



April 2023

AMERICAN RESCUE PLAN ACT

Implementation of Economic Development, Environment, and Wildlife Provisions

GAO Highlights

Highlights of [GAO-23-105795](#), a report to congressional requesters

Why GAO Did This Study

Under ARPA, Congress provided a total of \$3.205 billion to EDA, EPA, and FWS. These funds were to be used by EDA to help communities and regions respond to economic injury, by EPA to address health outcome disparities in underserved communities, and by FWS to prevent zoonotic diseases and to care for animals in zoos and aquariums. These funds were to be used by the end of fiscal year 2022 for EDA and are available until expended for EPA and FWS.

GAO was asked to review these agencies' implementation of ARPA provisions and expenditure of ARPA funds. This report examines how the agencies allocated ARPA appropriations, their procedures for making grant and reimbursement awards, and their plans to monitor these awards.

GAO reviewed agencies' budget data for fiscal years 2021 and 2022 and the first quarter of fiscal year 2023. GAO also reviewed agency spending plans, funding announcements, and agency plans to monitor and audit grant recipients. GAO selected a nongeneralizable sample of 13 grants in total (selected to reflect various funding amounts and project characteristics) and reviewed their files to determine how agencies documented their evaluation of applicants. GAO also interviewed agency officials and compared each agency's grant-making and monitoring procedures against federal requirements.

View [GAO-23-105795](#). For more information, contact William B Shear at (202) 512-8678 or ShearW@gao.gov or J. Alfredo Gómez at (202) 512-3841 or GomezJ@gao.gov.

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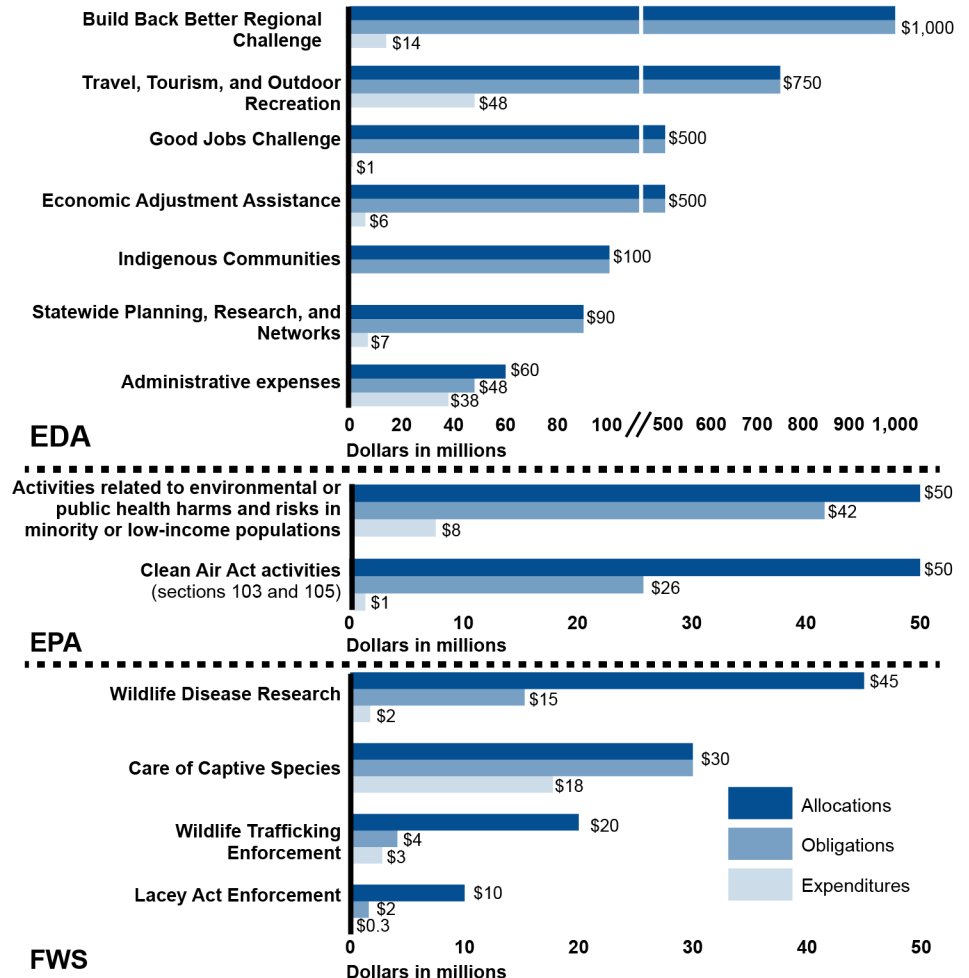
AMERICAN RESCUE PLAN ACT

Implementation of Economic Development, Environment, and Wildlife Provisions

What GAO Found

In the American Rescue Plan Act of 2021 (ARPA), Congress sought to help address public health and economic effects of the COVID-19 pandemic by providing \$3 billion to the Economic Development Administration (EDA), \$100 million to the Environmental Protection Agency (EPA), and \$105 million to the U.S. Fish and Wildlife Service (FWS). EDA allocated its appropriation largely toward grants intended to create jobs. EPA funded activities addressing public health harms, and FWS expanded agency services for such things as wildlife disease research and trafficking enforcement. As of the first quarter of fiscal year 2023, EDA had obligated nearly 100 percent, EPA 67 percent, and FWS 49 percent of their appropriations.

Status of American Rescue Plan Act Appropriations, by Selected Agency, as of End of First Quarter Fiscal Year 2023



Sources: GAO analysis of data from the Economic Development Administration (EDA), Environmental Protection Agency (EPA), and U.S. Fish and Wildlife Service (FWS). | GAO-23-105795

The agencies are largely using their existing procedures to distribute ARPA appropriations to external organizations, with some modifications. For example, for one initiative, EDA established a new prescreening process intended to limit time spent assessing less competitive applications. This change was made to streamline the review process and accommodate the larger volume of applications. EPA conducted legal reviews of ARPA applications earlier than usual in its review process to expedite eligibility determinations. This allowed EPA to identify when certain activities of a proposed project were not eligible for ARPA funding. FWS created a reimbursement program for zoos and aquariums and established procedures to ensure recipients did not receive payment for the same activity under more than one COVID-19 relief program.

To mitigate risks, such as fraud or poor performance, the agencies applied their standard assessment procedures for assessing ARPA applicants. For example, they used government-wide databases to obtain information about applicants' eligibility and past performance using federal funds. For applicants without prior federal funding, the agencies obtained information on applicants' financial management, organizational capacity, and other factors.

Once funds are awarded, all three agencies plan to monitor ARPA awards using their existing procedures. These monitoring activities are based on relevant regulations and require such activities as periodic financial and performance reporting. Awards exceeding \$750,000 are subject to financial and compliance audits. In addition, the inspectors general that oversee EDA and EPA plan to oversee awards that used ARPA funds.

