

Information Collection Request (ICR) Supporting Statement for Clean Water State Revolving Fund Program OMB NO.2040-0118, EPA ICR NO. 1391.12

Terms of Clearance for Current ICR:

In accordance with 5 CFR 1320, the information collection is approved for three years. OMB reminds EPA that its oversight of this collection includes ensuring that states' procedures are consistent with the CWA and accompanying regulations.

A. Justification

1.1 Short Characterization/Abstract

Title VI of the Clean Water Act (CWA) of 1987 established the Clean Water State Revolving Fund (CWSRF) program, which replaced EPA's Construction Grants Program. As outlined in 40 CFR Part 35, Subpart K, State Water Pollution Control Revolving Funds, and EPA guidance, each state and Puerto Rico has its own CWSRF. A state CWSRF includes funds provided by federal capitalization grants, repayments from prior assistance agreements, interest that has been repaid to the CWSRF, and investment income. In some cases, a state CWSRF secures additional funding through bond proceeds. Each state designs and operates its own revolving fund to provide financial assistance to eligible recipients for water pollution control activities.

States have the authority to use the CWSRF to provide various types of assistance to recipients, including issuing and refinancing loans, purchasing or guaranteeing local debt, and purchasing bond insurance. States may also set specific terms such as interest rates and repayment periods. In 2009, Congress authorized states to provide further financial assistance via the CWSRF program in the form of grants, principal forgiveness, and negative interest rate loans.

Congress provides EPA annual appropriations for providing capitalization grants to state CWSRFs. EPA awards these grants to each state upon the state's submission of a grant application, which includes an intended use plan (IUP). While EPA provides oversight that ensures that states' procedures are consistent with the CWA and accompanying regulations, the CWA and 40 CFR Part 35, Subpart K provide the states with a great deal of autonomy in administering the program and selecting which projects receive funding. In 2014, Title VI of the CWA was amended by the Water Resources Reform and Development Act (WRRDA). Additional information about the CWSRFs is available at <http://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf>.

This ICR renews the Office of Management and Budget (OMB) Number 2040-0118 CWSRF ICR and provides updated estimates of the reporting burden associated with the information collection activities.

The individual information collections covered under this ICR are briefly described as follows:

Capitalization Grant Agreement/Intended Use Plan

The Capitalization Grant Agreement is the principal instrument by which a CWSRF commits to manage its revolving fund program in conformity with the CWA requirements. The grant agreement contains or incorporates by reference the intended use plan, application materials and accompanying CWSRF administrative budget information, CWSRF required certifications, and other documentation required by EPA. The intended use plan describes how a CWSRF program intends to use its funds for the upcoming year to meet the objectives of the CWA.

Annual Report

The annual report indicates how the CWSRF has met its goals and objectives of the previous state fiscal year as stated in the grant agreement and, more specifically, in the intended use plan. The report provides information on loan recipients, loan amounts, loan terms, project categories of eligible costs, and similar data on other forms of assistance.

Annual Audit

The CWA requires a CWSRF to undergo an annual audit. Though an audit conducted under the Single Audit Act meets this requirement, EPA still recommends that a CWSRF also undergo a separate independent audit as a best management practice. The audit must contain an opinion on the financial condition of the CWSRF program, a report on its internal controls, and a report on compliance with applicable laws and the CWA.

Clean Water National Information Management System (CWNIMS) and CWSRF Benefits Reporting (CBR)

To meet the CWA objective of “promoting the efficient use of fund resources,” states must enter financial data, including project disbursements, into the CWNIMS database on an annual basis. This publicly available information is used by EPA to assess compliance with the CWSRFs’ mandate to use all funds in an “expeditious and timely” manner and achieve the objectives of the CWA. Project level data is collected on a quarterly basis using the CBR System to record projected environmental results from CWSRF projects.

Public Awareness Policy

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

With the exception of the public awareness policy, the respondents for the information collection activities are the state environmental departments, and/or finance agencies responsible for operating the CWSRFs. The public awareness policy directly impacts CWSRF borrowers that are designated as recipients of federal funds. The burden associated with the public awareness policy should not have an impact on small entities since the CWSRFs have flexibility in determining which borrowers must comply with this requirement.

Compared to the previously approved ICR, the annual hourly and cost burdens have been decreased by 530,156 hours and \$24,102,575 respectively. This large reduction is in response to additional Office of Management and Budget guidance, recommending that the burden associated with the CWSRF applications be removed as part of this ICR renewal. Specifically, the Office of Management and Budget noted that it was appropriate to exclude this burden since 1): states have a significant degree of discretion in what information they solicit through the CWSRF applications and 2): CWSRF applications are not subject to EPA approval. Additional information regarding the burden adjustments is provided in Section 15 of this supporting statement.

1.2 Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.

Title VI of the CWA provides the statutory basis for having a CWSRF prepare and submit a capitalization grant agreement, intended use plan, annual report, and annual audit. EPA also requires that the CWSRFs periodically enter program and project level information into CWNIMS and CBR databases. These databases provide EPA with the information needed to effectively evaluate the performance of the CWSRFs and to ensure compliance with statutory and other federal requirements.

