

SECTION I: PART A OF THE SUPPORTING STATEMENT

1. IDENTIFICATION OF THE INFORMATION COLLECTION

1 (a) TITLE OF THE INFORMATION COLLECTION

“Drinking Water State Revolving Fund Program”

1 (b) SHORT CHARACTERIZATION (ABSTRACT)

The information collection activities will occur primarily at the program level through the State “Capitalization Grant Agreement / Intended Use Plan,” “Biennial Report” and the Project & Benefits Reporting System. The information on the Intended Use Plan (IUP) is needed annually to describe how the State intends to use available Drinking Water State Revolving Fund (DWSRF) funds for the year to meet the objectives of the Safe Drinking Water Act (SDWA) and to further the goal of protecting public health. The Biennial Report is needed to provide detailed information on how the State has met its goals and objectives of the previous two fiscal years as stated in the IUP and grant agreement. The SDWA requires this information to ensure the national accountability, adequate public review and comment, fiscal integrity, and consistent management needed to achieve public health and SDWA compliance objectives. Project level data will be collected using the Project & Benefits Reporting System on a quarterly basis for much of the project level data discussed in this document, which EPA will use to populate the Drinking Water National Management Information System.

The individual information collections are described as follows:

a. Capitalization Grant Agreement / IUP

The Capitalization Grant Agreement is the principal instrument by which the State commits to manage its revolving fund program in conformity with the requirements of the SDWA. The grant agreement contains or incorporates by reference the IUP, application materials, payment schedule, required certifications, Operating Agreement (if used), and other documentation required by the Regional Administrator. Information on set-asides and disadvantaged community assistance, environmental indicators, core measurements, and work plans can be found in the IUP and is needed for input into the DWSRF National Information Management System or the Project & Benefits Reporting System. The agreement is a general instrument to legally commit the State and the Environmental Protection Agency (EPA) to execute their responsibilities under the SDWA.

b. Biennial Report

The Biennial Report indicates how the State has met its goals and objectives of the previous two fiscal years as stated in the grant agreement and, more specifically, in the IUP. The Report provides information on loan recipients, loan amounts, loan terms, project categories of eligible costs, and similar data on other forms of assistance. The Report also describes the extent to which the existing DWSRF financial operating policies, alone or in combination with other State financial assistance programs, will provide for the long-term fiscal health of the Fund and carry out other provisions as specified in a State’s drinking water strategy. Financial information from the Biennial

Report may be entered into the DWSRF National Information Management System or the Project & Benefits Reporting System.

c. State Audit

A State must comply with the provisions of the Single Audit Act Amendments of 1996. Best management practices suggest and EPA recommends that a State conduct an annual independent audit of its DWSRF program (including set-asides). The Audit must contain an opinion on the financial condition of the DWSRF program, a report on its internal controls, and a report on compliance with applicable laws and the SDWA. Therefore, a State may voluntarily agree to conduct annual independent audits. Financial information on assistance provided that is found in the voluntary independent audit report may be used for input into the DWSRF National Information Management System or the Project & Benefits Reporting System.

d. Reviewing Applications for DWSRF Financing Assistance

Community and nonprofit non-community public water systems are eligible for assistance from the State. These water systems may be publicly owned (such as a community or a county) or privately owned (such as an investor-owned utility or non-profit homeowner association). Local respondents are responsible for preparing and submitting applications for DWSRF assistance to their respective State agency that manages the DWSRF program. The State has the sole responsibility for reviewing the applications, entering into loan and other financing arrangements with applicants, and otherwise managing the operations of the DWSRF program.

2. NEED FOR AND USE OF THE COLLECTION

2 (a) NEED / AUTHORITY FOR THE COLLECTION

The SDWA Amendments of 1996 (Pub. L. 104-182) authorize a DWSRF program to assist public water systems to finance the costs of infrastructure needed to achieve or maintain compliance with SDWA requirements and to protect public health. Section 1452(a)(1) authorizes the Administrator of EPA to award capitalization grants to States, which in turn can provide low cost loans and other types of assistance to eligible systems. The information collection activities are addressed in the DWSRF Interim Final Rule found in 40 CFR Part 35, Subpart L (August 2000).

The 1996 Amendments declare that the DWSRF program shall be administered by an instrumentality of the State and is subject to the requirements of the Act. This means that each State is responsible for administering its revolving fund and must make certain assurances regarding its plans to carry out its administrative duties.

In general, the information collections are required to ensure compliance with Section 1452 of the SDWA and to ensure that self-sufficient DWSRF programs are established. These data also provide the accountability needed to detect and remedy situations of waste, fraud, and abuse of Federal funds.

2 (b) USE / USERS OF THE DATA

In order for a State to receive a capitalization grant, it must enter into an agreement (Capitalization Grant Agreement) with EPA. State responsibilities include:

- a. Contributing 20 percent matching funds;
- b. Committing funds expeditiously;
- c. Jointly establishing a payment schedule with the Federal government;
- d. Ensuring that enforceable requirements are fulfilled before assistance is provided to recipients for other purposes;
- e. Monitoring assistance recipient compliance with program requirements and other Federal cross-cutting authorities during the period of the assistance agreement; and
- f. Supplying work plans detailing how set-aside funds will be expended.

EPA recommends that States have their DWSRF funds audited on an annual basis in accordance with generally accepted government auditing standards (GAGAS).

