U.S. Environmental Protection Agency
Information Collection Request

Title: Information Collection Request (ICR) Supporting Statement for Clean Water State Revolving Fund and Drinking Water State Revolving Fund Programs OMB NO. 2040-0185, EPA ICR NO. 1803.10.

OMB Control Number: 2040-0185

EPA ICR Number: 1803.10

Abstract: The information collection activities will occur primarily at the program-level through the State Capitalization Grant Agreement/Intended Use Plan and Annual Report. The information on the Intended Use Plan (IUP) is needed annually to describe how the state intends to use available State Revolving Fund (SRF) funds for the year to meet the objectives of the Clean Water Act (CWA) or Safe Drinking Water Act (SDWA) and to further the goal of protecting public health. The Annual Report is needed to provide detailed information on how the state has met its goals and objectives of the previous fiscal year as stated in the IUP and Grant Agreement. The CWA and SDWA require this information to ensure the national accountability, adequate public review and comment, fiscal integrity, and consistent management needed to achieve public health and statutory compliance objectives.

Title VI of the CWA of 1987 established the Clean Water State Revolving Fund (CWSRF) program, which replaced the Environmental Protection Agency's (EPA) 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. The 1996 Amendments to the SDWA created the Drinking Water State Revolving Fund (DWSRF). Much like the CWSRF, each state and Puerto Rico has its own DWSRF, outlined in 40 CFR Part 35, Subpart L.

A state's CWSRF and DWSRF include funds provided by federal capitalization grants, state match, repayments from prior assistance agreements, interest that has been repaid to the SRF, and investment income. In some cases, a state SRF 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 and drinking water protection activities.

The CWSRF and DWSRF were established as low-interest sources of funding for a wide range of water infrastructure projects and have the flexibility to provide assistance beyond low-interest loans. States have the authority to use the SRFs to issue and refinance loans, purchase or guarantee local debt, and purchase bond insurance. States may also set specific terms such as interest rates and repayment periods. The SRFs can also issue loan guarantees, and in 2009, Congress authorized states to provide further financial assistance via the SRF programs in the form of grants, principal forgiveness, and negative interest rate loans. Under the DWSRF, a state may, at its discretion, establish disadvantaged community criteria and offer negative interest rates, principal forgiveness, and/or an extended repayment term to communities meeting such criteria.

Congress provides EPA annual appropriations for providing capitalization grants to state SRFs. EPA awards these grants to each state upon the state's submission of a grant application, which includes an IUP. While EPA provides oversight that ensures that states' procedures are consistent with the CWA or

SDWA and accompanying regulations, the CWA and SDWA authorize the states to structure and manage their SRF programs to meet state objectives and address state water quality and public health priorities. Additional information about the CWSRFs and DWSRFs are available at http://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf and https://www.epa.gov/dwsrf/how-drinking-water-state-revolving-fund-works#tab-1, respectively.

This proposed ICR would renew the Office of Management and Budget (OMB) Number 2040-0185 DWSRF ICR and OMB Number 2040-0118 CWSRF ICR and provides updated estimates of the reporting burden associated with the information collection activities. As further noted below and in the FRN, the estimated reporting burden hours for this proposed ICR is lower than the burden under the currently approved ICR.

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

a. Capitalization Grant Agreement/Intended Use Plan

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 CWA or 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 EPA Regional Administrator. Information on how an SRF program intends to use its funds for the upcoming year to meet the objectives of the CWA or SDWA can be found in the IUP. The agreement is a general instrument to legally commit the state and EPA to execute their responsibilities under the CWA or SDWA.

b. Annual Report

The Annual Report indicates how the state has met its goals and objectives of the past fiscal year 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 CWSRF or 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 key provisions of the CWA or SDWA. Financial information from the Annual Report may be entered into the SRF Data System.

c. State Audit

A state must comply with the provisions of the Single Audit Act Amendments of 1996. The Audit must contain an opinion on the financial condition of the SRF programs, a report on its internal controls, and a report on compliance with applicable laws and the CWA or SDWA. The EPA also recommends that each a state conduct an annual independent audit of its SRF programs, consistent with best management practices.