Prior to awarding a capitalization grant, EPA must have sufficient assurances that a CWSRF will be managed in compliance with the CWA. To ensure that EPA receives these assurances, the CWA provides specific instructions to the state for developing and submitting the capitalization grant agreement. The contents of the capitalization grant agreement are governed by Section 602, which lists the assurances and certifications a CWSRF must provide to EPA. As part of the capitalization grant agreement, a state must submit an intended use plan that is developed in accordance with Section 606(c). In addition to mandating the minimum level of information that must be included in the intended use plan, Section 606(c) also requires that a CWSRF provide an opportunity for public comment before the plan can be submitted to EPA for review. The intended use plan must also reflect how a CWSRF will comply with other federal requirements. These federal requirements are usually included in annual appropriation acts. Two major requirements that have accompanied annual appropriations involve the use of additional subsidization and the funding of the projects that promote such activities as green infrastructure and water and energy efficiency improvements.¹

To help ensure that there is sufficient oversight of the CWSRFs, the CWA also requires that a CWSRF annually submit a report to EPA and undergo an audit. Under section 606(d), a CWSRF is required to develop and submit an annual report describing how it has met the goals and objectives included in the previous year's intended use plan. The annual report must also include detailed information on the financial assistance provided through the CWSRF program over the past year, including identification of the loan recipients, assistance amounts and terms, and other related information. Section 606(b) requires each CWSRF to have an annual audit that is conducted in accordance with the auditing procedures of the General Accounting Office to ensure the proper usage of all CWSRF funds.

¹ Additional subsidization is assistance provided in the form of principal forgiveness, grants, or negative interest loans.

In addition to these statutory requirements, EPA will continue to direct the CWSRFs to submit program and project level information through the CWNIMS and CBR databases on a periodic basis. The information collected through these databases is critical to EPA's oversight responsibilities in ensuring the timely and expeditious use of CWSRF funds and the long-term financial sustainability of the CWSRFs. The information collected through the CBR database also serves another important role by establishing a stronger link between CWSRF financed projects and the projected environmental benefits as required by *EPA Order 5700.7, Environmental Results Under Assistance Agreements*.

The CWSRFs are asked to submit program level financial data annually through CWNIMS, including loan amounts, disbursements, repayments, and other critical information. The data collected supports section 606(e) of the CWA, requiring EPA to conduct annual oversight reviews of the CWSRFs. The CWNIMS database complements the annual report and audit by providing a current snapshot of financial activity and the extent by which the CWSRFs funds have been committed and disbursed for projects. The CWNIMS database also provides an overview of the types of projects and the recipients receiving CWSRF funding. This comprehensive overview on program activity allows EPA to discuss the future direction of the CWSRFs and head off potential concerns before they become major problems.

The CWNIMS database is also instrumental in allowing EPA to document the progress of the CWSRFs in addressing the nation's water quality needs to the public and Congress. Information provided by this database is an essential part of EPA's testimony before the Congressional appropriations and authorizing committees that oversee environmental infrastructure programs. The data collected by this system is made available to the public and greatly supports outreach efforts by EPA and several key state and trade organizations (e.g., Council of Infrastructure Financing Authorities, Association of Clean Water Administrators, National Utility Contractors Association, and Water and Wastewater Equipment Manufacturers Association).

The CBR database was originally developed to assist states in complying with *EPA Order 5700.7, Environmental Results Under Assistance Agreements*, which became effective on January 1, 2005. The Order aimed at addressing environmental results under EPA assistance agreements, including grants and cooperative agreements, and establishing a stronger linkage between EPA financed projects and the goals of the Agency's Strategic Plan. The CWSRFs had the option of meeting the EPA Order by entering project level data into CBR and producing report-outs that could then be included in their annual report. The CWSRFs that chose not to use CBR were required to work with EPA to show appropriate outputs and outcomes that can be tied back to the Strategic Plan.

Since 2010, Congress has included several major provisions in the annual appropriations that affected the CWSRFs. One of the provisions included the Green Project Reserve (GPR) requirement that directed a portion of the federal funding to be used to fund projects that addressed green infrastructure, water efficiency improvements, energy efficiency improvements, or environmentally innovative activities. Another provision directed that a portion of federal funding be used to provide additional subsidization in the form of principal forgiveness, negative interest loans, or direct grants. Accompanying these provisions was conference language that

directed EPA to not only track how additional subsidies are used, but also by what types of communities. These provisions have been carried over into subsequent appropriations.

The CBR database was determined to be the best option for collecting and tracking this information. As a result, data entry into the CBR database stopped being optional in 2010. The CWSRFs are required to enter project level information into the CBR database on a quarterly basis. This frequency of collection is to ensure that EPA can provide a timely response to congressional inquiries with the most up-to-date data. In response to constant inquiries regarding the status of meeting the annual GPR requirements, EPA also uses the CBR database to track funding under the GPR requirement. The CWSRFs are also still expected to complete the data fields established in 2005, tracking general project information and projected environmental results.