The information to be provided to EPA by the States includes:

- a. IUP / Capitalization Grant Agreement and Application;
- b. Biennial Report; and
- c. Most recent Audit.

Upon approval of the Capitalization Grant Application, each State may begin awarding project funds and using set-aside funds after work plans are approved. Once the DWSRF program is operational, the State will receive and review applications for DWSRF financing assistance. The State will review the applications for conformance with the IUP, environmental impacts, and financial capabilities of the applicant. For those projects and activities funded with monies in an amount equal to the Federal capitalization grant (including set-asides), the State will also review the proposed projects and activities for consistency with Federal cross-cutting authorities as described in the DWSRF Interim Final Rule. The specific procedures for preparation and review of assistance application materials will be developed by each State. If an application is acceptable, the State will prepare the appropriate loan agreement documents.

Although EPA oversees the general operations of the DWSRF program as part of its Annual Review process, the Agency does not have any responsibility for reviewing or approving individual applications for DWSRF financial assistance.

3. THE RESPONDENTS AND THE INFORMATION REQUESTED

3 (a) RESPONDENTS / SIC CODES

The respondents for this request are state and local governments (SIC Code #99). Community and nonprofit non-community public water systems are eligible for assistance from the State. These water systems may be publicly owned (such as a community or a county) or privately owned (such as an investor-owned utility or non-profit homeowner association).

3 (b) INFORMATION REQUESTED

(i) Data Items

The following information elements provide the accountability needed to detect and remedy situations of waste, fraud, and abuse of Federal funds.

a. IUP / Capitalization Grant Agreement

The Capitalization Grant Application is made on EPA Standard Form (SF) No. 424 (OMB No. 2020-0020). The minimal increase in State burden associated with use of this form is being handled separately by the Grants Administration Division in their information collection budget request.

The *DWSRF Management Manual* includes a model IUP and SF 424. This should improve program efficiency and reduce the burden on the States and the EPA Regions.

b. Biennial Report

Section 1452(g)(4) of the SDWA requires each participating State to submit a Biennial Report at the end of every other fiscal year that identifies the accomplishments of the previous two years under the IUP. The Biennial Report provides the dates, amounts, recipients, and terms of loans and other types of financial assistance from Respondent Activities.

To reduce the burden on the States, EPA has developed a model Biennial Report that is included in the *DWSRF Management Manual*.

c. State Audit

A State must comply with the provisions of the Single Audit Act Amendments of 1996. EPA recommends that States conduct voluntary annual independent audits that contain an opinion on the financial condition of the DWSRF program, a report on its internal controls, and a report on compliance with both applicable laws and SDWA requirements.

d. Reviewing Applications for DWSRF Financial Assistance

Section 1452(a) of the SDWA and the DWSRF Final Guidelines outline the eligibilities under the DWSRF program in terms of potential recipients, types of projects and activities that may receive DWSRF assistance, and the types of financial assistance which may be provided. The SDWA provides significant flexibility to the States regarding the development of specific procedures for reviewing and approving applications for DWSRF assistance and for managing the DWSRF program.

Specific reporting requirements, which are statutorily based, relate only to the relationship between the State as recipient of the Federal capitalization grant and the Agency as the grantor. The *DWSRF Management Manual* and other DWSRF program materials provide limited guidance or direction to the States regarding the development of application materials or specific procedures for the processing and disposition of applications for DWSRF assistance.

(ii) Respondent Activities

As a condition of receiving Federal funds, State respondents must prepare and submit the following documents to apply for Federal financial assistance:

- IUP / Capitalization Grant Agreement;
- Biennial Report; and
- Most recent Audit.

Local respondents must submit applications for DWSRF financing assistance.

4. THE INFORMATION COLLECTED – AGENCY ACTIVITIES, COLLECTION, METHODOLOGY, AND INFORMATION MANAGEMENT

4 (a) AGENCY ACTIVITIES

The Agency reviews the submissions from the State and analyzes the data provided on the Capitalization Grant Agreement / IUP in order to support the State’s management of the program. The Agency also reviews Biennial Reports and State Audits from each State to ensure that the intended financial and programmatic objectives of the national program are being met.

4 (b) COLLECTION METHODOLOGY AND MANAGEMENT

The *DWSRF Management Manual* includes a model grant agreement that draws from the Clean Water State Revolving Fund (CWSRF) Grant Agreement. Using this example should reduce the information burden on States and EPA Regions.

Section 1452(b) of the SDWA requires States to prepare a plan identifying the intended uses of funds in the DWSRF program to meet the objectives of the SDWA and further the goal of protecting public health. The State must prepare the IUP, after providing for public review and comment, and submit it to the Regional Administrator as part of its Capitalization Grant Application. In the IUP, the State must include specific details on how it will use all funds available, including both funds allocated to the Fund and those that will be allocated to the set-aside programs. In addition to uses for the Fund, specified percentages of the Capitalization Grant funds can be used as set-asides to: (1) administer the DWSRF program and provide technical assistance to public water systems (max 4 percent); (2) supplement State drinking water management programs (max 10 percent); (3) provide technical assistance to small systems (max 2 percent); and (4) provide assistance for source water protection and capacity development activities (max 15 percent). A State has the option to develop the IUP in a two-part process with one part identifying the distribution and uses of the funds among the various set-asides and the other part dealing with project assistance from the Fund. The two-part process allows States the flexibility to submit a Capitalization Grant Application for a portion of the funds before it completes all of its specific funding decisions. In this situation, a State would have to conduct two rounds of public review and comment. One round addresses the use of set-aside funding, and the other deals with assistance for projects on the project priority list.