d. Financial and Project Data

To meet the CWA and SDWA objectives of "promoting the efficient use of fund resources," states must enter financial data, including project commitments and disbursements, into the SRF Data System on an annual basis. These data, also available to the public, are used by EPA to assess compliance with the Program's mandate to use all funds in an "expeditious and timely" manner and achieve maximum environmental benefits from the Fund. Project-level data are collected on a quarterly basis using the SRF Data System to ensure CWA and SDWA eligibility and to highlight the projected environmental and health benefits from SRF projects.

e. SRF Public Awareness Requirements and Activities

Per EPA Grants Policy Issuance (GPI) 14-02: Enhancing Public Awareness of EPA Assistance Agreements, SRF borrowers must publicize EPA's involvement in project funding up to the funding amount in each year's capitalization grant. The SRFs have various options to meet this requirement. Under this ICR, the SRFs also will collect information from state programs to provide examples for case studies, fact sheets, and recognition programs. The documents often require collection of additional information above and beyond what can be found in the SRF documents and data system. This information will be collected from the state SRF programs.

With the exception of some public awareness requirements, the respondents for the information collection activities are the state environmental departments, state departments of health, and/or finance agencies responsible for operating the SRFs. The public awareness requirements directly impact SRF borrowers that are designated as recipients of federal funds.

Compared to the previously approved ICR, the annual hourly and cost burdens have been decreased by 14,966 hours and increased by $313,055, respectively. This change in hourly burden is driven primarily by the end of appropriations provided through fiscal year 2026 to both SRF programs under the Infrastructure Investment and Jobs Act. The cost increase is driven primarily by an overall increase in hourly wages.

Supporting Statement A

1. NEED AND AUTHORITY FOR THE COLLECTION

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 and Section 1452 of SDWA provides the statutory basis for having a state SRF program prepare and submit a Capitalization Grant Agreement, IUP, Annual Report, and State Audit. EPA also requires that the SRFs periodically enter financial and project level information into the SRF Data System. The SRF Data System provides EPA with the information needed to effectively evaluate the performance of the SRFs and to ensure compliance with statutory and other federal requirements.

Prior to awarding a capitalization grant, EPA must have sufficient assurances that a CWSRF and DWSRF will be managed in compliance with the CWA and SDWA. To ensure that EPA receives these assurances, the CWA and SDWA provides specific instructions to the state for developing and submitting the Capitalization Grant Agreement. The contents of the Capitalization Grant Agreement are governed by CWA Section 602 and SDWA Section 1452, which lists the assurances and certifications an SRF must provide to EPA. As part of the capitalization grant agreement, a state must submit an IUP that is developed in accordance with CWA Section 606(c) and SDWA Section 1452(a)(1). In addition to mandating the minimum level of information that must be included in the IUP, Section 606(c) and Section 1452(b)(1) also requires that an SRF provide an opportunity for public comment before the plan can be submitted to EPA for review. The IUP must also reflect how an SRF will comply with other federal requirements. These federal requirements are usually included in annual appropriation acts.

To help ensure that there is sufficient oversight of the SRFs, the CWA and SDWA also require that an SRF annually submit a report to EPA and undergo an audit. For the DWSRF, the requirement is a Biennial Report, but the program encourages states to submit reports annually and for purposes of this ICR will consider this an annual activity like the CWSRF. Under CWA Section 606(d) and SDWA Section 1452(g)(4), an SRF is required to develop and submit an Annual Report describing how it has met the goals and objectives included in the previous year's IUP. The Annual Report must also include detailed information on the financial assistance provided through the SRF program over the past year, including identifying the loan recipients, assistance amounts and terms, and other related information. CWA Section 606(b) and SDWA Section 1452(g)(4) requires each SRF to have an annual audit that is conducted in accordance with the auditing procedures of the Government Accountability Office to ensure the proper usage of all SRF funds.