The *EPA Grants Policy Issuance (GPI) 14-02: Enhancing Public Awareness of EPA Assistance Agreements* requires CWSRF borrowers designated as recipients of federal funds to publicize EPA's involvement in the funding of the project. The purpose of this policy is to enhance public awareness of EPA assistance agreements nationwide and communicate the positive impact and benefits of EPA funding around the country. This requirement went into effect in FY 2015 and applies to all future federal capitalization grant awards.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the collection.

The information collection activities serve several important functions. Foremost, they are the means by which EPA can assess whether the CWSRFs are being properly managed. They factor heavily in EPA's determination of whether a CWSRF should be awarded a capitalization grant. The capitalization grant agreement/intended use plan not only provides detailed information on how a CWSRF will operate its program in the upcoming year, it is instrumental in legally binding a CWSRF to fulfilling its responsibilities under the CWA. Working in concert with the capitalization grant agreement/intended use plan are the annual report and audit, which provide EPA with documentation that a CWSRF is actually operating in compliance with the CWA and thus sufficiently meeting the assurances provided through the capitalization grant agreement/intended use plan. While the CWNIMS and CBR databases support program oversight, they also have an important role when it comes to public outreach and responding to stakeholder inquiries in a prompt and effective manner. The purpose of the new public awareness policy is to better inform the public of the role EPA has in supporting CWSRF funded projects that yield numerous economic and environmental benefits.

The respondents for most of the information collection activities are the state environmental departments, and/or finance agencies responsible for operating the CWSRFs (NAICS Code # 999200). A notable exception is the public awareness policy, which directly impacts CWSRFs borrowers (NAICS Code # 999300) that are designated as recipients of federal funds.

Capitalization Grant Agreement / Intended Use Plan

The capitalization grant agreement is the principal instrument by which a CWSRF commits to manage its program in conformance with the requirements of the CWA as a prerequisite of receiving a capitalization grant award. The capitalization grant agreement contains, or incorporates by reference, the following: the grant application form (EPA Standard Form (SF) No. 424/OMB No. 2020-0020) and accompanying CWSRF administrative budget information, intended use plan, attorney general certification, and other documentation required by EPA. This material is submitted to EPA through the www.grants.gov website.

A critical component of the capitalization grant agreement is the intended use plan. This document not only covers what a CWSRF plans to accomplish for the upcoming year, it also provides EPA with detailed information on how a CWSRF will meet the assurances included as part of the capitalization grant agreement. At a minimum, the IUP must include the following:

- Short-term and long-term goals.
- “Sources and Uses” table that documents the amount of funding that is expected to be available in the upcoming year from capitalization grant awards, state contributions, loan repayments, earnings, and other non-federal sources.² This table also shows how this funding will be used for eligible projects and administrative expenses. The maximum amount that can be used to cover administration is set by section 603(d)(7).
- Documentation for how the CWSRF plans to provide the required 20% state match.
- Documentation on whether fees will be charged, the basis for the fees, and the planned uses of fee revenue.
- A schedule/estimate for when it will enter into binding commitments on projects to ensure that it meets the requirement that a CWSRF enters into binding commitments equal to the federal grant payment and accompanying 20% state match within one year of receipt of a grant payment.³ The intended use plan must also document the procedure by which grant funds will be drawn from the federal treasury into the CWSRF.
- A summary of the CWSRF’s financial plan, including loan interest rate(s); information on how the interest rate, loan term and additional subsidies are established for the types of assistance the state will offer; and how it will maintain the long-term health of the Fund. To the extent known, it should also include the state’s plans on leveraging and the level of bond issuance.
- Documentation on the state’s compliance with the following requirements:
 - The CWSRF will conduct environmental reviews according to its own established State Environmental Review Process.
 - The CWSRF will expend all funds in a timely and expeditious manner.
 - The new capitalization grant agreement requirements added by WRRDA involving cost and effectiveness analysis and procurement of architectural and engineering services. This also includes fiscal sustainability planning by CWSRF assistance recipients required under section 603(d)(1)(e) of the CWA.
- Documentation for how the state will ensure compliance with the Single Audit Act, the

² This mainly includes leveraging, where a CWSRF raises additional funding by selling bonds.

³ For some CWSRFs the binding commitment represents a preliminary commitment to provide funding for a project. The binding commitment is eventually finalized as an executed loan agreement. For other CWSRFs there is no distinction between the binding commitment and executed loan. Regardless, the binding commitment is considered sufficient for meeting this requirement.