Under Section 1452(b), the IUP must contain a list of projects, description of the projects, expected terms of financial assistance, size of the community served, criteria and methods

established for the distribution of the funds, and a description of the financial status of the Fund and the short-term and long-term goals of the Fund. The IUP should provide to the maximum extent practicable: (1) priority for the use of the funds to be given to projects that address the most serious risk to human health; (2) priority for projects that are necessary to ensure compliance with the requirements of the SDWA; and (3) priority for projects that assist drinking water systems most in need, on a per household basis, according to State affordability criteria.

Under Section 1452, States are required to provide assurances in the Capitalization Grant Agreement / IUP on how it will comply with requirements. Some of the fifteen assurances that follow require the State to simply agree or certify in the grant application that it will comply with them. Some of the fifteen assurances require the State to furnish documentation on the procedures by which the State plans to ensure compliance with them. The State must include this documentation with its Capitalization Grant Application, except when noted. The following fifteen assurances are necessary to establish a loan fund that complies with Federal requirements:

1. Section 1452(a)(1)(B) – State certification that the state has the authority to establish a DWSRF program and that it may legally bind itself to the terms of the Capitalization Grant Agreement.
2. Section 1452(a)(1)(G) – Assurance that the State is eligible to receive full allotment of funds by complying with the requirements of capacity development and operator certification provisions.
3. Section 1452(g)(3) – Assurance that the State will comply with State statutes and regulations.
4. Section 1452(a)(1) – Assurance that the State has the technical capability to operate the DWSRF program.
5. Section 1452(g)(3) – Assurance that the State will accept capitalization grant funds in accordance with a payment schedule and the State will receive Federal funds in accordance with the provisions of the EPA Automated Clearing House or Automated Standard Application for Payments.
6. Section 1452(a)(1)(B) – Assurance that the State will deposit all capitalization grant funds in the Fund, including repayment of principal and interest and any other funds, except for those portions of the grant that the State intends to use for set-aside purposes authorized under the SDWA.
7. Section 1452(e) – Assurance the State will deposit an amount at least equal to 20 percent of the capitalization grant (State match) in the Fund and deposit any required match for set-aside activities in a non-project account.
8. Section 1452(g)(2) – Assurance that the State will provide a dollar for dollar match up to 10 percent of the funds the State uses for the State program management set-aside.

9. Section 1452(g)(3) – Assurance that the State will use generally accepted accounting principles. The State must agree to establish fiscal controls and accounting principles, as promulgated by the Governmental Accounting Standards Board, that are sufficient to account for and report DWSRF program activities.
10. Section 1452(f)(1)(C) – Assurance that the State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue (or in the case of privately owned systems, assure that there is adequate security) of all loans to be repaid.
11. Section 1452(g)(3)(A) – Assurance that the State will disburse loans as efficiently as possible and in an expeditious and timely manner.
12. Section 1452(g)(3)(A) – Assurance that the State will commit and expend all DWSRF Fund monies as efficiently as possible and will enter into binding commitments with recipients of Fund assistance equal to the combined amount of each quarterly grant payment and match within one year of the grant payment.
13. Section 1452(b) – Assurance that funds will be used in accordance with the IUP. The State must agree to expend DWSRF program funds in accordance with an IUP that has undergone public review and comment.
14. Section 1452(g)(4) – Assurance that the State will provide EPA with a Biennial Report, which includes the most recent Audit of the Fund and the entire State allotment.
15. Section 1452(g)(3) – Assurance that the State will comply with all Federal crosscutting authorities.

States must also assure that, as a condition of receiving Federal financial assistance, they will comply with the provisions of the Single Audit Act of 1996.

Section 1452 requires the State to prepare a Capitalization Grant Agreement, which is the principal instrument by which the State commits to manage its revolving fund program and to ensure that it conforms with the requirements of the SDWA Amendments of 1996. The Capitalization Grant Agreement contains, or incorporates by reference, the following parts of the agreement: the IUP; the application materials; the payment schedule; required certifications; the Operating Agreement, if used; and other documentation required by the Regional Administrator. In addition to these requirements, the Capitalization Grant Agreement will define the types of oversight responsibilities that are required to determine compliance with Section 1452.

In order to lessen the burden of the annual Capitalization Grant Application process, the State and EPA may develop an Operating Agreement that covers parts of the DWSRF program that are not expected to change from year to year.

Section 1452(g)(4) requires the State to submit a Biennial Report to the Regional Administrator reporting on its program activities, including the findings of the most recent Audit of the Fund and the entire State allotment. The report should be submitted according to the schedule

established in the grant agreement. The report will contain detailed information on progress toward meeting the goals and objectives of the previous two fiscal years as stated in the IUP and grant agreement. The report will provide information on actual assistance provided, including: loan recipients; loan amounts; loan terms; project categories of eligible cost; and similar details on other forms of assistance. The information is provided in a format and a manner that is consistent with the needs of the EPA Regional Office. The report will describe the extent to which the existing DWSRF financial operating policies, alone or in combination with other State financial assistance programs, will provide for the long-term fiscal health of the Fund, attain and maintain compliance with the SDWA, and carry out other provisions specified in the legislation.