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Abbreviations

ARPA	American Rescue Plan Act of 2021
AZA	Association of Zoos and Aquariums
EDA	Economic Development Administration
EPA	Environmental Protection Agency
FWS	U.S. Fish and Wildlife Service
OMB	Office of Management and Budget

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April 26, 2023

The Honorable Shelley Moore Capito
Ranking Member
Committee on Environment and Public Works
United States Senate

The Honorable Cathy McMorris Rodgers
Chair
Committee on Energy and Commerce
House of Representatives

The Honorable Bruce Westerman
Chair
Committee on Natural Resources
House of Representatives

The Honorable Sam Graves
Chair
Committee on Transportation and Infrastructure
House of Representatives

The COVID-19 pandemic had profound public health and economic effects in many areas of life in the United States. For example, Americans suffered more than 1 million deaths attributable to the disease and experienced widespread job losses. To help address these effects, Congress enacted the American Rescue Plan Act of 2021 (ARPA).¹ The act greatly expanded some agencies' previous funding levels, allowing them to increase capacity in existing programs and create new programs. Among the agencies that received these funds were the Economic Development Administration (EDA), the Environmental Protection Agency (EPA), and the U.S. Fish and Wildlife Service (FWS). Specifically:

- **EDA.** ARPA provided \$3 billion to the Department of Commerce that was utilized by EDA, a bureau within Commerce that focuses primarily on investing in regions experiencing long-term economic distress or sudden economic dislocation. This appropriation is intended, in part, to help communities and regions prevent, prepare for, and respond to economic injury as a result of the COVID-19 pandemic.

¹Pub. L. No. 117-2.

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- **EPA.** ARPA provided \$100 million to EPA, an agency that focuses on protecting human health and the environment. This appropriation is to be used to identify and address disproportionate environmental or public health harms and risks in minority populations or low-income populations and to improve air quality monitoring.
 - **FWS.** ARPA provided \$105 million to FWS, an office within the Department of the Interior that focuses on conserving, protecting, and enhancing fish, wildlife, plants, and their habitats. This appropriation is intended, in part, to help prevent future pandemics related to wildlife and address the effects of the COVID-19 pandemic on facilities providing care for captive species, such as zoos and aquariums.

You asked us to review these three agencies' implementation of ARPA's provisions and expenditures of ARPA funds. This report examines the extent to which (1) EDA, (2) EPA, and (3) FWS allocated, obligated, and expended appropriations to meet the requirements under ARPA, the factors they considered in awarding competitive grants, and how they plan to monitor awards made with ARPA appropriations.²

To examine the extent to which the agencies allocated and obligated their appropriations to meet the requirements under ARPA, we reviewed and analyzed documents prepared by EDA, EPA, and FWS, including spending plans, grant announcements, and other agency documents such as quarterly performance reports. We also interviewed officials at each agency to understand the process and factors they used to allocate their ARPA appropriations, any challenges they faced, and steps they took to mitigate any challenges.

In addition, we analyzed each agency's spending data for fiscal years 2021 and 2022 and the first quarter of fiscal year 2023 to describe the agencies' obligations and expenditures as of the end of calendar year 2022.³ Due to the large number of grants EDA awarded, we also summarized the number and dollar amount of grants EDA awarded to certain grantee types, such as states, territories, and nonprofit organizations. We assessed the reliability of the data by reviewing related

²Throughout this report, we refer to federal competitive and noncompetitive grants and cooperative agreements jointly as "grants." Agencies' grant-making programs may use grants, cooperative agreements, or both.

³Obligation refers to a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States. Expenditure refers to the actual spending of money, also known as an outlay.

documentation, interviewing knowledgeable agency officials, and conducting data testing for missing data, outliers, and obvious errors. We found the data sufficiently reliable for the purposes of describing agency obligations and expenditures for fiscal years 2021 and 2022 and the first quarter of fiscal year 2023.

To examine the factors these agencies considered in making their ARPA award decisions, we reviewed notices of funding opportunity for all programs receiving ARPA funds.⁴ For EDA and EPA, we compared these ARPA funding opportunities to non-ARPA funding opportunities that targeted similar outcomes to determine if any of the selection factors were different. Specifically, we reviewed the agencies' notices published in fiscal years 2019 through 2021. We selected all 17 funding opportunities prepared by EDA during that period and the 10 funding opportunities prepared by EPA that targeted environmental or health harms or air quality monitoring outcomes. We reviewed the three ARPA funding opportunities prepared by FWS, but we did not perform this comparison for FWS grant programs because they were new efforts that targeted new outcomes, and thus there were no previous programs with which to compare.

We examined each notice of funding opportunity for key information, including selection factors and their relative weights, intended outcomes, and monitoring procedures. Two analysts independently reviewed and coded each notice of funding opportunity, then compared the results of their analyses and met to resolve any disagreements. We then analyzed the data obtained to identify key characteristics of the notices of funding opportunity. We also compared ARPA funding opportunities to earlier funding opportunities for EDA and EPA.

In addition, we reviewed selected files for ARPA grants to assess whether they reflected the Office of Management and Budget's (OMB) requirements, referred to as the Uniform Guidance, and each agency's policies for evaluating the risks and merits associated with applicants and

⁴A notice of funding opportunity is a formal announcement of the availability of federal funding through a financial assistance program from an awarding agency. It provides information on the award, who is eligible to apply, the evaluation criteria for selection of an awardee, required components of an application, and how to submit the application.

proposed projects.⁵ These files contained the grantee’s application, certain documents agency officials used to review the applications, and various documents formalizing the awarding of the grant. We selected a nongeneralizable sample of 13 files for competitive grants that used ARPA appropriations. We selected these files to reflect various amounts that each agency awarded under both new and existing programs and various project locations.⁶ This sample of 13 files included six from EDA, five from EPA, and two from FWS.

To conduct the assessment, we identified key required steps and assessed the extent to which the files indicated that the agency completed each of the steps that are required before awarding grants.⁷ We reviewed each of the 13 files for documentation that each agency did the following: reviewed grantees’ proposed budgets, assessed proposals against agencies’ evaluation criteria listed in the relevant notice of funding opportunity, reviewed the applicants’ past performance with managing grant funding, and provided grantees with grant terms and conditions, including performance reporting requirements. For EPA grants, we also reviewed several EPA legal compliance reviews and identified typical factors the agency considered to determine whether a proposed effort was consistent with ARPA legal requirements.

To determine how the agencies plan to monitor grants made with ARPA appropriations, we obtained and reviewed documentation from EDA, EPA, and FWS about their policies and procedures for monitoring grantees. We also interviewed officials from each agency about their planned post-award monitoring activities, such as conducting site visits or reviewing performance reports. We compared each agency’s policies and procedures against OMB requirements for awarding federal grants.

⁵Office of Management and Budget, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (codified at 2 C.F.R. pt. 200), effective for all federal grants awarded starting in December 2014. We identified these requirements by reviewing OMB and agency guidance and discussing the requirements with agency officials.

⁶We selected competitive grants for review so that we could assess agencies’ compliance with required evaluative review procedures, which involve assessing grant proposals against specific criteria. Such procedures are not required for noncompetitive grants.