- Federal Funding Accountability and Transparency Act, and federal crosscutters.
- Documentation on whether funds will be transferred between the CWSRF and DWSRF in accordance with section 302 of the Safe Drinking Water Act and/or that the state reserves the right to transfer funds in the future.
 - A list of projects the CWSRF plans to fund. This list should include the following
 - Documentation that any project meeting the definition of a publicly owned treatment work was ranked based on the state's project priority setting system.
 - Project description sufficiently detailed to determine project eligibility.
 - Type and amount of financial assistance.
 - NPDES permit number (if applicable).
 - A description of how the CWSRF plans to meet the GPR requirement included in recent annual appropriations. To the extent possible, this description should include a list of the projects that will be used to meet this target.
 - A description of how the CWSRF plans to provide additional subsidization. To the extent possible, this description should include a list of the projects that will be used to meet the minimum required amount set by annual appropriations and under what conditions it is eligible under the CWA.⁴

A CWSRF is required by the CWA to make the intended use plan available for public comment and review. EPA is also provided an electronic copy for review. Once a CWSRF makes any necessary revisions based on these comments, the CWSRF submits the final intended use plan through grants.gov as part of the capitalization grant agreement package.

EPA provides the CWSRFs with an example intended use plan to provide additional guidance on what should be included in this document. The purpose of the example intended use plan is to reduce the reporting burden by limiting the amount of interactions between a CWSRF and EPA.

Annual Report:

As required by the CWA, an annual report must be submitted to EPA covering program activities for the past year. A copy of the report is provided in an electronic format (e.g., MS Word or Adobe) to the EPA regional office within 90 days of the end of the CWSRF's fiscal year. The report must illustrate the progress a CWSRF has made towards meeting the goals and objectives of the previous fiscal year's IUP and capitalization grant agreement. Similarly, the report must document a CWSRF's compliance with the assurances included as part of the intended use plan.

The report must also provide detailed 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. This information must note whether a project is being counted towards the GPR requirement. Additionally, a CWSRF must include whether a project received additional subsidization and supporting rationale for why it was eligible to receive such assistance.

⁴ WRRDA amended the CWA to provide the CWSRFs with the ability to provide additional subsidization under certain conditions. These conditions restrict the use of this type of assistance to addressing affordability issues or to promoting projects that include sustainability, water or energy efficiency, or stormwater components.

A CWSRF must also submit detailed financial statements as part of the annual report that provide a snapshot of its financial stability. If an annual audit has not yet been completed, the annual report should include draft financial statements and footnotes that are in accordance with generally accepted accounting principles (GAAP) to present fairly the financial condition and results of operation. Preferably, a CWSRF would include the financial statements resulting from the annual audit.

The report is one of the principal instruments by which a CWSRF demonstrates to EPA that it has abided by the assurances and terms set forth in the capitalization grant agreement. Any major discrepancies between the annual report and capitalization grant/intended use plan must be addressed to the satisfaction of EPA. The regional annual review of a CWSRF is usually where such concerns are identified and raised, though EPA may contact a CWSRF prior to the annual review if such action is deemed warranted.

Annual Audit:

Section 606(b) requires that a CWSRF undergo an independent annual audit consistent with the auditing procedures of the General Accounting Office, including chapter 75 of title 31, United States Code. Though an audit conducted under the Single Audit Act meets this requirement, it is strongly encouraged that a CWSRF still proceed with an independent annual audit. The rationale being that an independent audit looking only at a CWSRF provides a much more detailed and effective review as opposed to the Single Audit that groups a CWSRF with many other programs disbursing federal funds.

A CWSRF usually relies on the services of a professional auditing firm to conduct the independent audit. The audit includes testing of accounting records and other procedures the auditor considers necessary to express an opinion that the financial statements are fairly presented, in all material respects. Audits also include tests of documentary evidence supporting the transactions recorded in the accounts. The product of an audit generally includes issuing the following reports:

- Financial statements with an opinion (or disclaimer of opinion) as to whether the CWSRF financial statements are presented fairly in accordance with GAAP. As a minimum, financial statements should include a statement of net position or balance sheet, statement of revenues and expenses and changes in net position, a statement of cash flows, and notes to the financial statements.
- A report on internal controls related to the CWSRF financial statements. The report should describe the scope of testing of internal controls and the results of the tests.
- A report on compliance that includes an opinion as to whether the state has complied in all material respects with laws, regulations, and the provisions of the CWSRF capitalization grants.

Once completed, an electronic copy of the annual audit is provided to EPA. Of critical importance is whether the audit includes any findings or recommendations that either relay concerns that the financial statements may not accurately reflect the financial condition of the fund or that a CWSRF is not in compliance with one or more federal or state requirements.

Working with EPA, a CWSRF must take steps to address these recommendations.

Clean Water National Information Management System (CWNIMS) and CWSRF Benefits Reporting (CBR)

The CWNIMS and CBR databases are designed to support EPA oversight responsibilities and public outreach efforts. Both databases are hosted on EPA servers located at the National Computer Center and can be accessed at the following web address: <https://owsrf.epa.gov/>. The CWSRFs use this website to establish an account and submit data in the NIMS and CBR databases. The NIMS database provides an annual snapshot of program level activity. By contrast, the CBR database collects project level and projected environmental benefits information quarterly.