The State must submit detailed financial statements as part of the Biennial Report. At a minimum, this should include the financial statements and footnotes required under generally accepted accounting principles (GAAP) to present fairly the financial condition and results of operation. These financial statements will measure and demonstrate the DWSRF program's ability to maintain its contributed capital. The financial report will follow generally accepted accounting principles and will follow enterprise fund reporting standards. Financial information from financial reports may be used in the DWSRF National Information Management System or the Project & Benefits Reporting System.

In addition, the State must address in its Biennial Report that it has:

- Reviewed all DWSRF program-funded projects and activities in accordance with the approved State Environmental Review Procedures;
- Deposited its match on or before the date when each grant payment was made;
- Made binding commitments in an amount equal to the amount of each grant payment and accompanying State match that is deposited into the Fund within one year after receiving the grant payment;
- Managed the Fund in a fiscally prudent manner and adopted policies and processes which promote the long-term financial health of the Fund;
- Complied with Agency grant regulations (40 CFR Part 31) and specific conditions of the grant;
- Complied with Federal cross-cutting authorities that apply to the State as a Federal grantee and those that flow through to assistance recipients;
- Provided assistance only to eligible water systems and for eligible purposes under Section 1452; and
- Funded only the highest priority projects listed on the IUP, according to their priority and readiness to proceed, and complied with any procedures for bypassing priority projects outlined in the IUP.

States are encouraged to conduct an annual financial and compliance audit of the DWSRF program and its operations. The State may designate an independent auditor of the State to carry out its audit or may contractually procure the service. Under Section 1452(g)(4), the Administrator shall periodically audit all State loan funds established by, and other amounts allotted to, the States pursuant to Section 1452 in accordance with procedures established by the Comptroller General. If needed, a financial and compliance audit of the DWSRF program for a State will be conducted by the Office of the Inspector General (OIG). The OIG has developed an audit guide for SRFs, which should reduce the burden on States and improve the efficiency of EPA reviews.

Sections 1452(a)(2) and 1452(f) of SDWA outline the eligibilities under the DWSRF program in terms of potential recipients and the types of financial assistance that the DWSRF may provide. The DWSRF Interim Final Rule identifies types of projects and activities that may receive DWSRF assistance. The SDWA provides significant flexibility to the States regarding the development of specific procedures for reviewing and approving applications for DWSRF assistance and for managing the DWSRF program.

Specific reporting requirements that are statutorily based relate only to the relationship between the State as recipient of the Federal capitalization grant and the Agency as grantor. Similarly, the DWSRF Interim Final Rule, Management Manual, and other DWSRF program materials do not provide guidance or direction to the States regarding the development of application materials or specific procedures for the processing and disposition of applications for DWSRF assistance to eligible recipients.

Generally, State programs require that applications for DWSRF assistance provide the following information:

- Project description;
- Project cost estimate;
- Estimated construction schedule;
- Projected disbursement schedule;
- Description of environmental impacts;
- Estimation of cost impacts on users;
- Identification of repayment source;
- Description of community;
- Financial, technical, and managerial capability; and,
- Certain projects, certifications, and demonstrations regarding compliance with Federal cross-cutting authorities.

Because the DWSRF is a new program, EPA has undertaken many activities to support the Regions and the States with implementation. EPA has provided training on the program and prepared model documents relating to IUPs, Capitalization Grant Agreements, and Biennial Reports. EPA Regional personnel are regularly in contact with their State counterparts and are currently working to determine efficient ways to communicate needed information and reduce the burden on respondents.

4 (c) SMALL ENTITY FLEXIBILITY

Respondents are the States, usually within the State Department of Health, Environmental Department, and/or Finance Agency. Although information collection activities do not directly affect small businesses or organizations as defined in the Regulatory Flexibility Act, 5 U.S.C. Sections 601 (3) and (4), States might have activities that require information from small businesses or organizations. Local respondents, which include community water systems, both privately and publicly owned, and nonprofit non-community water systems are eligible for Fund assistance from State programs.

4 (d) COLLECTION SCHEDULE

The information collection activities will occur primarily at the program level through the State IUP and the Biennial Report. The information is needed annually to implement Section 1452 of the SDWA. The Act requires this information to ensure national accountability, adequate public comment and review, fiscal integrity, and consistent management directed to achieve environmental objectives.

5. NON-DUPLICATION, CONSULTATIONS, AND OTHER COLLECTION CRITERIA

5 (a) NON-DUPLICATION

The information collection elements are specific to Section 1452, established under the SDWA Amendments of 1996. The information in the IUP, Biennial Report, and the State Audit is unique to each State participating in the DWSRF program. Therefore, there is no duplication of the effort. The information collection activities herein are based on program-specific State sources that are not duplicated anywhere else.

5 (b) CONSULTATIONS

The information requirements were subjected to the same reviews as the other requirements and procedures contained in the DWSRF Interim Final Rule. The DWSRF Interim Final Rule was commented on by State officials, representatives of local government, private concerns involved with municipal finance, EPA Regional and Headquarters offices, and the Office of Management and Budget (OMB).

5 (c) EFFECTS OF LESS FREQUENT COLLECTION

The SDWA requires information to be provided annually. EPA is not requesting the information more frequently than the Act requires, although a State may submit information more frequently.

Local respondents are only required to apply for DWSRF assistance from States if the local respondent wishes to receive financial assistance. In view of anticipated funding availability at

the State level, a limited number of local respondents will likely receive assistance in a particular year. The impact on local respondents is generally considered limited.