⁷Throughout this report, we refer to these steps collectively as a “pre-award” process. The files only contained information on the agencies’ pre-award processes because our review took place before agencies were scheduled to complete post-award monitoring activities.

We conducted this performance audit from February 2022 to April 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Agency Missions and Appropriations

Economic Development Administration. EDA awards grants and cooperative agreements to states, territories, and local organizations such as nonprofit organizations, local government agencies, and institutions of higher education. These awards fund economic development, including strategic planning activities, technical assistance, project financing, and the construction or rehabilitation of public infrastructure. Projects are eligible for certain EDA grants if they are located in a region that meets certain economic distress criteria, which are an elevated unemployment rate, a below-average per capita income, or a special need as determined by EDA.⁸ Due to the widespread impact of the COVID-19 pandemic, all communities nationwide were eligible to apply for ARPA assistance under EDA's special need criteria. EDA's total annual appropriation for fiscal year 2022 was approximately \$375 million.⁹

Environmental Protection Agency. EPA, among many activities, develops regulations to meet environmental laws, works with states and Tribes to enforce national environmental standards, and conducts research on environmental issues. EPA also awards grants and cooperative agreements, enters into contracts, and provides technical assistance to state and local governments, federally recognized Tribes, U.S. territories, and community-based organizations to improve the environment and public health conditions of underserved communities.

⁸42 U.S.C. § 3161 and 13 C.F.R. Parts 300 and 301 allow EDA to determine a special need exists for economic disaster recovery investments based on certain unemployment or economic adjustment problems, such as in the event of a natural disaster.

⁹EDA received supplemental funds in addition to its annual appropriation in prior fiscal years. For example, EDA received \$1.5 billion in CARES Act funds in fiscal year 2020, as well as \$600 million in both fiscal years 2018 and 2019 to respond to major disasters.

EPA's total annual appropriation for fiscal year 2022 was approximately \$9.56 billion.¹⁰

U.S. Fish and Wildlife Service. FWS enforces wildlife laws and regulates wildlife trade, including by inspecting wildlife imports to prevent introduction or transmittal of zoonotic diseases and conducting monitoring activities to detect, diagnose, respond to, and prevent future disease outbreaks.¹¹ FWS's total annual appropriation for fiscal year 2022 was approximately \$1.65 billion.

Types of Federal Grants, Requirements, and Award Processes

Federal agencies award grants on a competitive or noncompetitive basis, or enter into cooperative agreements. Competitive grants require potential recipients to submit an application for funding that agencies review and score or assess against criteria. Agencies establish a process for assessing applications in each notice of funding opportunity, which is required to describe all criteria and specify the relative percentages or weights. Agencies may also distribute noncompetitive grants to eligible recipients. For example, some agencies, including EDA, distribute noncompetitive grants according to a formula or by providing each recipient with the same amount. Cooperative agreements differ from grants by providing for substantial involvement of the federal awarding agency in carrying out the activities described by the grant. For example, EDA's cooperative agreements may involve collaboration between EDA and the grantee on the scope of work, selection of key personnel, and monitoring during the project to ensure compliance with statutory requirements.

OMB's Uniform Guidance describes steps federal agencies must take in their pre- and post-award process for awarding grants and cooperative agreements.¹² A federal agency's pre-award process must (1) establish a merit review process with clear and explicit criteria communicated in the funding notice, (2) develop a framework to assess the risks posed by applicants, and (3) review information about applicants available in

¹⁰Grants make up almost half of the EPA's budget, or about \$4 billion annually. The majority of EPA grant dollars are awarded noncompetitively through formula grants, with grantees and dollar amounts determined by statute or regulation. Roughly 11 percent of EPA grant dollars, or about \$500 million annually, are awarded through discretionary grants, for which EPA has the discretion to determine grantees and dollar amounts.

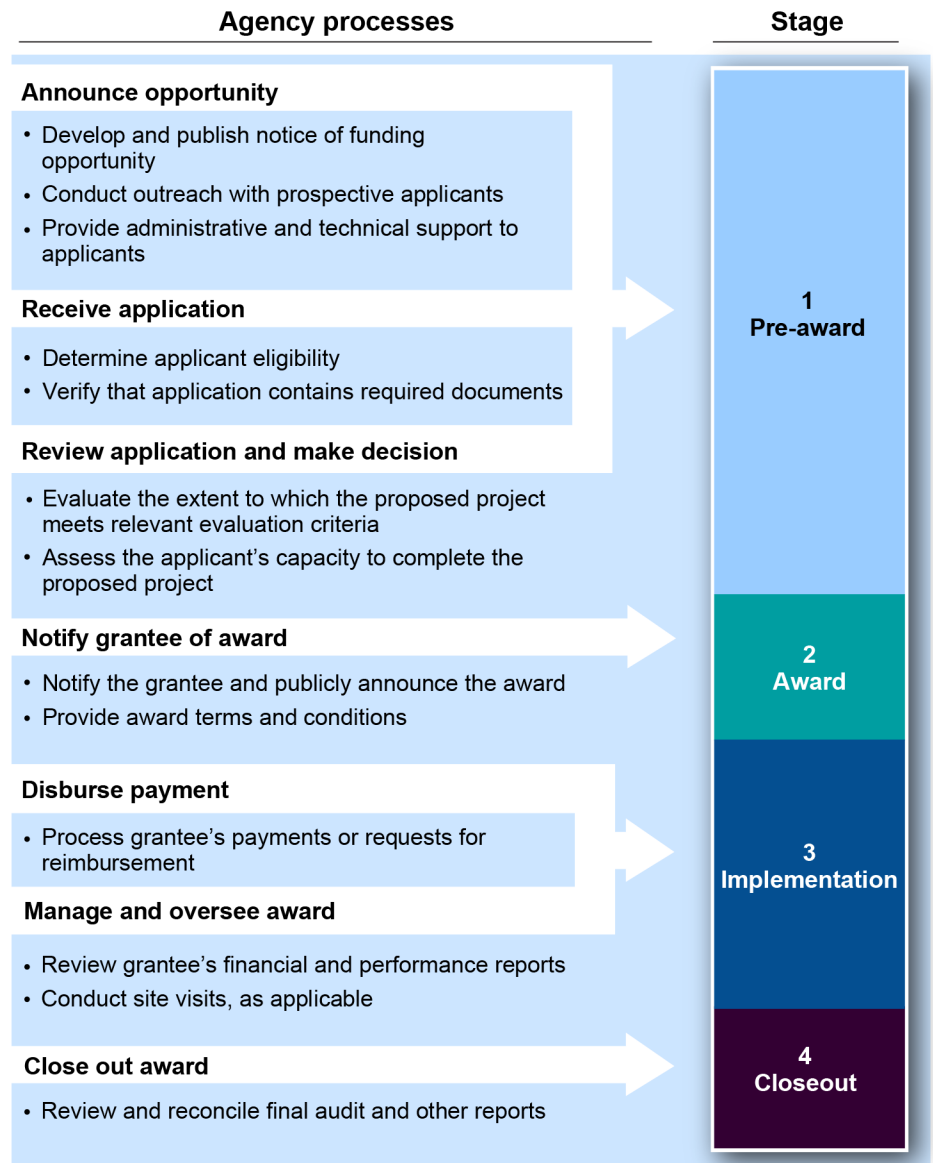
¹¹Zoonotic diseases are caused by pathogens that spread between animals and people. The virus that causes COVID-19, SARS-CoV-2, is a zoonotic virus.