During the summer of each year, the CWSRFs complete the CWNIMS data entry for the reporting period of July 1 to June 30. Once the CWSRFs have completed the data entry, EPA, with the assistance of a contractor, conducts a quality review. During the quality review, there is follow-up with the CWSRFs to address any questions or concerns regarding the most recent entries. Though a copy of the glossary that defines each data field is included with the supporting statement, a summary of what must be reported into CWNIMS is provided below:

- Federal and state contributions
- Total assistance provided
- Assistance by population served
- Assistance by needs category
- Leveraging activity (making additional funding available for projects by issuing bonds)
- Loan repayments
- Investment earnings

The data collected through the CWNIMS database is used to generate a variety of state and national reports that cover various aspects of the CWSRF activity. These reports contain detailed information on CWSRF activity as it relates to funding levels and the types of projects being funded. These reports also provide detailed information on CWSRF financial performance, including metrics that track the rate at which assistance agreements are made and funds are being disbursed for projects. They also track the extent to which the funds are growing as a result of loan and investment earnings. These reports are reviewed by EPA to identify possible issues that are brought to the attention of a CWSRF. This is usually included as part of the annual review; however, an issue may be raised sooner if the situation warrants it. The CWNIMS reports are publicly available and can be accessed at <http://www.epa.gov/cwsrf/clean-water-state-revolving-fund-cwsrf-national-information-management-system-reports>.

The CWSRFs are required to enter project level information into the CBR database no less than on a quarterly basis. Unlike the CWNIMS data, the information captured by the CBR database focuses on loan and project level details. More importantly, the CBR database also captures the projected environmental benefits associated with the CWSRF funded projects. This database also collects data associated with the Federal Funding Accountability and Transparency Act (FFATA). The FFATA data fields are optional. Once these data fields are completed, a CWSRF

can produce an excel-based report that can then be uploaded into the fsrs.gov website. Though a copy of the help file that defines each data field is included with this ICR, a summary of what must be reported into the CBR database is provided below.

Loan Information:

- Borrower
- Assistance Type
- Agreement History
 - Additional Subsidy
 - Population Served
 - Green Project Reserve
 - Needs Categories
- % Funded by CWSRF
- CWSRF Total from all Projects \$
- Interest Rate
- Repayment Period
- Tracking #
- Other #
- Incremental Funding
- Loan funds one or more NPS Projects
- Assign Assistance to Federal Grant(s): (Additional Subsidization, Green Project Reserve, and FFATA).
- Sources of Non-SRF Co-Funding

Project Information:

- CW Needs Survey Number
- Project Description
- Wastewater Volume
- Discharge Affected
- Permit Information
- Affected Waterbodies
- Project Location
- Project Improvement/Maintenance of Water Quality
- Contribution to Protection or Restoration of the Waterbody and Other Uses
- Environmental Benefits

During the collection period, the CWNIMS and CBR databases will be updated to add several additional data fields that more fully capture environmental and other benefits associated with CWSRF funded projects. These fields include questions related to public health, resiliency, regionalization, nutrient reduction, and other related topics. In addition, data fields will be added to account for instances where the CWSRF is a recipient of a loan from the newly established WIFIA program. These data fields will capture that amount of WIFIA funding being provided to the CWSRF along with any loan repayments and fees owed by the CWSRF as a result of securing this funding. These additional fields are reflected in the burden estimate.

The CBR and CWNIMS data is also crucial to EPA’s ability to respond to inquiries from

Congress, OMB, GAO, and other stakeholders. Data from the CBR database has been used to provide Congress with periodic updates on the use of additional subsidization and other trends such as assistance to small communities and the degree by which the CWSRFs are complying with the GPR requirement. For example, CBR data was crucial in preparing the following report to Congress: *Utilization of Additional Subsidization Authority in the Clean Water and Drinking Water State Revolving Fund Programs*.⁵ Information from CBR and CWNIMS is also used in pulling together material needed for the president's budget, including the congressional justification, program factsheets, congressional testimony, and other budget related material. Finally, information from CWNIMS and CBR is pivotal to EPA's ability to produce informational material that highlights the national trends in CWSRF environmental and financial performance. This material includes the environmental benefits reports, national financial reports, and factsheets. These documents are made publicly available through EPA's website at <http://www.epa.gov/cwsrf/clean-water-state-revolving-fund-cwsrf-results>.

Public Awareness Policy

Per EPA Grants Policy Issuance (GPI) 14-02: Enhancing Public Awareness of EPA Assistance Agreements, borrowers receiving CWSRF funds must publicize EPA's involvement in project funding. EPA has issued guidance to assist the CWSRFs and borrowers in meeting this requirement.⁶

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 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 CWSRF staff throughout the country, the following compliance options were developed:

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

The following information must be included:

- Name of facility, project and community
- SRF administering the program
- Whether project is wholly or partially funded with EPA funding
- Brief description of project
- Brief description of the water quality benefits the project will achieve

⁵ An electronic copy of this report is available at http://www.epa.gov/sites/production/files/2015-04/documents/additional_subsidization_report_to_congress_.pdf

⁶ A copy of this guidance has been included with the supporting statement.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collections techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

The CWNIMS and CBR databases are hosted at EPA's National Computer Center and can be accessed online. Once a CWSRF successfully creates an account, it has full access to submit and review data via the online interface.

