

## **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 Drinking Water State Revolving Fund Program information collection activities will occur primarily at the program level through the State “Capitalization Grant Agreement / Intended Use Plan,” “Biennial Report,” the “Drinking Water National Information Management System (DWNIMS)” and the “Project & Benefits Reporting (PBR) 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 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. To ensure expeditious and timely use of the Fund, financial data must be collected annually through DWNIMS. Project level data will be collected on a quarterly basis using the PBR System to ensure SDWA eligibility and assess public health results from DWSRF projects.

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, public health 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 the 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.

d. State Reviews of DWSRF Financing Assistance Applications

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.

e. Financial and Project Data

To meet the SDWA objective of "promot[ing] the efficient use of fund resources," states must enter financial data, including project and set-aside commitments and disbursements, into DWNIMS on an annual basis. These data, also available to the public, are used by the EPA to assess compliance with the Program's mandate to use all funds in an "expeditious and timely" manner and achieve maximum public health protection from the Fund. Project level data is collected on a quarterly basis using the PBR System to ensure SDWA eligibility and assess public health results from DWSRF projects. To reduce burden on state respondents, the EPA connected these two online systems eliminate duplicative data entry.

## 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 the 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 the EPA. State responsibilities include:

- a. Contributing 20 percent matching funds;
- b. Committing and disbursing 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.

The 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 the EPA by the States includes:

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

Upon approval of the Capitalization Grant Application, each State may begin awarding project funds and using set-aside funds after work plans are approved. The State will receive and review applications for DWSRF financing assistance. The State will review the applications for conformance with the IUP, public health 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 and the project ranks highly enough on the Project Priority List, the State will prepare the appropriate loan agreement documents.

Although the 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 *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 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, the 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. The 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. State Reviews of DWSRF Financing Assistance Applications

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.

f. Financial and Project Data

To ensure expeditious and timely use of the Fund, financial data will be collected annually through DWNIMS. Project level data will be collected on a quarterly basis using the PBR System to ensure SDWA eligibility and assess public health results from DWSRF projects. To reduce burden on state respondents, the EPA connected these two online systems eliminate duplicative data entry and provides training on systems' use.

(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.

Per EPA Grants Policy Issuance (GPI) 14-02: *Enhancing Public Awareness of EPA Assistance Agreements*, local respondents must publicize the EPA's involvement in project funding only up to the funding amount in each year's capitalization grant. States have various options to meet this requirement.

**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 the 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 to 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 the 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 public health 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.

The EPA undertakes many activities to support the Regions and the States with implementation. The EPA provides 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.

#### 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 public health 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, the State Audit and DWNIMS/PBR 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. The EPA is not requesting the information more frequently than the Act requires, although a State may submit information more frequently.

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.

5 (f) PUBLIC NOTICE REQUIRED PRIOR TO ICR SUBMISSION TO OMB

Public comments were previously requested via the *Federal Register* (80 FR 57605) on September 24, 2015, during a 60-day comment period. No comments were received.

**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.

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.

a. IUP/Capitalization Grant Agreement

The EPA estimates that each State will spend an average of 400 hours per year to prepare the IUP and Capitalization Grant Agreement for submission. Information on set-asides, disadvantaged community assistance, public health indicators, core measurements, and work plans can be found in the IUP. 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	Preparation Hours	Burden Hours
	(A)	(B)	(A x B)

<b>2016</b>	51	400	20,400
<b>2017</b>	51	400	20,400
<b>2018</b>	51	400	20,400

b. Biennial Report

The 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. The Report is required every two years. This ICR assumes that approximately half of the States will submit a Report in 2016 (having last submitted a Report in 2014) and 2018 while the other half will submit a Report in 2017 (having last submitted a Report in 2015). Table 2 shows the total national burden from the Biennial Report.