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

The SRFs are required to submit program-level financial data annually through the SRF Data System, including loan amounts, disbursements, repayments, and other critical information. The data collected supports Section 606(e) of the CWA and 1452(g)(4) of the SDWA, which require EPA to conduct annual oversight reviews of the SRFs. The SRF Data System complements the Annual Report and Audit by providing a current snapshot of financial activity and the extent by which the SRFs funds have been committed and disbursed for projects. The SRF Data System also provides an overview of the types of projects and the recipients receiving SRF funding. This comprehensive overview on program activity allows EPA to discuss the future direction of the SRFs with each state and proactively address potential future concerns.

The SRF Data System is also instrumental in allowing EPA to document the progress of the SRFs in addressing the nation's water infrastructure needs to the public and Congress. The data collected by this system is made available to the public and greatly supports outreach efforts by EPA to key state, water industry, and other stakeholders, as well as to respond to requests from Congressional appropriations and authorizing committees with jurisdiction over EPA's environmental infrastructure programs.

Since 2010, Congress has included several major provisions in the annual appropriations that affected the SRFs. For the CWSRF, Congress has included a 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. For both SRFs, 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 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.

State SRF programs are required to enter project-level information into the SRF Data System on a quarterly basis to ensure EPA can both internally track state progress toward meeting federal requirements and can provide a timely response to inquiries from Congress, stakeholders, and the public.

The *EPA Grants Policy Issuance (GPI) 14-02: Enhancing Public Awareness of EPA Assistance Agreements* requires SRF borrowers designated as recipients of federal funds to publicize EPA's involvement in the funding of the project. The purpose of these requirements is to enhance public awareness of EPA assistance agreements nationwide and communicate the positive impact and benefits of EPA funding around the country. These requirements went into effect in FY 2015.

2. PRACTICAL UTILITY/USERS OF THE DATA

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 current collection.

The information collection activities serve several important functions. Foremost, they are the means by which EPA can assess whether the SRFs are being properly managed. They factor heavily in EPA's determination of whether an SRF should be awarded a capitalization grant. The Capitalization Grant Agreement/IUP not only provides detailed information on how an SRF will operate its program in the upcoming year, but it is also instrumental in legally binding an SRF to fulfilling its responsibilities under the CWA or SDWA. Working in concert with the Capitalization Grant Agreement/IUP are the Annual Report and Audit, which provide EPA with documentation that an SRF is actually operating in compliance with the CWA or SDWA and thus sufficiently meeting the assurances provided through the Capitalization Grant Agreement/IUP. While the financial and project information collected by the SRF Data System supports program oversight, it also provides transparency for the public and facilitates prompt and effective responses to stakeholder inquiries. Public awareness requirements better inform the public of the role EPA has in supporting SRF-funded projects that yield numerous economic and environmental benefits.

Although the EPA oversees the general operations of the SRF programs as part of its Annual Review process, each state SRF program plays the lead role in reviewing and approving individual applications for SRF financial assistance.

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

3. USE OF TECHNOLOGY

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

The SRF Data System is hosted by EPA and can be accessed online. Once a state successfully creates an account, it has full access to submit and review data via the online interface.

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

4. EFFORTS TO IDENTIFY DUPLICATION

Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

Duplication of effort is not expected. The information collected through the IUP, Annual Report, and Audit is specific to the requirements of the CWA and SDWA. They are derived from CWSRF- or DWSRF-specific sources that are not duplicated elsewhere and are designed to capture different aspects of CWSRF or DWSRF activity. The IUP provides EPA with a detailed roadmap of how a CWSRF or DWSRF plans to proceed for the upcoming year, while the Annual Report covers a CWSRF's or DWSRF's actual activity. The annual audit provides an independent review of the financial status and management of a CWSRF or DWSRF conducted by certified auditors. The financial and project information collected through the SRF Data System is also derived from CWSRF- or DWSRF-specific sources that are not duplicated elsewhere. The information made available because of the public awareness requirements are project specific and no duplication is expected.