The CWSRF capitalization grant application along with accompanying material (e.g., intended use plan, attorney general certification) is submitted online through www.grants.gov.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purpose(s) described in item 2 above.

Duplication of effort is not expected. The information collected through the intended use plan, annual report, and independent audit is specific to the requirements of the CWA. They are derived from CWSRF specific sources that are not duplicated elsewhere and are designed to capture different aspects of CWSRF activity. The intended use plan provides EPA with a detailed roadmap of how a CWSRF plans to proceed for the upcoming year, while the annual report covers a CWSRF's actual activity. The annual audit provides an independent review of the financial status and management of a CWSRF conducted by certified auditors.

The information collected through CWNIMS and CBR databases is also derived from CWSRF specific sources that are not duplicated elsewhere. Much of the overlap between the information reported in CBR and the annual report is by design. One of the CBR database's primary functions is to provide the CWSRF a convenient means to meet *EPA Order 5700.7, Environmental Results Under Assistance Agreement*. The CBR database allowed a CWSRF to document its compliance with this order in its latest annual report by taking the project level information reported and producing summary statements that could be appended to the document. Though the annual report includes information related to additional subsidization and the GPR, the CWSRFs are asked to enter this information into the CBR database quarterly so that EPA can effectively respond to ongoing congressional inquiries with more recent data.

When CBR data entry became required for all CWSRF assistance in 2010, there was concern about overlap with the program level information already being captured through the NIMS database, specifically project information related to the type of assistance provided, needs and population categories, and construction start and initiation of operation data. This overlap has been addressed by developing a feature that allows CWSRFs to automatically populate overlapping CWNIMS data elements with aggregated CBR data.

The information made available because of the public awareness policy is project specific and no duplication is expected.

5. If the collection of information impacts small businesses or other small entities, describe the methods used to minimize burden.

The respondents for most of the information collection activities are the state environmental departments, and/or finance agencies responsible for operating the CWSRFs. The only information collection activities that could impact small entities is the public awareness policy.

The public awareness policy is not expected to impact small entities since it only applies to a portion of the funding provided annually and a CWSRF has full flexibility in determining which borrowers must comply. Further, the five compliance options allow borrowers to select the least burdensome method for complying with the public awareness policy. As a result, many borrowers are expected to choose the online signage option. It is estimated that only borrowers that are already required by state law to provide promotional material such as signs, posters, and newspapers advertisements will choose the other options provided under the policy.

6. Describe the consequences to federal program or policy activities if the collection is not conducted or is conducted less frequently, as well, as any technical or legal obstacles to reducing burden.

The capitalization grant agreement/intended use plan and annual report are required by the CWA and represent critical components by which EPA awards capitalization grants to the CWSRFs. The capitalization grant agreement/intended use plan is the principal means by which a CWSRF commits to managing its program in conformance to the requirements of the CWA. The annual report and audit are also statutory requirements and provide official documentation that a CWSRF has met this commitment.

The information collected through the CWNIMS and CBR databases is relied upon by the CWSRFs for key planning decisions and is used by EPA for essential program oversight and corrective measures. This information is also critical for effectively responding to ongoing OMB and congressional requests related to the President's budget and annual appropriations. These requests usually revolve around wanting a status update regarding the performance of the CWSRFs. However, EPA is sometimes requested to go beyond this and produce analyses related to national needs and budgetary impacts. Less frequent data collections would severely limit EPA's ability to respond to these high priority requests in a timely manner.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than 3 years;**

- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 CFR 1320.6.

8. If applicable, identify the date and page number of publication in the federal register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.

On January 13, 2020, in Vol. 85 No. 8, pages 1810 to 1811, the Agency published the notice of information collection and request for comments in the Federal Register. No comments were received.

As part of the consultation process, we shared a copy of the ICR renewal with Deirdre Finn, executive director of Council of Infrastructure Financing Authorities, to solicit feedback on the information collection activities and the estimated reporting burden. The Council of Infrastructure Financing Authorities is a national not-for-profit organization that represents state government agencies that are responsible for managing the Clean Water and Drinking Water SRFs. As such, this organization is well positioned to provide feedback on both the nature of the information collection instruments and their estimated burden. No additional comments or concerns were provided.

The Council of Infrastructure Financing Authorities
Deirdre Finn – (850) 445-9619
dfinn@cifanet.org

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payment or gifts are provided to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

No confidential information is collected.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

Questions of a sensitive nature are not found in this information collection.