¹²2 C.F.R Part 200.

government-wide databases.¹³ A federal agency's post-award processes must (1) adjust award requirements based on recipient risk, as applicable; (2) communicate terms and conditions to award recipients, including how performance will be reported and assessed; and (3) monitor the results of a single audit, as applicable. These requirements establish a four-stage framework used by most agencies to award grants (see fig. 1).

¹³Some agencies may include additional steps in the pre-award process prior to conducting a merit review. For example, EPA typically screens all applications against threshold eligibility criteria identified in the relevant funding opportunity before the applications are considered eligible and reviewed for merit under the evaluation criteria. Government-wide databases include (1) the System for Award Management, which is used to ensure applicants have maintained an active registration to do business with the U.S. government and to confirm applicants have not been debarred, suspended, or otherwise excluded by agencies; (2) the Federal Awardee Performance and Integrity Information System, which is the system OMB designated for maintaining information about any civil, criminal, or administrative proceedings; and (3) the Federal Audit Clearinghouse, which is the system OMB designated for nonfederal entities to transmit their single audit information in cases where they have exceeded the threshold for completing these audits. A single audit is an organization-wide financial statement and federal awards audit of a nonfederal entity that expends \$750,000 or more in federal funds in 1 year.

Figure 1: Typical Processes for Grants Awarded by Federal Agencies



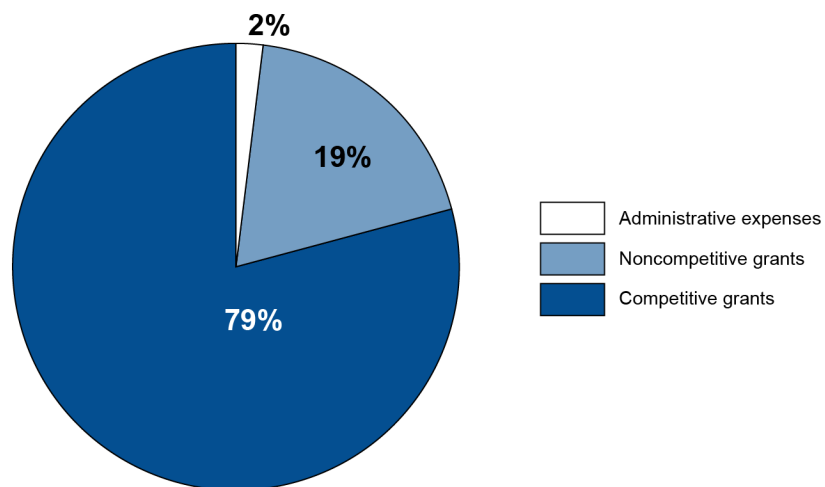
Source: GAO. | GAO-23-105795

EDA Allocated Its Appropriation toward New Programs and Established Some New Evaluation Criteria

EDA Funded New Grant Initiatives and Has Obligated Nearly All of the Funds

ARPA provided \$3 billion to EDA and allowed EDA to use up to 2 percent, or \$60 million, for expenses associated with administering the remaining funds. This portion of the appropriation is available for obligation through September 30, 2027. The rest of the appropriation—at least 98 percent, or \$2.94 billion—was for competitive and noncompetitive grants and available for obligation through September 30, 2022.¹⁴ Figure 2 shows the allocation of EDA’s appropriation. Our analysis of EDA’s planned efforts indicated that they were consistent with ARPA requirements.

Figure 2: EDA’s Planned Allocation of Its American Rescue Plan Act Appropriation, by Spending Type



Source: GAO analysis of Economic Development Administration (EDA) data. | GAO-23-105795

¹⁴Congress generally appropriates budget authority to an agency for use during a specific period, referred to as the period of availability. In this period, the agency may incur new obligations and charge them against the appropriation. At the end of the period of availability, the appropriation expires, meaning the agency may not use it to incur new obligations.

EDA divided the grant-making portion of the appropriation among six new initiatives intended to promote economic recovery from the COVID-19 pandemic and increase resilience to future economic disasters. The six initiatives are all within EDA’s existing Economic Adjustment Assistance program.¹⁵ One initiative focused on the travel, tourism, and outdoor recreation sectors to address the statutory requirement that 25 percent of the appropriation, or \$750 million, be used to support communities affected by the decline in these industries during the pandemic. According to EDA’s spending plan, to quickly provide support to these industries, EDA allocated approximately two-thirds of these funds, or \$510 million, to noncompetitive grants for each state and territory.¹⁶ EDA divided the remaining 73 percent of the appropriation among five other initiatives. Table 1 describes each of the six initiatives.

Table 1: EDA’s Planned Allocation of Its American Rescue Plan Act (ARPA) Appropriation

ARPA initiative	Description	Allocation, dollars in millions (percentage of total)
Build Back Better Regional Challenge	Competitive grants to communities and regions for geographically clustered groups of three to eight projects typical of EDA’s prior grants. ^a Clustered projects aim to promote regional economic recovery from the COVID-19 pandemic, build economic diversity, and increase resilience to future economic disasters. EDA planned to award larger amounts than its typical grants and to award coal communities \$100 million under this initiative.	\$1,000 (33.3%)
Travel, Tourism, and Outdoor Recreation	Noncompetitive grants to states and territories for activities related to travel and tourism, such as infrastructure, workforce support, and support for Destination Marketing Organizations. ^b EDA allocated each state and territory different amounts based on these industries’ prepandemic percentage of state gross domestic product and their employment and gross domestic product loss in the travel and tourism sectors during the pandemic.	\$510 (17.0%)

¹⁵EDA’s Economic Adjustment Assistance program includes a portion of the agency’s normal programming and all of its disaster-related programming, such as the grants made using EDA’s CARES Act funding. EDA created these six ARPA initiatives under the same authority as its normal programs. OMB also followed its usual process for reviewing new programs by approving EDA’s ARPA spending plan and reviewing each ARPA initiative’s notice of funding opportunity, according to EDA officials.

¹⁶Noncompetitive grantees included the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. EDA used a formula to calculate the amount of each grant based on the employment and gross domestic product losses in each state’s and territory’s travel, tourism, and outdoor recreation industries as defined by North American Industry Classification System categories 71 and 72.