**Table 2: Biennial Report National Burden Hours**

<b>Year</b>	<b>Number of States</b>	<b>Preparation Hours</b>	<b>Burden Hours</b>
	<b>(A)</b>	<b>(B)</b>	<b>(A x B)</b>
<b>2016</b>	26	275	7,150
<b>2017</b>	25	275	6,875
<b>2018</b>	26	275	7,150

c. State Audit

The estimated average burden for each State Audit is 80 hours per year. States are required to comply with the provisions of the Single Audit Act. States may build on audit work done under the Single Audit Act to complete the separate audit required for this program. Table 3 shows the total national burden from the State Audit.

**Table 3: State Audit National Burden Hours**

<b>Year</b>	<b>Number of States</b>	<b>Preparation Hours</b>	<b>Burden Hours</b>
	<b>(A)</b>	<b>(B)</b>	<b>(A x B)</b>
<b>2016</b>	51	80	4,080
<b>2017</b>	51	80	4,080
<b>2018</b>	51	80	4,080

d. Application for Assistance Review

States have responsibility for reviewing and approving local applications for assistance from the DWSRF program. The 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, the EPA estimates that, on average, a state will receive 27 applications for review each year. Table 4 represents the total national State burden from processing DWSRF assistance applications.

**Table 4: Application Review National Burden Hours**

<b>Year</b>	<b>Number of States</b>	<b>Apps</b>	<b>Prep Hours</b>	<b>Burden Hours</b>
	<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(A x B x C)</b>

<b>2016</b>	51	27	40	55,080
<b>2017</b>	51	27	40	55,080
<b>2018</b>	51	27	40	55,080

e. Financial and Project Data

States have the responsibility to report financial and program data into DWNIMS and PBR. The EPA estimates that States will spend an average of 24 hours preparing and entering financial data into DWNIMS on annual basis. The EPA estimates that States will spend an average of 7.5 hours preparing and entering project data into PBR over a year. Table 5 represents the total national State respondent burden.

**Table 5: Financial and Project Data Burden Hours**

Year	Number of States	Preparation Hours	Burden Hours
	(A)	(B)	(A x B)
<b>2016</b>	51	31.5	1,606.5
<b>2017</b>	51	31.5	1,606.5
<b>2018</b>	51	31.5	1,606.5

f. Public Awareness Requirements

Per EPA Grants Policy Issuance (GPI) 14-02: *Enhancing Public Awareness of EPA Assistance Agreements*, local respondents (excluding Indian Tribes and Alaska Native Villages) receiving DWSRF funds must publicize the EPA’s involvement in project funding. The EPA issued guidance to assist states and local communities in meeting this requirement.

This policy only applies to funding up to the amount of each year’s capitalization grant and states may choose the systems to which this requirement applies. It is at the discretion of the state SRF program to select projects most able to efficiently and effectively comply in a way that meets the intention to enhance public awareness without significant financial hardship to the state or its borrowers.

Local respondents have various options to meet this requirement and are encouraged to choose the method most cost-effective and accessible to a broad audience. After consulting with EPA and state staff throughout the country, the following compliance options were developed:

- i. Standard signage
- ii. Posters or wall signage in a public building or location
- iii. Newspaper or periodical advertisement for project construction, groundbreaking ceremony, or operation of the new or improved facility
- iv. Online signage placed on community website or social media outlet
- v. Press release

The following information must be included:

- Name of facility, project and community
- State SRF administering the program

- Project is wholly or partially funded with EPA funding
- Brief description of project
- Brief description of the water quality benefits the project will achieve

The EPA estimates that 328 local respondents will be affected by this policy each year. Table 6 represents the total national local respondent burden.

**Table 6: Public Awareness Local Respondent Burden Hours**

Year	Number of Local Respondents	Prep Hours	Burden Hours
	(A)	(B)	(A x B)
2016	328	2	656
2017	328	2	656
2018	328	2	656

SUMMARY OF RESPONDENT BURDEN HOURS

Table 7 summarizes the State burden hours for the five 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 7: Summary of State Burden Hours (FY 2016 - FY 2018)**

ICR	Hours Per State	Hours for All States
IUP / Cap Grant Agreement	1,200	61,200
Biennial Report	825	21,175
State Audit	240	12,240
Application Review	3,240	165,240
Financial & Program Data	94.5	4,819.5
<b>Program Total Burden Hours (FY 2016 - FY 2018)</b>	<b>5,599.5</b>	<b>264,674.5</b>

Table 8 illustrates burden hours for local respondents from public awareness responses. The EPA estimates that a total of 328 local respondents will spend 2 hours during each of the three years.