12. Provide estimates of the hour burden of the collection of information.

During the prior renewal, EPA updated its burden estimates to reflect the significant changes to the CWSRF resulting from the passage of WRRDA. Since there will be little to no change in the information collection activities, the hourly burden estimates were kept the same for this renewal. However, the salary cost estimates have been slightly revised based on data provided by the Bureau of Labor Statistics, U.S. Department of Labor.

To develop the burden estimates, EPA reached out to the following four states: California, Illinois, Georgia, and New Mexico. These states were selected to ensure that EPA received feedback from a cross-section of the various CWSRFs that accounted for differences in size and geographic location. These states were asked to provide their input on the proposed burden (hours and cost) associated with information collection activities.

While the responses varied by state, this was expected given the nature of the information collection activities. Though the Intended Use Plan and Annual Report include required elements, the scope and extent by which states provide information to EPA through these documents can vary. For example, larger and more sophisticated CWSRF programs may need to include additional details covering such things as leveraging activity, specialized financing options, and other program activities. The size and sophistication of a CWSRF program also impacts the level of effort needed to complete the Annual Audit, NIMS, and CBR. The CBR and NIMS databases capture CWSRF activity at the both the state and loan/project level. As a result, the level of effort needed will be proportional to the overall level of activity of the CWSRF. In addition, the level of effort needed to complete an audit will also be dependent on the number of assistance agreements and accompanying transactions a CWSRF conducts in a given year.

Straight averages (rounded) of the state responses were used to derive the burden estimates for most of the information collection activities. The burden estimate associated with NIMS and CBR reporting represents the summation of the total number of hours a CWSRF will spend entering data into these databases over a given year

Except for the annual audit, the respondents for these information collection activities are the 51 State Department of Health, Environmental Department, and/or Finance Agencies responsible for operating the CWSRFs. Only 47 CWSRFs elect to undergo an independent audit. The remaining four CWSRFs instead rely only on the audit conducted under the Single Audit Act.

The burden associated with the Public Awareness Policy is based on EPA's professional judgement that most borrowers will comply with this policy through the online signage option. It is also EPA's judgement that only borrowers that are already required by state law to provide promotional material such as signs, posters, and newspapers advertisements will choose the other options provided under the policy.

EPA estimates that approximately 320 CWSRF borrowers will be affected by the public awareness policy annually. CWNIMS data was used to determine the subset of the total number of borrowers that would be subject to the public awareness policy. This was accomplished by calculating the percentage of federal funding compared to total project funding and applying this percentage to the estimated number of borrower applications.

The estimated salary costs used for CWSRF state staff (\$54.12 per hour) and CWSRF borrowers (\$35.42 per hour) are based on the latest wage rate information provided by the Bureau of Labor Statistics, U.S. Department of Labor. The CWSRF staff salary costs were derived by taking the average of the median wage for state government environmental engineers (\$39.08) and financial/investment analysts (\$28.57) and then multiplying by a factor of 1.6 to capture provided benefits.⁷ The CWSRF borrower salary costs are based on the median wage for Water and Wastewater Treatment Plant and System Operators (\$22.14).⁸ As with CWSRF state salary costs, this wage rate was multiplied by a factor of 1.6 to capture provided benefits.

⁷ https://www.bls.gov/oes/current/naics4_999200.htm

⁸ https://www.bls.gov/oes/current/naics4_221300.htm

Activity	No. of Responses/Year	Hour Per Response	Total Hours Per Year	Cost Per Hour	Total Cost Per Year
Capitalization Grant Agreement/ Intended Use Plan	51	200	10,200	\$54.12	\$552,024
Annual Report	51	110	5,610	\$54.12	\$303,613
Annual Audit	47	770	36,190	\$54.12	\$1,958,603
CBR & NIMS Reporting	51	90	4,590	\$54.12	\$248,411
Public Awareness Policy	320	2	640	\$35.42	\$22,669

Average Annual # of Hours: 57,230
Average Annual Cost: \$3,085,320

Total # of Hours (FFY 2021 to FFY 2023): 171,690
Total Cost (FFY 2021 to FFY 2023): \$9,255,960

13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. (do not include the cost of any hour burden shown in items 12 and 14).

The only non-labor O & M costs are those associated with an independent annual audit. The CWSRFs usually contract the services of an auditing firm to conduct these audits, and the estimated average cost is approximately \$62,300. The total average annual cost for the 47 CWSRFs that elect to undergo an independent audit is estimated to be \$2,928,100

14. Provide estimates of annualized cost to the federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operation expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from items 12, 13, and 14 in a single table.

Estimation of the direct cost to EPA’s oversight of the CWSRFs covers review and analysis of the capitalization grant/intended use plan, annual report, audit, and CWNIMS/CBR data. The estimates reflect EPA’s workload over the 3-year period covered by this information collection. EPA cost estimates are based on average hourly expenditures, including regional and headquarters personnel compensation and benefits.

The estimated average hourly cost of \$66.89 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 \$86,952 from the 2020 GS pay schedule by 2,080 hours in the federal work year.⁹ The hourly rates were then multiplied by the standard government

⁹ <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/RUS.pdf>

benefits multiplication factor of 1.6.

