The Consolidated Appropriations Act, 2022 appropriated $859.3 million to the Environmental Protection Agency (EPA) for 491 projects at the request of Members of Congress. The act includes specific provisions that designate an amount of funds for a particular recipient, such as a nonprofit organization or a local government, to use for a specific project. These provisions are called “Congressionally Directed Spending” in the U.S. Senate and “Community Project Funding” in the House of Representatives. Members of Congress had to meet certain requirements under Senate and House rules in order to have their requests included as provisions in the act. Such requirements included that Members post requests online and certify that they had no financial interest in the projects. The House also required Members to demonstrate community support for requests.

This report examines how EPA intends to identify the provisions, distribute the funds made available through these provisions, and ensure the funds are spent for the purposes Congress intended. For more information on this report and others in this series, including background and methodology, visit https://www.gao.gov/tracking-funds.

What are the intended uses of these funds? The $859.3 million is intended mainly to support improvements to drinking water and wastewater systems, as shown below.

Environmental Protection Agency: Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions

<table>
<thead>
<tr>
<th>Subunit</th>
<th>Budget account</th>
<th>Number of fiscal year 2022 provisions</th>
<th>Percentage of budget account designated for fiscal year 2022 provisions*</th>
<th>Examples of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Water</td>
<td>State and Tribal Assistance Grants</td>
<td>483</td>
<td></td>
<td>Construction, repair, and replacement of drinking water, wastewater, and sewage systems</td>
</tr>
<tr>
<td>Office of Land and Emergency Management</td>
<td>State and Tribal Assistance Grants</td>
<td>4</td>
<td>20%</td>
<td>Construction, expansion, and remediation at landfill sites</td>
</tr>
<tr>
<td>Office of Research and Development</td>
<td>Science and Technology</td>
<td>4</td>
<td>0.4%</td>
<td>Monitoring and study of water contamination</td>
</tr>
</tbody>
</table>

Source: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; and information provided by the Environmental Protection Agency. | GAO-22-105903

*Based on total amount appropriated for each budget account for fiscal year 2022.

Who are the designated recipients? Nearly all designated recipients of the funds for the 491 projects are tribal, state, territorial, or local governments. The remaining designated recipients are higher education organizations and other nonprofit organizations. EPA will generally disburse the funds as grants, and agency officials said many of the recipients would be receiving federal grants for the first time.
Key Observations

- Tribal, state, territorial, and local governments will receive these funds from EPA’s State and Tribal Assistance Grants Account. The majority of these funds are for the construction of drinking water, wastewater, and stormwater infrastructure and for water quality protection. One higher education organization and nine other nonprofit organizations will also receive funds for water and wastewater projects from this account. In addition, four cities in Alaska will receive funds for landfill projects.

- Two higher education organizations and one other nonprofit organization will receive funding from the Science and Technology Account. These funds are for research and development projects on topics such as preventing water contamination and understanding the effects of wildfire smoke.

- Funding for individual projects ranges from $50,000 to monitor harmful algal blooms off the coast of Alaska to more than $22 million to increase the capacity of a water treatment facility in West Virginia. The median project amount is $1.12 million. Examples of other projects include replacing aging water infrastructure and expanding the capacity of a water treatment plant.

Environmental Protection Agency: Distribution of Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions

EPA officials told us that multiple EPA offices would be responsible for identifying and monitoring the funds. The Offices of the Chief Financial Officer, Mission Support, Land and Emergency Management, and Water are among those responsible for identifying these funds.

EPA officials said that the Office of the Chief Financial Officer would work with the Office of Mission Support’s Office of Grants and Debarment to monitor the agency’s grant awards. The latter office is also responsible for identifying and addressing any improper payments made to grant recipients. EPA regional offices will administer and monitor the recipients’ use of the funds.

Who within the agency will be responsible for identifying and monitoring these funds?

EPA officials stated that the agency has processes in place to ensure designated recipients are ready to receive these funds. Specifically:

- EPA will require designated recipients to submit an application with pertinent information before EPA makes the funds available to the recipient. EPA plans to provide guidance detailing what information designated recipients must include in
In July 2022, EPA officials told us they expected this guidance to be finalized in the fall of 2022.

- EPA will use a checklist for processing grants to ensure recipients have completed all the administrative steps required to receive the funds. The checklist includes EPA review of federal records containing information on recipients of federal grants—such as the System for Award Management, through which entities must register to receive federal funds.

- EPA officials told us the provisions require recipients to provide a 20 percent match in order to receive the funds unless they are approved for a waiver of the requirement. EPA is developing a process that it will use to determine whether recipients have met the matching requirement or are eligible for a waiver.

EPA plans to follow the agency’s grant regulations and established processes to ensure recipients are able to spend, track, and document the use of the funds.

- The agency’s regulations require EPA to review recipients’ capacity to spend funds for projects that are awarded $250,000 or more. By applying this threshold, EPA will review the capacity of the recipients for 95 percent of the projects (465 of 491).

- EPA will also review relevant prior performance information through the federal Contracting Performance Assessment Report System to help determine whether recipients are able to use the funds properly.