5. MINIMIZING BURDEN ON SMALL BUSINESSES AND SMALL ENTITIES

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

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

The public awareness policy is expected to minimally impact small entities since it only applies to a portion of the funding provided annually and an SRF 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. EPA is requesting comment on this existing policy and whether the requirements it imposes upon borrowers should remain in the SRF ICR.

6. EFFECTS OF LESS FREQUENT COLLECTION:

Describe the consequence 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/IUP and Annual Report are required by the CWA and SDWA and represent critical components by which EPA awards capitalization grants to the CWSRFs and DWSRFs. The Capitalization Grant Agreement/IUP is the principal means by which a CWSRF or DWSRF commits to managing its program in conformance to the requirements of the CWA or SDWA. The Annual Report and Audit are also statutory requirements and provide official documentation that a CWSRF or DWSRF has met this commitment.

The project and financial data collected through the SRF Data System are relied upon by the CWSRFs and DWSRFs 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. Less frequent data collections would severely limit EPA's ability to respond to these high priority requests in a timely manner.

7. GENERAL GUIDELINES

Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

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

8. PUBLIC COMMENT AND CONSULTATIONS

8a. Public Comment

If applicable, provide a copy and 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 May 5, 2026, in Vol. 91 No. 86, pages 24231 to 24233, the Agency published the notice of information collection and request for comments in the *Federal Register*. No public comments were received.

8b. Consultations

Describe efforts to consult with persons outside the Agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported. Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years - even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

As part of the consultation process, we contacted the 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 CWSRF and DWSRF. We also contacted the Association of State Drinking Water Administrators for feedback. The Association of State Drinking Water Administrators is a professional Association serving state drinking water programs. As such, these organizations are well positioned to provide feedback on both the nature of the information collection instruments and their estimated burden.

9. PAYMENTS OR GIFTS TO RESPONDENTS

Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.

EPA makes no payment or gifts to respondents.

10. ASSURANCE OF CONFIDENTIALITY

Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or Agency policy. If the collection requires a systems of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.

No confidential data is collected.

11. JUSTIFICATION FOR SENSITIVE QUESTIONS

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.

EPA is not collecting any information that is of a sensitive nature.

12. RESPONDENT BURDEN HOURS & LABOR COSTS

Provide estimates of the hour burden of the collection of information. The statement should:

- *Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Generally, estimates should not include burden hours for customary and usual business practices.*
- *If this request for approval covers more than one form, provide separate hour burden estimates for each form and the aggregate the hour burdens.*
- *Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included as O&M costs under non-labor costs covered under question 13.*

12a. Respondents/NAICS Codes

For the SRF, the respondents for most of the information collection activities are the state environmental departments, state departments of health, and/or finance agencies responsible for operating the SRFs (NAICS Code # 999200). An exception is the public awareness requirements, which directly impacts SRF borrowers (NAICS Code # 999300) that are designated as recipients of federal funds.

12b. Information Requested

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

<u>Capitalization Grant Agreement/Intended Use Plan</u>

The Capitalization Grant Agreement is the principal instrument by which a CWSRF or DWSRF commits to manage its program in conformance with the requirements of the CWA or SDWA 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 or DWSRF administrative budget information, IUP, 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 IUP. This document not only covers what a CWSRF or DWSRF plans to accomplish for the upcoming year, but also provides EPA with detailed information on how a CWSRF or DWSRF 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. 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 CWA section 603(d)(7) and SDWA section 1452(g)(2).
- Documentation for how the CWSRF or DWSRF plans to provide the required 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 the state will enter into binding commitments on projects to ensure that it meets the requirement that it enter into binding commitments equal to the federal grant payment and accompanying state match within one year of receipt of a grant payment. The IUP must also document the procedure by which grant funds will be drawn from the federal treasury into the CWSRF or DWSRF.
- A summary of the CWSRF's or DWSRF'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 the state will maintain the long-term health of the Fund. To the extent known, the IUP 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:
    - Conducting environmental reviews according to its own established State Environmental Review Process.
    - Expending all funds in a timely and expeditious manner.
    - For CWSRF, the Capitalization Grant Agreement requirements added by the Water Resources Reform and Development Act (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 Federal Funding Accountability and Transparency Act, federal crosscutters, and other federal requirements (e.g., American Iron and Steel and Build America, Buy America).
- 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 or DWSRF plans to fund. This list should include the following:
    - Project description sufficiently detailed to determine project eligibility.
    - Type and amount of financial assistance.
    - Documentation that any project meeting the definition of a publicly owned treatment work was ranked based on the state's project priority setting system (CWSRF only).