In addition to these costs, EPA also expends \$200,000 a year for contractor support for the CWNIMS and CBR databases. This support includes assisting the CWSRFs with data entry and EPA with data review. The contractor also provides support by addressing any technical issues that prevent the CWSRFs from effectively entering data into these databases.

Activity*	Average Annual Labor Hours	Cost Per Hour	Average Annual Labor Cost	Average Annual O & M Cost	Total Cost Per Year
Capitalization Grant Agreement/ Intended Use Plan	2,525	\$66.89	\$168,897	\$0.00	\$168,897
Annual Report	1,495	\$66.89	\$100,001	\$0.00	\$100,001
Annual Audit	940	\$66.89	\$62,877	\$0.00	\$62,877
CBR & NIMS Reporting	3,876	\$66.89	\$259,266	\$200,000	\$459,266

* The number of respondents is the 51 CWSRFs, with the exception of the Independent Annual Audit (47 respondents). There is no federal burden associated with the public awareness policy.

Average Annual # of Hours: 8,836
Average Annual Cost: \$791,041

Total # of Hours (FFY 2021 to FFY 2023): 26,508
Total Cost (FFY 2021 to FFY 2023): \$2,373,123

15. Explain the reason for any program changes or adjustments in burden estimates from the previous approved ICR.

The respondent average annual hourly burden decreased by 530,156 hours which represents a 90% decrease. The total average annual cost burden decreased by \$24,102,575 (or 80%). The table below presents a summary of the adjustments in burden estimates from the previously approved ICR. These adjustments are due to several changes:

Activity	Reason*	Previous Burden	New Burden	Difference
Capitalization Grant Agreement/ Intended Use Plan (Hours)	NC	10,200	10,200	0
Capitalization Grant Agreement/ Intended Use Plan (Cost)	A	\$561,918	\$552,024	(\$9,894)
Annual Report (Hours)	NC	5,610	5,610	0
Annual Report (Cost)	A	\$309,055	\$303,613	(\$5,442)
Annual Audit (Hours)	NC	36,190	36,190	0
Annual Audit (Cost)**	A	\$4,921,807	\$4,886,703	(\$35,104)
CBR & NIMS Reporting (Hours)	NC	4,590	4,590	0
CBR & NIMS Reporting (Cost)	A	\$252,863	\$248,411	(\$4,452)
CWSRF Applications - Borrower and Review (Hours)	A	530,010	0	(530,010)
CWSRF Applications - Borrower and Review (Hours)	A	\$24,041,254	\$0	(\$24,041,254)
Public Awareness Policy (Hours)	A	786	640	(146)
Public Awareness Policy (Cost)	A	\$29,098	\$22,669	(\$6,429)
Total (Hours)		587,386	57,230	(530,156)
Total (Cost)		\$30,115,995	\$6,013,420	(\$24,102,575)

*A = Adjustment; PC = Program Change, NC = No Change

** Includes the average annual O & M cost of \$2,928,100 associated with the hiring a firm to conduct the audit

- The hourly cost estimate for CWSRF state staff was slightly decreased from \$55.09 per hour to \$54.12 per hour. Likewise, the hourly cost estimate for the CWSRF borrower was slightly decreased from \$37.02 per hour to \$35.42 per hour. These adjustments impact all cost burden estimates accordingly.
 - The previous estimates were developed by the Office of Groundwater and Drinking Water using the expertise of a contractor as part of their effort in renewing the ICR for the DWSRF.
 - The new cost estimates are based on the latest data available from Bureau of Labor Statistics, U.S. Department of Labor.
- The Office of Management and Budget provided additional guidance, recommending that the burden associated with the CWSRF applications be removed as part of this ICR renewal. Specifically, the Office of Management and Budget noted that it was appropriate to exclude this burden since 1): states have a significant degree of discretion in what information they solicit through the CWSRF applications and 2): CWSRF applications are not subject to EPA approval.

- The burden of the public awareness policy was slightly decreased from 786 hours to 640 hours. Though the estimate of the total number of borrowers is expected to increase, it is also estimated that the proportion of borrowers that will be impacted by this requirement will be lower given the increase of SRF funding relative to the federal investment in recent years.

16. For collections of information whose results will be published, outline plans for tabulation, and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

Annual state and national reports reflecting the latest CWNIMS data are posted in the early part of every calendar year on EPA's website. Reports showing the assistance agreements reported in the CBR database are also posted online on a quarterly basis. These reports are made publicly available at <http://www.epa.gov/cwsrf/clean-water-state-revolving-fund-cwsrf-results>.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

The Agency plans to display the expiration date for OMB approval of the information collection on all instruments.

18. Explain each exception to the "Certification for Paperwork Reduction Act Submissions" in ROCIS.

The Agency is able to certify compliance with all provisions of the certification statement.

B. Statistical Methods (used for collection of information employing statistical methods)

Statistical methods are not used with this collection.