet Safe Drinking Water Act standards.**

Can you expound on ways that EPA can work more closely with state DEQs when it comes to grant monitoring, along with “improving financial indicators for the SRFs, and address workforce challenges affecting grants management,” along with other recommendations that would particularly be helpful for small, rural municipal water treatment management entities? I understand that EPA has implemented 24 out of 29 of these recommendations.

Local municipalities have also sought some “good faith” or “grace period” from litigation as they try to navigate the compliance, needing to coordinate with both the EPA and their state DEQs. For example, local municipalities worry about getting hit if a particular PFAS-related chemical becomes subject to CERCLA requirements on top of Safe Drinking Water Act requirements, having been designated a “hazardous waste” versus being designated as a “contaminant.” In short, I am looking for clarity in compliance, using the money properly and efficiently.

Opportunities exist for EPA to better support small, rural water and wastewater utilities by working with states to use appropriate indicators of SRF sustainability, appropriately staffing EPA grants management, and dealing with CERCLA liability.

Indicators of SRF sustainability: States provide SRF loans and grants to local water and wastewater utilities using EPA capitalization grant funds. To report on funding, EPA asks state offices, such as a state environmental department, and municipalities to monitor loan and grant funding and provide particular information to EPA.

- In GAO-15-567, we found that EPA did not have an indicator for the growth of each state SRF fund that would show the sustainability of the funds into the future. EPA regional staff conduct annual reviews of state SRF programs using a number of measures, such as federal return on investment, percent of loans compared to available funds, and others. In response to our recommendation, EPA developed a growth measure and in 2018, directed its regional managers to use the new indicators in their reviews.

EPA workforce challenges: EPA provides grants directly to states, municipalities and other organizations. In GAO-17-144, we found that EPA had a difficult time recruiting grants management specialists.

- Some EPA offices have recruited and trained grant specialists with much stronger skill sets than those in previous years. However, those offices were unable to retain those grant specialists beyond a 3- to 5-year period, primarily due to limited promotion opportunities. In 2019, EPA developed performance measures for its recruitment and retention of grants specialists and collected data for those measures through a survey of its Grants Management Officers. This allows EPA to track the effectiveness of the recruitment and retention efforts for grant specialists. Given ongoing changes, it could be a good time to review the agency's strategic workforce planning and its ability to meet its priorities.

CERCLA relief for passive receivers: Concerns exist about the mounting costs for PFAS cleanup. GAO has reviewed water and wastewater infrastructure needs across the country and has reviewed DOD PFAS cleanup costs, but has not yet reviewed the potential costs for PFAS cleanup by the water sector. EPA's 2022 Clean Water Needs Survey identifies \$630 billion in needs for wastewater facilities across the country over the next 20 years, with \$47 billion needed by small, rural wastewater systems (population under 10,000). EPA's PFAS Enforcement Discretion and Settlement Policy Under CERCLA, issued in April 2024, states that the agency does not intend to pursue water utilities for response costs relating to PFAS, and that it can use its current statutory authorities to protect utilities from contribution claims by other parties. Further, some in Congress are currently working on statutory solutions to provide relief to wastewater utilities if they receive hazardous materials from discharges upstream.