ARPA initiative	Description	Allocation, dollars in millions (percentage of total)
	Competitive grants to communities and regions intended to rebuild and strengthen the travel, tourism, and outdoor recreation industries through construction and nonconstruction projects.	\$240 (8.0%)
Good Jobs Challenge	Competitive grants to communities and regions for projects, with a focus on workforce development. Grants aim to develop and strengthen regional partnerships that generate well-paying jobs and advance workforce training. EDA planned to award larger amounts than typical EDA grants.	\$500 (16.7%)
Economic Adjustment Assistance	Competitive grants typical of EDA's prior awards to communities and regions for a variety of construction, nonconstruction, and strategy development projects intended to address the economic impacts of the COVID-19 pandemic and foster long-term economic recovery and resilience. EDA planned to award coal communities \$200 million under this initiative.	\$500 (16.7%)
Indigenous Communities Challenge	Competitive grants to Indigenous communities for a broader range of projects than EDA's Economic Adjustment Assistance program typically funds, such as facilities for vocational and higher education and community health. Grants aim to respond to the specific economic development needs and priorities of these communities.	\$100 (3.3%)
Statewide Planning, Research, and Networks	Noncompetitive grants of \$1 million to each state and territory to develop coordinated plans for economic development.	\$59 (2.0%)
	Competitive grants to stakeholders for research projects tracking results and best practices from other ARPA programs and to establish communities of practice for groups of EDA grantees, including from the Build Back Better Regional and Good Jobs Challenges.	\$31 (1.0%)
Administrative costs	ARPA permitted EDA to use up to 2 percent of its appropriation for costs associated with administration of the funds until September 30, 2027.	\$60 (2.0)

Source: GAO analysis of Economic Development Administration (EDA) information. | GAO-23-105795

^aCompetitive grants require potential grantees to submit an application for funding that is reviewed and scored or assessed against evaluation criteria.

^bNoncompetitive grantees included the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

In accordance with EDA's investment priorities, officials said they took several steps intended to support an equitable economic recovery, which refers to serving economically distressed communities that have had difficulty accessing federal assistance programs in the past.¹⁷ EDA

¹⁷EDA awarded ARPA funds in fiscal years 2021 and 2022. During this time, its investment priorities were (1) equity, (2) recovery and resilience, (3) workforce development, (4) manufacturing, (5) technology-based economic development, (6) environmentally sustainable development, and (7) exports and foreign direct investment. EDA's equity investment priority includes economic development planning or implementation projects that directly benefit (1) one or more traditionally underserved populations or (2) underserved communities such as Tribal Lands, Persistent Poverty Counties, and rural areas with demonstrated historical underservice.

officials said the six new initiatives included both larger- and smaller-scale initiatives to ensure that ARPA grants could be accessed by communities with and without prior experience as EDA grantees. Larger-scale initiatives provided an opportunity to implement regional strategic planning efforts that were completed using EDA's CARES Act grants, while smaller-scale initiatives could reach communities without such plans in place, according to officials. In addition, EDA designed specific programs for underserved Indigenous and coal communities. EDA allocated approximately 3 percent of its competitive ARPA grants to Indigenous communities and 10 percent to communities affected by the decline of the coal industry, and hired outreach directors to help Indigenous, coal, and rural communities to apply for ARPA grants.¹⁸

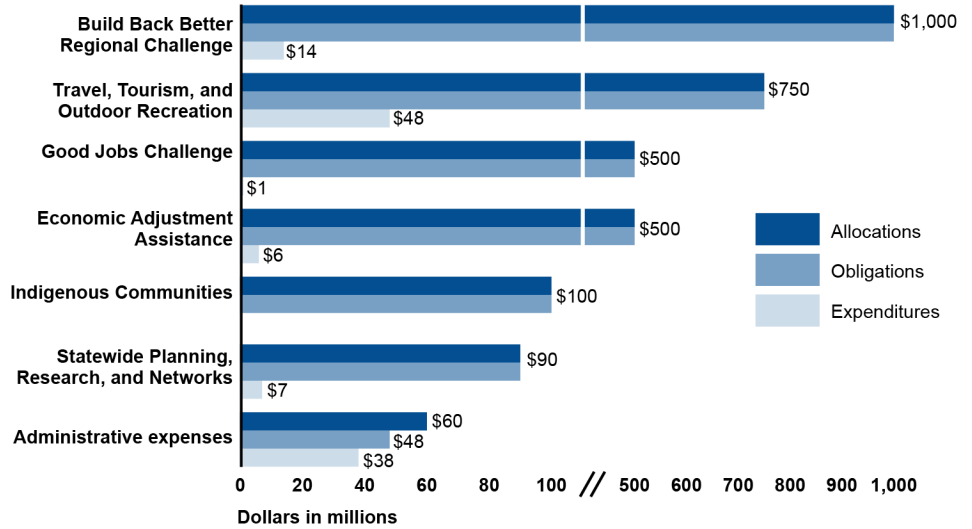
Our review of EDA's data showed that EDA had obligated nearly 100 percent of the \$3 billion appropriation as of December 31, 2022. Of the portion of its appropriation that expired at the end of fiscal year 2022, EDA had obligated all \$2.94 billion to competitive and noncompetitive grants.¹⁹ In addition, EDA had expended 2.6 percent of the amount obligated to grants as of December 31, 2022. EDA officials said they asked grantees to plan to finish expending the grants several months before the end of fiscal year 2027 so that any issues can be resolved while the obligations remain available. EDA's data also showed that the agency had obligated 80 percent of the \$60 million allocated to administrative expenses, such as salaries, and expended most of the obligated funds as of December 31, 2022.²⁰ Figure 3 shows the amounts EDA had obligated and expended for each of the six ARPA initiatives and administrative expenses as of December 31, 2022.

¹⁸Similar to EDA's other disaster programs, the ARPA initiatives also expanded accessibility by funding a larger portion of project costs and lowering the amount of required matching funds. Specifically, EDA's ARPA initiatives contributed at least 80 percent of project costs and up to 100 percent depending on whether the grantee's region met other thresholds for elevated need based on its relative economic distress. For its existing grant programs, EDA typically funds 50 percent of project costs, or a maximum of 80 percent in certain circumstances.

¹⁹An expired appropriation account generally remains available for 5 years, during which time an agency may use it to record, adjust, and make disbursements to liquidate obligations that were properly chargeable to the account. A time-limited appropriation account closes at the end of the 5-year period, unless an exception is made in law, and any remaining obligated and unobligated balances are canceled. The closed appropriation account may not be used for obligation or expenditure for any purpose.

²⁰The remaining 21 percent of these funds will remain available for obligation until the end of fiscal year 2027.

Figure 3: Status of EDA’s American Rescue Plan Act Appropriation, as of December 31, 2022



Source: GAO analysis of Economic Development Administration (EDA) data. | GAO-23-105795

EDA officials said they were able to obligate the large ARPA appropriation during its period of availability by creating operational efficiencies and adding staff. Specifically, EDA officials said that making some larger-than-normal grants allowed them to benefit from economies of scale in grant administration activities. For instance, EDA made grants between \$25 million and \$65 million each under the Build Back Better Regional Challenge. In addition, EDA officials said they structured some ARPA initiatives to be similar to existing grant programs for consistency with EDA’s previous efforts. For example, the Economic Adjustment Assistance initiative used ARPA funds to award grants for projects similar to those supported by the existing program of the same name. The Good Jobs Challenge supported regional initiatives intended to increase job growth and advance workforce training using tools developed under EDA’s existing Build to Scale program.²¹

Finally, EDA used its special hiring authority provided under the CARES Act to add approximately 100 term staff (employees hired for a specified

²¹According to EDA’s website, the Build to Scale program aims to build regional economies by furthering technology-based economic development initiatives that accelerate high-quality job growth, create more economic opportunities, and support the future of the next generation of industry-leading companies.

period of time) to manage its CARES Act and ARPA appropriations, according to officials. EDA distributed the workload for implementing the new initiatives among its headquarters and regional offices. EDA officials also said the agency established a team of 13 headquarters staff dedicated to managing the ARPA portfolio, which is a structure unique to these initiatives.