**Table 8: Summary of Local Respondent Burden Hours (FY 2016 - FY 2018)**

ICR	Number of Local Respondents	Hours per Local Respondent	Hours for All Local Respondents
Public Awareness	984	2	1,968

6 (b) ESTIMATING RESPONDENT COSTS

a. Costs to State Respondents

The average annual State costs for the 3-year period is estimated to be \$4,860,306.07.

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 9.1 - 9.3) contain estimates of burden costs for the five individual activities involving information collections. The State salary cost of \$55.09 per hour is based on State wage rate information, inflated to year 2015 dollars using the Employment Cost Index.

**Table 9.1: FY 2016 State Burden Costs**

<b>Fiscal Year 2016</b>				
<b>ICR</b>	<b># of States</b>	<b>Hours</b>	<b>Cost Per Hour</b>	<b>Cost</b>
	<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(A x B x C)</b>
<b>IUP / CGA</b>				
– Initial Plan	51	332	\$55.09	\$932,783.88
– Revised Plan	51	68	\$55.09	\$191,052.12
<b>Biennial Report</b>	26	275	\$55.09	\$393,893.50
<b>State Audit</b>	51	80	\$55.09	\$224,767.20
<b>Application Review</b>	51	1,080	\$55.09	\$3,034,357.20
<b>Financial &amp; Project Data</b>	51	31.5	\$55.09	\$88,502.09
<b>Program Total Fiscal Year 2016 State Cost</b>				<b>\$4,865,355.99</b>

**Table 9.2: FY 2017 State Burden Costs**

<b>Fiscal Year 2017</b>				
<b>ICR</b>	<b># of States</b>	<b>Hours</b>	<b>Cost Per Hour</b>	<b>Cost</b>

	(A)	(B)	(C)	(A x B x C)
<b>IUP / CGA</b>				
– Initial Plan	51	332	\$55.09	\$932,783.88
– Revised Plan	51	68	\$55.09	\$191,052.12
<b>Biennial Report</b>	25	275	\$55.09	\$378,743.75
<b>State Audit</b>	51	80	\$55.09	\$224,767.20
<b>Application Review</b>	51	1,080	\$55.09	\$3,034,357.20
<b>Financial &amp; Project Data</b>	51	31.5	\$55.09	\$88,502.09
<b>Program Total Fiscal Year 2017 State Cost</b>				<b>\$4,850,206.24</b>

**Table 9.3: FY 2018 State Burden Costs**

<b>Fiscal Year 2018</b>				
<b>ICR</b>	<b># of States</b>	<b>Hours</b>	<b>Cost Per Hour</b>	<b>Cost</b>
	(A)	(B)	(C)	(A x B x C)
<b>IUP / CGA</b>				
– Initial Plan	51	332	\$55.09	\$932,783.88
– Revised Plan	51	68	\$55.09	\$191,052.12
<b>Biennial Report</b>	26	275	\$55.09	\$393,893.50
<b>State Audit</b>	51	80	\$55.09	\$224,767.20
<b>Application Review</b>	51	1,080	\$55.09	\$3,034,357.20
<b>Financial &amp; Project Data</b>	51	31.5	\$55.09	\$88,502.09
<b>Program Total Fiscal Year 2018 State Cost</b>				<b>\$4,865,355.99</b>

**SUMMARY OF STATE COSTS**

<b>Total State Costs (FY 2016 - FY 2018):</b>	<b>\$14,580,918.22</b>
<b>Average Annual State cost over 3-Year Period:</b>	<b>\$4,860,306.07</b>

**b. Costs to Local Respondents**

Table 10 illustrates the burden costs of application preparation for local respondents. The hourly rate of \$37.02 for water system operators and professional personnel is based on wage rate information, inflated to year 2015 dollars using the Employment Cost Index.