    - National Pollutant Discharge Elimination System (NPDES) permit number (CWSRF only).
    - For CWSRF, 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 or DWSRF 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 each project is eligible under the CWA or SDWA.

The CWSRF and DWSRF are required by the CWA and SWDA to make the IUP available for public comment and review. EPA is also provided an electronic copy for review. Once a CWSRF or DWSRF makes any necessary revisions based on these comments, the CWSRF or DWSRF submits the final IUP through grants.gov as part of the Capitalization Grant Agreement package.

<u>Annual Report</u>
As required by the CWA and SDWA, an annual report must be submitted to EPA covering program activities for the past year. The Annual Report must illustrate the progress an SRF has made towards meeting the goals and objectives of the previous fiscal year's IUP and capitalization grant agreement. 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 fiscal year. Similarly, the Report must document a CWSRF's or DWSRF's compliance with the assurances included as part of the IUP.

The Report must also provide detailed information on actual assistance provided, including loan recipients, loan amounts, loan terms, project details, and similar details on other forms of assistance. For the CWSRF, this information must note whether a project is being counted towards the GPR requirement. Additionally, a CWSRF or DWSRF must include whether a project received additional subsidization and supporting rationale for why it was eligible to receive such assistance.

A CWSRF or DWSRF must also submit detailed financial statements as part of the Report that provide a summary of its financial stability. If an audit has not yet been completed, the 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 operations.

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

<u>State Audit</u>
Section 606(b) of the CWA and section 1452(g)(4) of the SDWA requires that an SRF undergo an annual state audit consistent with the auditing procedures of the Government Accountability Office, including chapter 75 of title 31, United States Code. Though an audit conducted under the Single Audit Act meets this requirement, states are encouraged to conduct an annual financial and compliance audit of the SRFs and its operations. The state may designate an independent auditor of the state to carry out its audit or may contractually procure the service.

State CWSRF and DWSRF programs usually rely 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 or DWSRF 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 or DWSRF 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 or DWSRF 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 or DWSRF is not in compliance with one or more federal or state requirements. Working with EPA, a CWSRF or DWSRF must take steps to address these recommendations.

Financial and Project Data

The financial and project data collected by the SRF Data System supports EPA oversight responsibilities and public outreach efforts. Both databases are hosted by EPA and can be accessed at the following web address: https://owsrf.epa.gov/. The CWSRFs and DWSRFs use this website to establish an account and submit data in the SRF Data System.

During the summer of each year, the CWSRFs and DWSRFs complete the financial data entry for the reporting period of July 1 to June 30. Once the CWSRFs and DWSRFs 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 or DWSRFs to address any questions or concerns regarding the most recent entries. A summary of what must be reported into the SRF Data System 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 CWSRFs and DWSRFs are required to enter project-level information into the SRF Data System no less frequently than on a quarterly basis. Unlike the financial data, the information captured by the project-level data focuses on loan and project-level details. More importantly, the SRF Data System also captures the projected environmental and public health benefits associated with the SRF-funded projects.

The data collected through the SRF Data System are used to generate a variety of state and national reports that cover various aspects of the CWSRF or DWSRF activity. These reports contain detailed information on CWSRF and DWSRF activity as it relates to funding levels and the types of projects being funded. These reports also provide detailed information on CWSRF and DWSRF 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 or DWSRF. This is usually included as part of the annual review; however, an issue may be raised sooner if warranted.