- EPA officials said they would assess whether the recipients have enough resources, such as knowledgeable staff, to track the funds. If EPA identifies any issues recipients may have with spending the funds, EPA will provide technical assistance to those recipients.

EPA plans to generally follow its existing processes, such as its checklist for processing grants, to ensure funds are spent properly, according to officials. Specifically:

- EPA will ensure recipients comply with regulatory requirements for all grants, including submitting periodic performance reports.

- EPA will ensure recipients are not included in the Department of the Treasury’s Do Not Pay working system. EPA will also review other databases that contain information about past performance in managing funds, such as the System for Award Management and the Contracting Performance Assessment Report System.

- EPA will take steps to prevent fraud, waste, or abuse of the funds. These steps include reviewing receipts and payment requests to identify any instances of improper payments made by the recipient. EPA also plans to address such instances by, for example, increasing oversight of the project or temporarily suspending it.

EPA officials told us regional offices would be responsible for awarding grants and monitoring the projects receiving these funds. This represents a change in EPA’s process—typically, states would be responsible for awarding and monitoring grants for these types of drinking water and wastewater projects. EPA officials told us that the provisions give EPA responsibility for administering the funds, thus EPA regional offices will award grants and conduct site visits and project inspections.

Additionally, in August 2022, officials from EPA’s Office of Inspector General told us they planned to compile lessons learned identified in their prior work on EPA’s management of previous efforts that were similar to the Community Project Funding/Congressionally Directed Spending provisions. They stated this prior work identified concerns with EPA’s monitoring of these previous efforts, such as EPA’s process for overseeing funds and the capacity of recipients to spend them, which can be useful in informing EPA’s current efforts to distribute and monitor funds from these provisions.
EPA officials stated that recipients generally should expect to have access to the funds 4 to 6 months after submitting their applications. These officials told us the agency was following its existing processes for distributing and monitoring noncompetitive grants. Accordingly, EPA officials estimated the funds would be obligated to recipients beginning in early 2023.

Amounts appropriated to the Science and Technology account remain available for disbursement until the end of fiscal year 2030. EPA has until that time to disburse these funds to the recipients identified in the Consolidated Appropriations Act, 2022. Funding for the State and Tribal Assistance Grants account is no-year and is therefore available to EPA until fully disbursed to the designated recipients. For more information on the time availability of these funds, see GAO-22-105467.

Environmental Protection Agency: Appropriations Life Cycle for Fiscal Year (FY) 2022 Community Project Funding/Congressionally Directed Spending (CPF/CDS) Provisions

EPA officials said they were working to address significant challenges in ensuring the agency has the necessary workforce capacity to distribute and monitor these funds. These challenges include the following:

- EPA faces staffing shortages for project officers and grant specialists at the regional level, according to EPA officials. These shortages present a challenge because EPA regional offices will be responsible for distributing and monitoring the funds. Officials told us that overseeing the funds—and the nearly 500 projects they support—would require EPA officials to spend additional time and effort beyond their normal workloads. For example, EPA will have to inspect infrastructure construction sites and review payments. Officials also said that since many of the recipients are receiving federal grants for the first time and are not familiar with EPA’s process, additional time and effort will be required to ensure the recipients spend the funds appropriately.

- Many of the same EPA officials responsible for distributing and monitoring these funds must also manage the more than $50 billion in grant funding provided by the Infrastructure Investment and Jobs Act.

EPA officials said the provisions require EPA to directly distribute and monitor funds to designated recipients, which is the responsibility of EPA regional offices. However, these officials said that workforce capacity at the regional level is lower than in past years. Further, since the Community Project Funding/Congressionally Directed Spending provisions did not include funding to administer the provisions, as had been the case for prior similar efforts, the agency must use existing resources to manage the additional workload, according to EPA officials.

EPA officials told us they were working to alleviate some of these workload issues. For example, the officials said they reassigned one person dedicated to distributing and monitoring these funds to each of EPA’s 10 regional offices. The officials said they
anticipated this step would help but would not be sufficient for managing all the grants that will be made under these provisions. The officials also said that EPA was exploring options to obtain additional resources, including through discussions with congressional appropriations committees. In addition, EPA officials told us they would continue efforts to assess the agency’s workforce capacity and obtain necessary personnel and resources. They noted that, in the meantime, distributing these grants might happen at a slower pace than otherwise.

**Why GAO did this study**

The joint explanatory statement accompanying the Consolidated Appropriations Act, 2022 includes a provision for us to review agencies’ implementation of Community Project Funding/Congressionally Directed Spending. In addition to issuing this and other reports in this series, we will follow and review agencies’ efforts to distribute, monitor, and audit these funds by sampling agencies and recipients and examining whether funds were spent as intended.

**Agency comments**

We provided EPA with a draft of this report. EPA provided technical comments, which we incorporated as appropriate.

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**Staff Acknowledgments:** Susan Iott (Assistant Director), Bryan Bourgault (Analyst in Charge), Karen Chen, Caitlin Scoville, and Jeanette Soares.

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We conducted this performance audit from March 2022 to September 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.


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