Overall, EDA awarded 780 grants across its six ARPA initiatives in fiscal years 2021 and 2022.²² In accordance with its spending plan, EDA's data showed that it obligated \$569 million to 118 noncompetitive grants to support states' and territories' travel, tourism, and outdoor recreation industries and economic planning efforts. EDA also obligated \$2.37 billion to 661 competitive grants across its ARPA initiatives, as planned. EDA's data showed that together, nonprofit organizations, local government agencies, and institutions of higher education received most of the competitive grants (440 of 661) and approximately 70 percent of the total amount EDA awarded competitively.²³ Nonprofit grantees included organizations such as museums, hospitals, educational institutions, and economic development organizations. They represented a mix of new grantees and grantees that had previously received EDA funding in fiscal year 2021.

As noted in table 1 above, EDA planned to award coal communities \$300 million through two ARPA initiatives.²⁴ EDA's competitive grants for coal communities differed from the spending plan in two ways. First, these communities received nearly twice the planned amount of funding. Second, this funding was distributed under each of the six ARPA initiatives rather than the two initiatives described in EDA's plan. These

²²Grants represented in the data discussed here sum to 779 rather than 780 because one grant was deobligated, EDA officials told us. Overall, ARPA grants continue to total 780 because among the 779, one grantee received two grants that EDA consolidated in these data. EDA has provided an interactive map of ARPA grantees at <https://www.eda.gov/funding/programs/american-rescue-plan/impact>. Additional information, including each grant's amount and project location, can be found at <https://www.gao.gov/products/GAO-23-105795>.

²³Grantees can be categorized as more than one type, according to EDA officials, and the data summarized here reflect grantees' self-identified type in some cases and the judgment of EDA staff in others.

²⁴For information about counties defined as areas with high concentrations of direct coal-sector jobs, see Interagency Working Group on Coal and Power Plant Communities and Economic Revitalization, *Initial Report to the President on Empowering Workers Through Revitalizing Energy Communities* (Washington, D.C.: April 2021).

grants totaled approximately \$550 million awarded through 146 competitive grants. According to EDA, funding for coal communities exceeded the planned amount due to high demand for funding among these communities.

EDA Used New and Existing Evaluation Criteria and Procedures to Select Grants and Identify Risks

The ARPA initiatives funded by EDA generally used evaluation criteria similar to those of other EDA programs. We reviewed the 17 EDA programs that awarded grants in fiscal years 2019 through 2021. The six programs that were ARPA initiatives established criteria for evaluating competitive grant applications that were similar to the criteria of the other 11 EDA programs.²⁵ Several evaluation criteria were consistent across most of the programs we reviewed. For example, nearly all of the programs evaluated the proposed projects' feasibility and sustainability. Most of the programs also required reviewers to assess applicants' organizational capability. Each of these evaluation criteria is among those that EDA's grants manual lists as typical of its notices of funding opportunity.

EDA added evaluation criteria related to economic distress and equity for most of its ARPA initiatives. Specifically, four of the six ARPA initiatives included the project area's relative economic distress among their evaluation criteria.²⁶ Eligibility for EDA grants is typically based on certain measures of a geographic region's economic distress; however, for

²⁵Our analysis included all 17 programs EDA used to award grants during this period: six ARPA initiatives, eight grant programs that distributed EDA's annual appropriations, and three grant programs that distributed other disaster-related supplemental appropriations. EDA programs that distributed disaster-related supplemental appropriations in this time frame were the (1) fiscal year 2019 disaster recovery program, (2) fiscal year 2020 Public Works and Economic Adjustment Assistance, which was amended to distribute CARES Act funds as well as annual appropriations, and (3) fiscal year 2020 Scaling Pandemic Resilience through Innovation and Technology (SPRINT) Challenge, which distributed CARES Act funds.

²⁶Two of EDA's ARPA initiatives did not include this evaluation criterion. Specifically, the Good Jobs Challenge provided EDA grants officers with the option to consider relative economic distress when making final award selection decisions, and the Statewide Planning, Research, and Networks initiative did not consider relative economic distress in its award decisions. As noted in table 1, the latter program awarded noncompetitive and competitive grants intended to track results and best practices from the other five ARPA initiatives and establish communities of practice for networks of new and existing EDA grantees.

EDA's ARPA initiatives, all regions were eligible to apply.²⁷ In addition, four of EDA's ARPA initiatives included an evaluation criterion on the extent to which applicants had a plan for ensuring that the proposed project's benefits were shared among the community. This criterion encouraged efforts to reach historically underserved areas, rural areas, minority populations, and women. According to a White House report on agencies' use of ARPA funds, this was a new criterion for EDA grants.²⁸

EDA officials said the agency used its standard application review procedures for competitive grants under the six ARPA initiatives, with modifications for some programs. EDA's standard procedures include the following steps: (1) program staff assess applications for completeness and eligibility, (2) application reviewers consider the extent to which the proposed projects meet the evaluation criteria, (3) these reviewers make recommendations to grants officers, who are responsible for making final award decisions, and (4) grants officers consider additional selection factors, such as geographic diversity, and award grants. In addition to these standard procedures, EDA made the following modifications for its initiatives:

- **Prereview screening step.** In the notice of funding opportunity for the Economic Adjustment Assistance initiative, EDA described a new prereview screening step intended to limit time spent assessing less competitive applications to this initiative.²⁹ As part of this screening, two reviewers assessed whether the proposed project was consistent with EDA's investment priorities and funding guidelines. Applications

²⁷42 U.S.C. § 3161. Regions are eligible for EDA grants as a result of an elevated unemployment rate, a below-average per capita income, or a special need as determined by the Secretary of Commerce. EDA determined that economic injury from the COVID-19 pandemic constituted a special need, and that areas' eligibility could be established on that basis without reference to the other economic distress criteria.

²⁸The White House, *Advancing Equity Through the American Rescue Plan* (Washington, D.C.: May 2022), 129.