5 (d) GENERAL GUIDELINES

The data collections covered by this ICR are in compliance with the OMB General Guidelines for information collections.

5 (e) CONFIDENTIALITY AND SENSITIVE QUESTIONS

(i) Confidentiality

No confidential data is collected.

(ii) Sensitive Questions

Financial information, such as income tax records and financial statements, may be required from private water systems for assessing financial capability during the loan application process.

6. ESTIMATING THE BURDEN AND COST OF THE COLLECTION

6 (a) ESTIMATING RESPONDENT BURDEN

The respondent burden estimates are based on the incremental effort associated with the information collection activity. As program activity increased at the local and State level, the burden associated with the preparation and review of local respondent applications for DWSRF assistance increased.

The respondents may use DWSRF administrative monies to pay the costs of the annual State Audit. Section 1452(g)(2) of the SDWA allows each State to set-aside up to 4 percent of the funds allotted to it to cover the reasonable costs of administering the DWSRF program. The estimation of the State respondents' burden for the four information collections is shown below.

As a result of the American Recovery and Reinvestment Act (ARRA) signed by the President on February 17, 2009, the Drinking Water State Revolving Fund received an additional \$2 billion in funding for assistance agreements for projects to be under contract or construction by February 17, 2010. EPA expects a doubling of local respondents in 2009 due to this additional funding.

a. IUP/Capitalization Grant Agreement

EPA estimates that for the Base program, each State will spend an average of 400 hours per year to prepare the IUP and Capitalization Grant Agreement for submission to EPA. In 2009, each State will spend an additional 400 hours to prepare the ARRA IUP and Capitalization Grant Agreement. Information on set-asides, disadvantaged community assistance, environmental indicators, core measurements, and work plans can be found in the IUP and can be used for input into the DWSRF National Information Management System or the Project & Benefits Reporting System. Table 1 represents the total national burden from the IUP/Capitalization Grant Agreement for 50 states and Puerto Rico.

Table 1: IUP/Capitalization Grant Agreement National Burden Hours

Year	Number of States	Base Preparation Hours	Base Burden Hours	ARRA Prep Hours	ARRA Burden Hours
	(A)	(B)	(A x B)	(C)	(A x C)
2009	51	400	20,400	400	20,400
2010	51	400	20,400	0	0
2011	51	400	20,400	0	0

b. Biennial Report

EPA estimates that, over the 3-year period covered by this ICR, each State will spend an average of 275 hours per year in years during which a report is due to compile each Biennial Report. Due to the responsibilities of ARRA, the preparation hours will total 550 per State, per reporting year. The Report is required every two years. This ICR assumes that approximately half of the States will submit a Report in 2009 (having last submitted a Report in 2007) and 2011 while the other half will submit a Report in 2010 (having last submitted a Report in 2008). The Biennial Report includes similar information elements found on the IUP and for input into the DWSRF National Information Management System or the Project & Benefits Reporting System. Table 2 shows the total national burden from the Biennial Report.

Table 2: Biennial Report National Burden Hours

Year	Number of States	Base Preparation Hours	Base Burden Hours	ARRA Prep Hours	ARRA Burden Hours
	(A)	(B)	(A x B)	(C)	(A x C)
2009	26	275	7,150	275	7,150
2010	25	275	6,875	275	6,875
2011	26	275	7,150	275	7,150

c. State Audit

The estimated average burden for each Base program State Audit is 80 hours per year. Due to the responsibilities of ARRA, the preparation hours will total 160 per state, per reporting year. States are required to comply with the provisions of the Single Audit Act. This estimate reflects the extra increment of effort required of the States for this program in meeting the Federal requirements. States may build on audit work done under the Single Audit Act to complete the separate audit required for this program. Financial information from State Audits can be used for input into the DWSRF National Information Management System or the Project & Benefits Reporting System. Table 3 shows the total national burden from the State Audit.

Table 3: State Audit National Burden Hours

Year	Number of States	Base Preparation Hours	Base Burden Hours	ARRA Prep Hours	ARRA Burden Hours
	(A)	(B)	(A x B)	(C)	(A x C)
2009	51	80	4,080	80	4,080
2010	51	80	4,080	80	4,080
2011	51	80	4,080	80	4,080

d. Assistance for Application Preparation and Review

States have responsibility for reviewing and approving local applications for assistance from the DWSRF program. EPA estimates that the States will spend an average of 40 hours reviewing and approving each assistance application in each of the three years. Based on historical data, EPA estimates that, on average, a state will receive 27 applications for review each year. Due to additional ARRA responsibilities, the number of applications received will double in 2009. Table 4 represents the total national State burden from processing DWSRF assistance applications.

Table 4: Application Review National Burden Hours

Year	Number of States	Base Apps	Base Prep Hours	Base Burden Hours	ARRA Apps	ARRA Prep Hours	ARRA Burden Hours
	(A)	(B)	(C)	(A x B x C)	(D)	(E)	(A x D x E)
2009	51	27	40	55,080	27	40	55,080
2010	51	27	40	55,080	0	0	0
2011	51	27	40	55,080	0	0	0

States develop specific procedures and reporting and application materials for DWSRF assistance applicants. EPA estimates that local respondents (including Indian Tribes and Alaska Native Villages) will spend an average of 80 hours collecting information and preparing each Base DWSRF assistance application. Local respondents will also spend an average of 80 hours performing this task for ARRA in 2009. Table 5 represents the total national local respondent burden from preparing DWSRF assistance applications.