Only local respondents that receive DWSRF assistance in the amount equivalent to the state’s capitalization grant must meet this provision and states are encouraged to select



projects most able to efficiently and effectively comply in a way that meets the intention to enhance public awareness without significant financial hardship to the state or its borrowers. Therefore, this information collection will pertain only to a limited number of local respondents. The Agency estimates that, on average, 328 local respondents will spend approximately 2 hours meeting this provision each year.

**Table 10: Local Respondents Burden Costs (FY 2016 - FY 2018)**

<b>ICR – Public Awareness</b>				
<b>Year</b>	<b># of Local Respondents</b>	<b>Hours</b>	<b>Cost Per Hour</b>	<b>Cost</b>
	<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(A x B x C)</b>
<b>2016</b>	328	2	\$37.02	\$24,285.12
<b>2017</b>	328	2	\$37.02	\$24,285.12
<b>2018</b>	328	2	\$37.02	\$24,285.12
<b>Program Total Local Respondent Costs (FY 2016- FY 2018)</b>				<b>\$72,855.36</b>
<b>Average Annual Cost Over 3-Year Period</b>				<b>\$24,285.12</b>

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, State Audit and DWNIMS/PBR data.

The estimates in Tables 11.1 - 11.3 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 \$53.60 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 \$69,686 from the 2015 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 \$2,412,607.47 over the 3-year period was estimated as follows:

**Table 11.1: FY 2016 EPA Burden Costs**

<b>Fiscal Year 2016</b>			
<b>ICR</b>	<b>Hours</b>	<b>Cost Per Hour</b>	<b>Agency Cost</b>
<b>EPA HQ Review of IUP and Agreement Materials (15 hours per State submission)</b>	765	\$53.60	\$41,004.00

<b>EPA Regional Review of IUP and Agreement Materials (350 hours per State submission)</b>	17,850	\$53.60	\$956,760.00
<b>EPA HQ Oversight Review of Audit &amp; Biennial Reports (40 hours per State submitting Biennial report; 25 hours per State only submitting Audit Report)</b>	1,665	\$53.60	\$89,244.00
<b>EPA Regional Oversight Review of Audit &amp; Biennial Reports (500 hours per State submitting Biennial report; 445 hours per State only submitting Audit Report)</b>	24,125	\$53.60	\$1,293,100.00
<b>EPA HQ Review of DWNIMS and PBR Data (1 hour per State submission)</b>	51	\$53.60	\$2,733.60
<b>EPA Regional Review of DWNIMS and PBR Data (2 hours per State submission)</b>	102	\$53.60	\$5,467.20
<b>Grand Total Fiscal Year 2016 Federal Cost</b>			<b>\$2,388,308.80</b>

**Table 11.2: FY 2017 EPA Burden Costs**

<b>Fiscal Year 2017</b>			
<b>ICR</b>	<b>Hours</b>	<b>Cost Per Hour</b>	<b>Agency Cost</b>
<b>EPA HQ Review of IUP and Agreement Materials (15 hours per State submission)</b>	765	\$53.60	\$41,004.00
<b>EPA Regional Review of IUP and Agreement Materials (350 hours per State submission)</b>	17,850	\$53.60	\$956,760.00
<b>EPA HQ Oversight Review of Audit &amp; Biennial Reports (40 hours per State submitting Biennial report; 25 hours per State only submitting Audit Report)</b>	1,650	\$53.60	\$88,440.00
<b>EPA Regional Oversight Review of Audit &amp; Biennial Reports (500 hours per State submitting Biennial report; 445 hours per State only submitting Audit Report)</b>	25,500	\$53.60	\$1,366,800.00
<b>EPA HQ Review of DWNIMS and PBR Data (1 hour per State submission)</b>	51	\$53.60	\$2,733.60
<b>EPA Regional Review of DWNIMS and PBR Data (2 hours per State submission)</b>	102	\$53.60	\$5,467.20
<b>Grand Total Fiscal Year 2017 Federal Cost</b>			<b>\$2,461,204.80</b>