²⁹The Economic Adjustment Assistance initiative did not require a specific focus area for proposed projects or restrict the types of eligible applicants, and adding this screening step helped EDA award funds more efficiently and accommodate the larger volume of applications, according to officials. EDA did not require staff to conduct this competitiveness review for proposed construction and nonconstruction projects, which do not include the preparation or revision of a community economic development strategy. EDA did not conduct this review for proposals related to the preparation or revision of a community economic development strategy.

received further consideration only if the reviewers agreed the project met these criteria.³⁰

- **Consultations with subject-matter experts.** EDA officials said that the need to consult with agencies varies among its different types of grant programs, and that while some programs will consult with other agencies when it adds value, it is not a standard practice. EDA officials also said they consulted subject-matter experts within other agencies more frequently when reviewing applications to the Good Jobs Challenge and the Build Back Better Regional Challenge, which received more complex proposals than other ARPA initiatives. For example, officials said more than half of the 50 application reviewers for both programs were from other agencies, such as the Departments of Labor and Education.
- **Grants awarded in two stages.** EDA implemented its Build Back Better Regional Challenge, the ARPA initiative that distributed the most funding, in two stages. At the end of the first stage, EDA awarded grants of approximately \$500,000 for technical assistance to each of the 60 applicants selected as finalists. EDA officials said these awards were intended to support the finalists' applications for the second phase, such as completing environmental studies for proposed construction projects. EDA officials also said that before awarding the final grants, EDA worked with external reviewers who were knowledgeable about the types of proposed projects to evaluate finalists' applications. At the end of the second phase, EDA selected 21 grantees. Officials said EDA has used a two-stage review process before, although it is not typical. EDA officials said that awarding grants in two stages ensured that finalists who were not ultimately selected were still able to benefit from the technical grants, which were intended to foster economic development in finalists' communities.

As part of the application review for all programs, EDA officials said they used the agency's standard process by applying a checklist to identify potential risks posed by applicants prior to awarding ARPA grants, such as fraud or poor performance. According to EDA's grants manual and officials, EDA assesses applicants by considering the following factors:

³⁰Competitiveness review criteria also included factors such as the availability and committed nature of matching funds, the project's alignment with a regional or other EDA-accepted economic development strategy, and the likelihood of the project starting quickly.

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- **Budget.** EDA reviews applications for clear budget information and determines whether the costs listed are allowable per the grant program and OMB's Uniform Guidance.
 - **Federal debt.** EDA verifies on a government-wide database that the applicant is not delinquent on any federal debt.
 - **Past performance.** EDA considers the applicant's experience with federal or state grants and other agreements, such as contracts, including by reviewing government-wide databases and consulting with other agencies that have prior experience with applicants.
 - **Capacity.** If the applicant does not have a single audit on file, EDA gathers information from the applicant about its organizational capacity to manage the grant, such as staff experience or financial management practices.

EDA officials said their standard applicant review allows them to prioritize capable grantees for funding. They said that when the review process identifies issues with promising potential grantees, EDA may take steps to mitigate those issues. For example, a grantee with a history of commingling money might be asked to set up a separate bank account. EDA officials also said they may reimburse some higher-risk entities or activities rather than disbursing funds in advance.³¹

We reviewed the files for six ARPA grants and found that EDA generally completed the steps of its application review process for each grant. Based on our review, the files for all six grants indicated that EDA had reviewed budget information, such as project cost estimates, and documented that the applicants were not delinquent on any federal debt. Further, each file we reviewed showed that EDA reviewers had evaluated applicants' past performance by retrieving available information from each government-wide database, as required.

Based on our review, the grant files indicated that EDA had evaluated the grantees' capacity. New or less experienced grantees may not have records in government-wide databases. Files for two of the six grants we reviewed showed that in the absence of these records, EDA reviewers considered other documentation. For example, EDA reviewed these

³¹The White House, *Advancing Equity*, 124–25. According to a White House report, EDA grants are intended to make it easier for businesses to start and grow, particularly in underserved or economically distressed communities. Officials said that to achieve this goal, EDA awards some grants to entities that have limited experience with federal or state grants and other agreements, such as contracts, and are considered higher risk as a result.

grantees' independent auditor reports on financial statements and descriptions of key personnel experiences. Files for four of the grants related to grantees with prior experience managing EDA or other grants. For these grants, EDA used the information on file in government-wide databases to confirm that single audits and other performance reporting did not indicate elevated risk.

EDA Plans to Monitor Awards Using Existing Procedures

According to officials, EDA plans to use existing procedures to monitor ARPA awards.³² These procedures are as follows:

Communicate requirements. EDA grantees must sign agreements to comply with the Department of Commerce's Standard Terms and Conditions, which require grantees to submit financial and performance reports at regular intervals.³³ EDA grantees undertaking nonconstruction projects report this information semiannually. Grantees completing construction projects report at 3, 6, and 9 years after a construction award. For the Build Back Better Regional Challenge and the Good Jobs Challenge, EDA will require grantees to report on additional metrics by responding to newly created questionnaires.³⁴

According to EDA's grants manual, grants officers may also create special award terms and conditions that are specific to a particular grant, in consultation with the Regional Counsel. These terms and conditions may establish more frequent reporting requirements or stipulate that EDA will reimburse certain types of expenditures. Grantees are to attend an orientation session to learn about these requirements. According to EDA officials, grantees must also develop specific grant requirements using a

³²The Department of Commerce's Office of Inspector General received \$3 million in ARPA funds for its oversight of EDA's pandemic relief efforts. According to the office, these funds will be used for monitoring and to identify possible misuse of funds.

³³EDA grantees complete these financial reports using standard federal post-award reporting forms, including the Federal Financial Report (SF-425), Request for Advance or Reimbursement (SF-270), and Outlay Report and Request for Reimbursement for Construction Programs (SF-271). Grantees complete these performance reports using EDA's standard forms, such as the Semiannual Program Outputs Questionnaire (ED-916) and the Annual Capacity Outcomes Questionnaire (ED-917 and ED-918). These forms collect and report on performance measures in compliance with the Government Performance and Results Act of 1993, as amended by the GPRA Modernization Act of 2010.

³⁴In addition, according to EDA officials, several research organizations received ARPA grants to assist EDA with tracking and evaluating Build Back Better Regional Challenge grants because this program is different from traditional EDA programs.

grant management plan. These plans identify key personnel and propose a project implementation schedule and financial plan.

Monitor progress. EDA officials said that staff review and compare grantees' financial and performance reports to identify any discrepancies and assess whether grantees' spending appears to align with their reported progress. Grantees typically complete semiannual reports that compare actual accomplishments against the objectives established for the reporting period. They also must provide reasons for not meeting established goals, as applicable, with a description of any actions taken to resolve the situation. In addition, grantees complete annual performance reporting related to specific outcomes listed in the award. For example, for projects with workforce development outcomes, grantees report on new skills gained by participants and the number of participants using those new skills.

In addition, EDA officials said they have conducted site visits for all grantees of the Build Back Better Regional Challenge and the Good Jobs Challenge. For the other four ARPA initiatives, EDA plans to conduct site visits on a random basis or when EDA suspects a problem, similar to EDA's typical grant programs, according to officials. During these visits, EDA staff monitor and document project progress and take steps to resolve any issues or expedite delayed projects.³⁵

Review single audits. In cases where grantees' expenditures meet or exceed the threshold for completing single audits, officials said EDA monitors the results of these audits. Single audits are performed by an independent auditor, and the results allow EDA to monitor grantees' plans to correct any deficiencies identified in their financial practices and reporting. In 2022, OMB's guidance for independent auditors who conduct single audits included updates related to audits of EDA's ARPA grantees.³⁶ For example, the guidance notes that some grants made

³⁵For construction projects, the EDA engineer or construction manager is responsible for conducting site visits.