Table 5: Application Preparation Local Respondent Burden Hours

Year	Base Number of Local Respondents	Base Prep Hours	Base Burden Hours	ARRA Number of Local Respondents	ARRA Prep Hours	ARRA Burden Hours
	(A)	(B)	(A x B)	(D)	(E)	(D x E)
2009	1,377	80	110,160	1,377	80	110,160
2010	1,377	80	110,160	0	0	0
2011	1,377	80	110,160	0	0	0

SUMMARY OF RESPONDENT BURDEN HOURS

Table 6 summarizes the State burden hours for the four individual information collection activities. Average burden hours per State and total hours for all States for the three years covered by this ICR are provided for each activity.

Table 6: Summary of State Burden Hours (FY 2009 - FY 2011)

ICR	Base Hours Per State	Base Hours for All States	ARRA Hours Per State	ARRA Hours for All States
IUP / Capitalization Grant Agreement	1,200	61,200	400	20,400
Biennial Report	825	21,175	825	21,175
State Audit	240	12,240	240	12,240
Application Review	3,240	165,240	1,080	55,080
Program Total Burden Hours (FY 2009 - FY 2011)	5,505	259,855	2,545	108,895
Grand Total Burden Hours Per State, Base and ARRA Programs (FY 2009-FY 2011)				8,050
Grand Total Burden Hours for All States, Base and ARRA Programs (FY 2009-FY 2011)				368,750

Table 7 illustrates burden hours for local respondents from preparing applications. EPA estimates that a total of 4,131 local respondents will spend 80 hours per Base application during each of the three years, and 80 hours per ARRA application in 2009 and 2010. There will be no hours of burden for ARRA application preparation in 2011.

Table 7: Summary of Local Respondent Burden Hours (FY 2009 - FY 2011)

ICR	Base Number of Local Respondents	Base Hours per Local Respondent	Base Hours for All Local Respondents	ARRA Number of Local Respondents	ARRA Hours per Local Respondent	ARRA Hours for All Local Respondents
Application Preparation	4,131	80	330,480	1,377	80	110,160
Grand Total Burden Hours Per Local Respondent, Base and ARRA Programs (FY 2009-FY 2011)						80
Grand Total Burden Hours for All Local Respondents, Base and ARRA Programs (FY 2009-FY 2011)						440,640

6 (b) ESTIMATING RESPONDENT COSTS

a. Costs to State Respondents

The average annual State costs for the 3-year period is estimated to be \$4,995,333.33.

Since these State costs are grant eligible, they can be paid for out of the DWSRF program. Under Section 1452(g)(2), monies can be set aside and used for any reasonable costs related to administering the Fund, provided the amount does not exceed 4 percent of the State's allotment. Reasonable costs under this section can include reasonable costs expended to establish a State loan fund and to provide technical assistance to public water systems within the State.

Under Section 1443(a), an additional 10 percent of the State's allotment may be used, in part, for: (1) supervising public water system programs; (2) administering or providing technical assistance through source water protection programs; (3) developing and implementing a capacity development strategy under Section 1420(c); and (4) developing an operator certification program for purposes of meeting the requirements of Section 1419.

The following tables (Table 8.1 - 8.3) contain estimates of burden costs for the four individual activities involving information collections. The State salary cost of \$40.64 per hour is based on State wage rate information provided by an EPA contractor.

Table 8.1: FY 2009 State Burden Costs

Fiscal Year 2009							
ICR	# of States	Base Hours	Base Cost Per Hour	Base Cost	ARRA Hours	ARRA Cost Per Hour	ARRA Cost
	(A)	(B)	(C)	(A x B x C)	(D)	(E)	(A x D x E)
IUP / CGA							
– Initial Plan	51	332	\$40.64	\$688,116.48	332	\$40.64	\$688,116.48
– Revised Plan	51	68	\$40.64	\$140,939.52	68	\$40.64	\$140,939.52
Biennial Report	26	275	\$40.64	\$290,576.00	275	\$40.64	\$290,576.00
State Audit	51	80	\$40.64	\$165,811.20	80	\$40.64	\$165,811.20
Application Review	51	1,080	\$40.64	\$2,238,451.20	1,080	\$40.64	\$2,238,451.20
Program Total Fiscal Year 2009 State Cost				\$3,523,894.40	\$3,523,894.40		
Grant Total Fiscal Year 2009 State Cost, Base and ARRA Programs							\$7,047,788.80

Table 8.2: FY 2010 State Burden Costs

Fiscal Year 2010							
ICR	# of States	Base Hours	Base Cost Per Hour	Base Cost	ARRA Hours	ARRA Cost Per Hour	ARRA Cost
	(A)	(B)	(C)	(A x B x C)	(D)	(E)	(A x D x E)
IUP / CGA							
– Initial Plan	51	332	\$40.64	\$688,116.48	0	\$0.00	\$0.00
– Revised Plan	51	68	\$40.64	\$140,939.52	0	\$0.00	\$0.00
Biennial Report	25	275	\$40.64	\$279,400.00	275	\$40.64	\$279,400.00
State Audit	51	80	\$40.64	\$165,811.20	80	\$40.64	\$165,811.20
Application Review	51	1,080	\$40.64	\$2,238,451.20	0	\$0.00	\$0.00
Program Total Fiscal Year 2010 State Cost					\$3,512,718.40		
					\$445,211.20		
Grant Total Fiscal Year 2010 State Cost, Base and ARRA Programs					\$3,957,929.60		