The data are also crucial to EPA's ability to respond to inquiries from Congress, OMB, GAO, and other stakeholders. Data from the SRF Data System have 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. Information from the SRF Data System 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 the SRF Data System is pivotal to EPA's ability to produce informational material that highlights the national trends in CWSRF and DWSRF 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 and https://www.epa.gov/dwsrf/reports-and-fact-sheets-about-drinking-water-state-revolving-fund-dwsrf.

Public Awareness Requirements

Per *EPA Grants Policy Issuance (GPI) 14-02: Enhancing Public Awareness of EPA Assistance Agreements*, borrowers receiving CWSRF or DWSRF funds must publicize EPA's involvement in project funding. EPA has issued guidance to assist the CWSRFs, DWSRFs, and borrowers in meeting this requirement.[6]
The requirements from this policy only apply to funding up to the amount of each year's capitalization grant and states may choose the borrowers that will be subject to them. It is at the discretion of the CWSRF and DWSRF 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, CWSRF, and DWSRF 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

As noted in Section 5 above, EPA is requesting comment on this existing policy and whether the requirements it imposes upon borrowers should remain in the SRF ICR.

Lastly, as part of public awareness, EPA develops materials that share best practices, factsheets, case studies, and other information on SRF projects and program performance. The documents often require collection of additional information above and beyond what can be found in the SRF documents and data system. This information is collected from the state SRF programs.

12c. 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;
- Annual Report;
- Most recent Audit; and
- Financial and Project Information provided via the SRF Data System.

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.

12d. Respondent Burden Hours and Labor Costs

The estimated salary costs used for SRF state staff $70.99 per hour and SRF borrowers $46.34 per hour are based on the latest wage rate information provided by the Bureau of Labor Statistics, U.S. Department of Labor. The SRF staff salary costs were derived by taking the average of the median wage for state government environmental engineers ($49.29) and financial/investment analysts ($39.45) and then multiplying by a factor of 1.6 to capture provided benefits. SRF borrower salary costs are based on the median wage for water and wastewater treatment plant and system operators ($28.96) and then multiplying by 1.6 to capture provided benefits.

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Activity	No. of Responses Per Year	Hour Per Response	Total Hours Per Year	Cost Per Hour	Annual Operations and Management Cost	Total Annual Cost
CWSRF Capitalization Grant Agreement/Intended Use Plan	51	263	13,396	$70.99	$0.00	$950,982
DWSRF Capitalization Grant Agreement/Intended Use Plan	51	343	17,493	$70.99	$0.00	$1,241,828
CWSRF Annual Report	51	149	7,599	$70.99	$0.00	$539,453
DWSRF Annual Report	51	164	8,364	$70.99	$0.00	$593,760
CWSRF State Audit	51	322	16,422	$70.99	$3,177,300.00	$4,343,098
DWSRF State Audit	51	305	15,555	$70.99	$3,177,300.00	$4,281,549
CWSRF Financial and Project Data	51	101	5,151	$70.99	$0.00	$365,669

DWSRF Financial and Project Data	51	109	5,559	$70.99	$0.00	$394,633
CWSRF Public Awareness Requirements	320	3	960	$45.10	$0.00	$67,560
DWSRF Public Awareness Requirements	320	3	960	$45.10	$0.00	$113,472
CWSRF Information for case studies, fact sheets, and best practices	51	1	51	$70.99	$0.00	$3,620.49
DWSRF Information for case studies, fact sheets, and best practices	51	1	51	$70.99	$0.00	3,620.49

Annual Number of Responses:	1150
Annual Time Burden	91,561
Annual (non-labor) Cost Burden	$6,354,600

13. RESPONDENT CAPITAL AND O&M COSTS

Provide an estimate for 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 already reflected on the burden worksheet).

The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should consider costs associated with generating, maintaining, and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling, and testing equipment; and record storage facilities. If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collections services should be a part of this cost burden estimate.

Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

The only operations and maintenance costs are those associated with an independent annual audit. The SRFs 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 102 SRFs (51 CWSRF and 51 DWSRF) to undergo an independent audit is estimated to be $6,354,600.

14. AGENCY COSTS

Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such *as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.*

14a. Agency Activities

Estimation of the direct cost to EPA's oversight of the SRFs covers review and analysis of the Capitalization Grant/IUP, Annual Report, Audit, and SRF Data System financial and project data. The estimates reflect EPA's workload over the three-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 $77.26 for EPA headquarters and regional personnel is based on the General Schedule (GS) 12, Step 05 level (Rest of United States). The hourly estimates were calculated by dividing the annual compensation of $100,400 from the 2025 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.

14b. Agency Labor Cost

Activity*	Average Annual Labor Hours	Cost Per Hour	Average Annual Labor Cost	Annual Operations and Management Cost	Total Annual Cost
CWSRF Capitalization Grant Agreement/IUP	2,525	$77.26	$195,081.50	$0.00	$195,081.50
DWSRF Capitalization Grant Agreement/IUP	2,525	$77.26	$195,081.50	$0.00	$195,081.50
CWSRF Annual Report	1,495	$77.26	$115,503.70	$0.00	$115,503.70
DWSRF Annual Report	1,495	$77.26	$115,503.70	$0.00	$115,503.70
CWSRF State Audit	940	$77.26	$72,624.40	$0.00	$72,624.40
DWSRF State Audit	940	$77.26	$72,624.40	$0.00	$72,624.40
CWSRF Financial and Project Data	3,876	$77.26	$299,459	$50,000	$349,459
DWSRF Financial and Project Data	3,876	$77.26	$299,459	$50,000	$349,459

14c. Agency Non-Labor Costs

In addition to these costs, EPA also expends $50,000 a year for contractor support for the SRF Data System. This support includes assisting the SRFs with data entry and EPA with data review. The contractor also provides support by addressing any technical issues that prevent the SRFs from effectively entering data into these databases.

15) CHANGE IN BURDEN

Explain the reasons for any program changes or adjustments reported in the burden or capital/O&M cost estimates.

IIJA appropriations for CWSRF and DWSRF programs end in FY 2026. Following the end of the IIJA grants, EPA expects burden hours to decrease due to CWSRF state programs receiving 2 less grants per year and DWSRF state programs receiving 3 less grants per year.

Change in CWSRF Capitalization Grant Agreement/IUP
There is a decrease of 6,392 hours due to end of IIJA grants following the 2026 appropriation.

Change in DWSRF Capitalization Grant Agreement/IUP
There is a decrease of 4,386 hours due to the end of IIJA grants following 2026 appropriation.

Change in CWSRF Annual Report
There is no change in CWSRF Annual Report Burden.

Change in DWSRF Annual Report
There is no change is DWSRF Annual Report Burden

Change in CWSRF State Audit
There is no change in CWSRF state audit burden

Change in DWSRF State Audit
There is no change in CWSRF state audit burden

Change in CWSRF Financial and Project Data
There is no change in CWSRF Financial and Project Data burden

Change in DWSRF Financial and Project Data
There is no change in DWSRF Financial and Project Data burden

Change in CWSRF Public Awareness Requirements
There is a decrease of 1,076 hours primarily due to a reduced number of federally funded projects following the final IIJA grants in 2026.

Change in DWSRF Public Awareness Requirements
There is a decrease of 3,112 hours primarily due to a reduced number of federally funded projects following the final IIJA grants in 2026.

16) PUBLICATION OF DATA

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.

The information collected under this ICR will be used to generate reports, case studies, and factsheets that will be posted on EPA's website.

17) DISPLAY OF OMB CONTROL NUMBER AND EXPIRATION DATE ON INSTRUMENTS

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 EPA is not seeking approval to not display the expiration date for the OMB approval of the information collection.

18) CERTIFICATION STATEMENT

Explain each exception to the topics of the certification statement identified in "Certification for Paperwork Reduction Act Submissions."

EPA is not seeking any exceptions to the topics of certification.