**Table 11.3: FY 2018 EPA Burden Costs**

<b>Fiscal Year 2018</b>			
<b>ICR</b>	<b>Hours</b>	<b>Cost Per</b>	<b>Agency Cost</b>

		<b>Hour</b>	
<b>EPA HQ Review of IUP and Agreement Materials (15 hours per State submission)</b>	765	\$53.60	\$41,004.00
<b>EPA Regional Review of IUP and Agreement Materials (350 hours per State submission)</b>	17,850	\$53.60	\$956,760.00
<b>EPA HQ Oversight Review of Audit &amp; Biennial Reports (40 hours per State submitting Biennial report; 25 hours per State only submitting Audit Report)</b>	1,665	\$53.60	\$89,244.00
<b>EPA Regional Oversight Review of Audit &amp; Biennial Reports (500 hours per State submitting Biennial report; 445 hours per State only submitting Audit Report)</b>	24,125	\$53.60	\$1,293,100.00
<b>EPA HQ Review of DWNIMS and PBR Data (1 hour per State submission)</b>	51	\$53.60	\$2,733.60
<b>EPA Regional Review of DWNIMS and PBR Data (2 hours per State submission)</b>	102	\$53.60	\$5,467.20
<b>Grand Total Fiscal Year 2018 Federal Cost</b>			<b>\$2,388,308.80</b>

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

(i) Respondent Burden (FY 2016 - FY 2018)

Total State Burden Hours:	<b>264,674.50</b>
Total State Costs:	<b>\$14,580,918.22</b>
Annual State Burden Hours:	<b>88,224.83</b>
Annual State Costs:	<b>\$4,860,306.07</b>
Total Local Respondent Burden Hours:	<b>1,968</b>
Total Local Respondent Costs:	<b>\$72,855.36</b>
Annual Local Respondent Burden Hours:	<b>656</b>
Annual Local Respondent Costs:	<b>\$24,285.12</b>
Total Respondent (State & Local) Burden Hours:	<b>266,642.5</b>
Total Respondent (State & Local) Costs:	<b>\$14,653,773.58</b>
Annual Respondent (State & Local) Burden Hours:	<b>88,880.83</b>
Annual Respondent (State & Local) Costs:	<b>\$4,884,591.19</b>

(ii) The Agency Burden (FY 2016 - FY 2018)

Annual Headquarters Burden Hours:	<b>2,425</b>
-----------------------------------	--------------

Annual Headquarters Costs:	<b>\$132,713.60</b>
Annual Regional Burden Hours:	<b>42,433</b>
Annual Regional Costs:	<b>\$2,279,893.87</b>

(iii) Variations in the Annual Bottom Line

There will be negligible variation in annual burden during the three years of this ICR.

6 (e) REASONS FOR CHANGE IN BURDEN

There is a net decrease of 180,916 hours in annual respondent burden hours from the previous ICR. This is partially attributable to the previous ICR's inclusion of burden hours from the American Recovery and Reinvestment Act (ARRA) signed by the President on February 17, 2009. ARRA's additional \$2 billion in funding for assistance agreements resulted in approximately twice the normal number of applications for assistance in 2009. There is also a net decrease in local respondent burden hours from the previous ICR, which included application preparation and submission burden hours for localities. This is a state need/requirement, not federal, and thus it is excluded from this ICR. Some of the decrease is offset by this ICR's inclusion of local burden for public awareness activities.

6 (f) BURDEN STATEMENT

The public reporting and recordkeeping burden for this collection of information is estimated to average 1,729 hours per state and 2 hours per local respondent (excluding 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, the EPA has established a public docket for this ICR under Docket ID No. EPA-HQ-OW-2002-0059, which is available for public viewing at the Water Docket in the EPA Docket Center (EPA/DC), EPA West, Room 3334, 1301 Constitution Ave., NW, Washington, DC. An electronic version of the public docket is available through [www.regulations.gov](http://www.regulations.gov).