Table 8.3: FY 2011 State Burden Costs

Fiscal Year 2011							
ICR	# of States	Base Hours	Base Cost Per Hour	Base Cost	ARRA Hours	ARRA Cost Per Hour	ARRA Cost
	(A)	(B)	(C)	(A x B x C)	(D)	(E)	(A x D x E)
IUP / CGA							
– Initial Plan	51	332	\$40.64	\$688,116.48	0	\$0.00	\$0.00
– Revised Plan	51	68	\$40.64	\$140,939.52	0	\$0.00	\$0.00
Biennial Report	26	275	\$40.64	\$290,576.00	275	\$40.64	\$290,576.00
State Audit	51	80	\$40.64	\$165,811.20	80	\$40.64	\$165,811.20
Application Review	51	1,080	\$40.64	\$2,238,451.20	0	\$0.00	\$0.00
Program Total Fiscal Year 2011 State Cost					\$3,523,894.40		
					\$456,387.20		
Grant Total Fiscal Year 2011 State Cost, Base and ARRA Programs					\$3,980,281.60		

SUMMARY OF STATE COSTS

Total State Costs (FY 2009 - FY 2011):	
-Base Program:	\$10,560,507.20
-ARRA:	\$4,425,492.80
Grand Total State Costs (FY 2009 – FY 2010):	\$14,986,000.00
Average Annual State cost over 3-Year Period:	\$4,995,333.33

b. Costs to Local Respondents

Local respondents (including Indian Tribes and Alaska Native Villages) may incur costs in identifying and evaluating their drinking water quality problems. Local respondents may need to absorb costs related to the development and evaluation of alternative planning and engineering approaches for solving their water quality problems. These planning and design costs may be eligible for DWSRF assistance at a State’s discretion. For the purposes of this information collection, only the direct costs associated with the preparation of the application for DWSRF financial assistance are reported.

During the period of this information collection activity, the number of applications received from local respondents is expected to double in 2009 due to ARRA. The number of local respondents in each State will vary significantly depending on the funding available, the types of projects to be assisted, the average cost and size of the projects, and other factors. The Agency estimates that the number of local respondents to receive DWSRF assistance during the period of this information collection will be 27 per State in per year. Table 9 illustrates the burden costs of application preparation for local respondents. The hourly rate of \$38.43 for water system operators and professional personnel is based on wage rate information provided by an EPA contractor.

Only local respondents that desire financial assistance from the DWSRF will prepare applications. Therefore, this information collection will pertain only to a limited number of local respondents. The specific requirements and complexity of application materials varies widely among the States that are responsible for DWSRF program implementation and management. The Agency estimates that, on average, local respondents will spend approximately 80 hours completing each DWSRF assistance application.

Table 9: Local Respondents Burden Costs (FY 2009 - FY 2011)

ICR - Application Preparation							
Year	# of Local Respondents	Base Hours	Base Cost Per Hour	Base Cost	ARRA Hours	ARRA Cost Per Hour	ARRA Cost
	(A)	(B)	(C)	(A x B x C)	(D)	(E)	(A x D x E)
2009	1,377	80	\$38.43	\$4,233,448.80	80	\$38.43	\$4,233,448.80
2010	1,377	80	\$38.43	\$4,233,448.80	0	\$0.00	\$0.00
2011	1,377	80	\$38.43	\$4,233,448.80	0	\$0.00	\$0.00
Program Total Local Respondent Costs (FY 2009- FY 2011)				\$12,700,346.40			\$4,233,448.80
Grand Total Local Respondent Costs (FY 2009-2011)							\$16,933,795.20
Average Annual Cost Over 3-Year Period							\$5,644,598.40

6 (c) Estimating Agency Burden and Cost

Estimation of the direct cost to EPA to implement the DWSRF program covers negotiation and analysis of the IUP, Capitalization Grant Agreement, Grant Application, and State performance and compliance through the Biennial Report and the State Audit.

The estimates in Tables 10.1 - 10.3 reflect Agency workload over the 3-year period covered by this information collection. The estimate of EPA costs is based on average hourly expenditures, including Regional and Headquarters personnel compensation and benefits. The estimates were based on participation by all States in the DWSRF program.

The estimated average hourly cost of \$48.26 for EPA Headquarters and Regional personnel is based on the General Schedule (GS) 12, Step 05 level. The hourly estimates were calculated by dividing the annual compensation of \$62,740, from the 2006 GS pay schedule, by 2,080 hours in the Federal work year. The hourly rates were then multiplied by the standard government benefits multiplication factor of 1.6.

The average annual Federal cost of \$4,195,818.47 over the 3-year period was estimated as follows:

Table 10.1: FY 2009 EPA Burden Costs

Fiscal Year 2009						
ICR	Base Hours	Base Cost Per Hour	Agency Cost: Base	ARRA Hours	ARRA Cost Per Hour	Agency Cost: ARRA
EPA HQ Review of IUP and Agreement Materials (15 hours per State submission)	765	\$48.26	\$36,919.00	765	\$63.52	\$48,592.80
EPA Regional Review of IUP and Agreement Materials (350 hours per State submission)	17,850	\$48.26	\$861,441.00	17,850	\$63.52	\$1,133,832.00
EPA HQ Oversight Review of Audit & Biennial Reports (40 hours per State submitting Biennial report; 25 hours per State only submitting Audit Report)	1,665	\$48.26	\$80,353.00	1,665	\$63.52	\$105,760.80
EPA Regional Oversight Review of Audit & Biennial Reports (500 hours per State submitting Biennial report; 445 hours per State only submitting Audit Report)	24,125	\$48.26	\$1,164,273.00	24,125	\$63.52	\$1,532,420.00
Program Total Fiscal Year 2009 Federal Cost			\$2,142,985.00			\$2,820,605.60
Grand Total Fiscal Year 2009 Federal Cost						\$4,963,590.60

