

Why GAO Did This Study

Many rural communities with populations of 10,000 or less face challenges in financing the costs of replacing or upgrading aging and obsolete drinking water and wastewater infrastructure. EPA and USDA oversee the three largest federally funded drinking water and wastewater funding programs for these communities. In response to Pub. L. No. 111-139, which directs GAO to identify and report on duplicative goals or activities in the federal government, this report examines the (1) potential for fragmentation, overlap, and duplication between EPA and USDA drinking water and wastewater infrastructure programs and (2) extent to which these agencies coordinate at the federal and state level to fund community water infrastructure projects. GAO analyzed relevant laws and regulations and program data and documents. GAO also visited five states based on high rural funding needs and geographic location (Colorado, Montana, North Carolina, Pennsylvania, and South Dakota) to meet with federal, state, and community officials and visit projects.

What GAO Recommends

GAO recommends that EPA and USDA complete guidelines to help states develop uniform preliminary engineering reports, develop guidelines to help states develop uniform environmental analyses, and reemphasize the importance of state-level coordination. EPA neither agreed nor disagreed with GAO's first two recommendations and concurred with the third. USDA neither agreed nor disagreed with the recommendations.

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RURAL WATER INFRASTRUCTURE

Additional Coordination Can Help Avoid Potentially Duplicative Application Requirements

What GAO Found

Funding for rural water and wastewater infrastructure is fragmented across the three federal programs GAO reviewed, leading to program overlap and possible duplication of effort when communities apply for funding from these programs. The three federal water and wastewater infrastructure programs—the Environmental Protection Agency's (EPA) Drinking Water and Clean Water State Revolving Fund (SRF) programs and the U.S. Department of Agriculture's (USDA) Rural Utilities Service (RUS) Water and Waste Disposal program—have, in part, an overlapping purpose to fund projects in rural communities with populations of 10,000 or less. For the 54 projects GAO reviewed in the five states it visited, this overlap did not result in duplicate funding, that is funding for the same activities on the same projects. However, GAO identified the potential for communities to complete duplicate funding applications and related documents when applying for funding from both agencies. In particular, some communities have to prepare preliminary engineering reports and environmental analyses for each program. GAO's analysis showed—and community officials and their consulting engineers confirmed—that these reports usually contain similar information but have different formats and levels of detail. Completing separate engineering reports and environmental analyses is duplicative and can result in delays and increased costs to communities applying to both programs.

EPA and USDA have taken some actions to coordinate their programs and funding at the federal and state levels to help meet the water infrastructure needs of rural communities, but GAO's review in five states showed that their efforts have not facilitated better coordination at the state level in more specific ways. EPA and USDA signed a joint memorandum in 1997 encouraging state-level programs and communities to coordinate in four key areas: program planning; policy and regulatory barriers; project funding; and environmental analyses and other common federal requirements. As of July 2012, EPA and USDA had taken action at the federal level to help the states coordinate better and make programs more efficient for communities applying for funding. For example, EPA and USDA had formed a working group to draft uniform guidelines for preliminary engineering report requirements, but this effort is not yet complete. However, the agencies have not taken action to help states develop uniform environmental analysis requirements, as called for in the 1997 memorandum. Without uniform requirements, communities face a continuing burden and cost of applying for federal and state funds to improve rural water and wastewater infrastructure. Coordination in the four key areas varied across the five states GAO visited. For example, state and federal officials in Montana created a drinking water and wastewater working group to coordinate project funding and to resolve regulatory barriers such as different funding cycles between the programs. In addition, state and federal officials in Pennsylvania coordinated to develop uniform environmental analysis requirements. However, in North Carolina and Colorado, state-level programs did not coordinate well initially about project funding, which resulted in the state-level programs planning to pay for the same projects. The programs were able to avoid paying for the same projects, but state-level RUS programs have or expect to deobligate almost \$20 million committed to these projects and return the funding to USDA. Further delays in coordinating programs could prevent funds from reaching needy communities.