Table 10.2: FY 2010 EPA Burden Costs

Fiscal Year 2010						
ICR	Base Hours	Base Cost Per Hour	Agency Cost: Base	ARR A Hours	ARRA Cost Per Hour	Agency Cost: ARRA
EPA HQ Review of IUP and Agreement Materials (15 hours per State submission)	765	\$48.26	\$36,919.00	0	\$0.00	\$0.00
EPA Regional Review of IUP and Agreement Materials (350 hours per State submission)	17,850	\$48.26	\$861,441.00	0	\$0.00	\$0.00
EPA HQ Oversight Review of Audit & Biennial Reports (40 hours per State submitting Biennial report; 25 hours per State only submitting Audit Report)	1,650	\$48.26	\$79,629.00	1,650	\$63.52	\$ 104,808.00
EPA Regional Oversight Review of Audit & Biennial Reports (500 hours per State submitting Biennial report; 445 hours per State only submitting Audit Report)	25,500	\$48.26	\$1,095,261.00	25,500	\$63.52	\$ 1,619,760.00
Program Total Fiscal Year 2010 Federal Cost			\$2,118,131.00			\$ 1,724,568.00
Grand Total Fiscal Year 2010 Federal Cost						\$3,842,699.00

Table 10.3: FY 2011 EPA Burden Costs

Fiscal Year 2011						
ICR	Base Hours	Base Cost Per Hour	Agency Cost: Base	ARRA Hours	ARRA Cost Per Hour	Agency Cost: ARRA
EPA HQ Review of IUP and Agreement Materials (15 hours per State submission)	765	\$48.26	\$36,919.00	0	\$0.00	\$0.00
EPA Regional Review of IUP and Agreement Materials (350 hours per State submission)	17,850	\$48.26	\$861,441.00	0	\$0.00	\$0.00
EPA HQ Oversight Review of Audit & Biennial Reports (40 hours per State submitting Biennial report; 25 hours per State only submitting Audit Report)	1,665	\$48.26	\$80,353.00	1,665	\$63.52	\$ 105,760.80
EPA Regional Oversight Review of Audit & Biennial Reports (500 hours per State submitting Biennial report; 445 hours per State only submitting Audit Report)	24,125	\$48.26	\$1,164,273.00	24,125	\$63.52	\$ 1,532,420.00
Program Total Fiscal Year 2011 Federal Cost			\$2,142,985.00			\$ 1,638,180.80
Grand Total Fiscal Year 2011 Federal Cost						\$3,781,165.80

6 (d) BOTTOM LINE BURDEN HOURS AND COSTS / BURDEN TABLES

(i)	Respondent Burden (FY 2009 - FY 2011)	
	Total State Burden Hours:	368,750
	Total State Costs:	\$14,986,000.00
	Annual State Burden Hours:	122,917
	Annual State Costs:	\$4,995,333.33
	Total Local Respondent Burden Hours:	440,640
	Total Local Respondent Costs:	\$16,933,795.20
	Annual Local Respondent Burden Hours:	146,880
	Annual Local Respondent Costs:	\$5,644,598.40
	Total Respondent (State & Local) Burden Hours:	809,390
	Total Respondent (State & Local) Costs:	\$31,919,795.20
	Annual Respondent (State & Local) Burden Hours:	269,797
	Annual Respondent (State & Local) Costs:	\$10,639,931.73

(ii)	The Agency Burden (FY 2009 - FY 2011)	
	Annual Headquarters Burden Hours:	4,340
	Annual Headquarters Costs:	\$238,671.47
	Annual Regional Burden Hours:	72,967
	Annual Regional Costs:	3,942,187.33

(iii) Variations in the Annual Bottom Line
There will be a higher annual bottom line due to ARRA.

6 (e) REASONS FOR CHANGE IN BURDEN

The net increase in total respondent burden hours from the previous ICR is attributed to the American Recovery and Reinvestment Act (ARRA) signed by the President on February 17, 2009. The Drinking Water State Revolving Fund received an additional \$2 billion in funding for assistance agreements for projects to be under contract or construction by February 17, 2010. EPA expects a doubling of local respondents in 2009 due to this additional funding.

6 (f) BURDEN STATEMENT

The public reporting and recordkeeping burden for this collection of information is estimated to average 2,410 hours per state and 80 hours per local respondent (including Indian Tribes and Alaska Native Villages) annually. Burden means the total time, effort, or financial resources expended to generate, maintain, retain, disclose, or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing processes to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An

agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB control numbers for EPA's regulations are listed in 40 CFR part 9 and 48 CFR Chapter 15.

To comment on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including the use of automated collection techniques, EPA has established a public docket for this ICR under Docket ID No. OW-2002-0059, which is available for public viewing at the Water Docket in the EPA Docket Center (EPA/DC), EPA West, Room B102, 1301 Constitution Ave., NW, Washington, DC. An electronic version of the public docket is available through www.regulations.gov.