³⁶Office of Management and Budget, *2 C.F.R. Part 200, Appendix XI: Compliance Supplement* (Washington, D.C.: April 2022).

under the Good Jobs Challenge allow participant support costs, whereas typical EDA grants do not allow such costs.³⁷

EDA officials said they had sufficient resources to effectively monitor ARPA grantees. They said EDA's recently hired contractors and staff included those with workforce expertise relevant to the Good Jobs Challenge. EDA also hired an environmental contractor to mitigate potential risks related to processing construction loans on a strict timeline, EDA officials said. In addition, EDA officials said they expect an increase in single audits and plan to provide additional training for staff in 2023 on single audit requirements.

EPA Funded Multiple Initiatives and Adjusted Some Selection Procedures

EPA Funded Multiple Initiatives, Including New and Existing Grants, and Has Obligated More Than Half of the Funds

ARPA directed EPA to allocate its \$100 million appropriation for two purposes:

- \$50 million for grants, contracts, and agency activities that identify and address disproportionate environmental or public health concerns in minority populations or low-income populations,³⁸ and

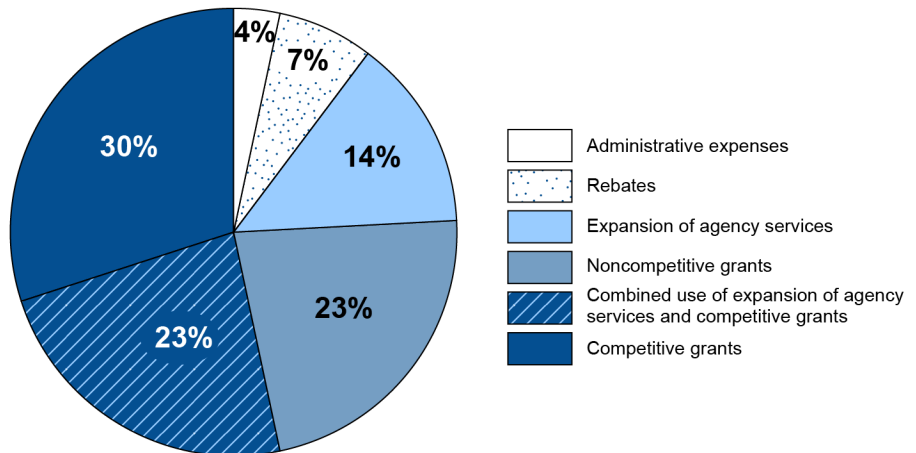
³⁷2 C.F.R § 200.1 defines participant support costs as direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects.

³⁸Section 6002 of ARPA requires that EPA use legal authority under section 103(b) of the Clean Air Act, section 1442 of the Safe Drinking Water Act, section 104(k)(7)(A) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and sections 791-797 of the Energy Policy Act of 2005 to implement the allocation of \$50 million to disproportionate environmental or public health harms and risks in minority or low-income populations. We refer to initiatives that address disproportionate environmental or public health harms and risks in minority or low-income populations as programs that address "environmental or public health harms."

- \$50 million for grants and agency activities that are authorized under sections 103(a) through 103(c) and section 105 of the Clean Air Act.³⁹

EPA created a spending plan consistent with these requirements and allocated its appropriation to a mixture of grants, rebates, administrative expenses, and agency services, among other things (see fig. 4).⁴⁰ Our analysis of EPA’s planned efforts indicates that they were consistent with ARPA requirements.

Figure 4: EPA’s Planned Allocation of Its American Rescue Plan Act Appropriation, by Spending Type



Source: GAO analysis of Environmental Protection Agency (EPA) data. | GAO-23-105795

³⁹ARPA also directed EPA to use 2 percent of the \$50 million appropriated for health outcome disparities and 5 percent of the \$50 million provided for air quality monitoring funds for administrative costs. Sections 103(a) through 103(c) of the Clean Air Act authorize EPA activities related to research and development for air pollution prevention and control and air pollutant monitoring, analysis, and modeling research. Section 105 of the Clean Air Act gives EPA the authority to make grants to air pollution agencies to support air pollution planning and control programs. We refer to initiatives that address air quality monitoring and enforcement authorized under sections 103(a) through 103(c) and 105 of the Clean Air Act as “air quality monitoring.”

⁴⁰Environmental Protection Agency, “Environmental Justice Funding under the ARP” (Mar. 31, 2022), accessed May 16, 2022, <https://www.epa.gov/arp/environmental-justice-funding-under-arp>. For the purposes of this report, contracts are included under agency services. EPA also made competitive grants, which were awarded based on competitive grant competitions, and noncompetitive grants or awards, which EPA refers to as direct awards. For the purposes of this report, we refer to direct awards as noncompetitive awards.

Diesel Emissions Reduction Act Program

The Environmental Protection Agency used its American Rescue Plan Act appropriation to allocate funds toward a new program, the 2021 American Rescue Plan Electric School Bus Rebates program. Rebate programs are incentive programs where consumers receive a monetary incentive to cover a cost.

The program specifically targets eligible underserved public school districts, tribal schools, and private fleets serving those schools. It funds the replacement of old diesel school buses with new electric school buses that meet current emissions standards.

The new program runs concurrently with the existing Diesel Emissions Reduction Act School Bus Rebates program.

Source: GAO. | GAO 23 105795

EPA’s spending plan allocated \$50 million toward addressing environmental or public health harms by providing funding to 12 initiatives, such as Safe Drinking Water Act programs, Brownfields projects, and the Diesel Emissions Reduction Act Program (see table 2). EPA also allocated \$50 million toward air quality monitoring primarily through \$42.5 million to a State and Local Air Quality Management program for categorical grants to support state and local partners.⁴¹ Based on its spending plan, EPA split the \$42.5 million into two types of grants: (1) \$22.5 million to noncompetitive awards for state and local air quality management and (2) \$20 million for a new competitive grant program, Enhanced Air Quality Monitoring for Communities.

Table 2: EPA’s Planned Allocation of Its American Rescue Plan Act (ARPA) Appropriation

ARPA initiative	Description (legal authority)	Allocation, dollars in millions (percentage of total)
Activities that identify and address disproportionate environmental or public health harms and risks in minority or low-income populations		
Environmental Justice ^a	Funding supports several environmental justice efforts, including noncompetitive state and competitive small grants for environmental justice projects, the Puerto Rico Drinking Water Systems capacity assessment, and the Appalachia Initiative for Revitalization. Funding also supports enhancing community involvement in tribal environmental management; technical assistance in communities with environmental justice concerns; and training in environmental science, technology, engineering, and mathematics (commonly known as STEM) for youth with environmental justice concerns. (Clean Air Act Sec. 103(b) and Safe Drinking Water Act Sec. 1442)	\$18.25 (18.3%)
Diesel Emissions Reduction Act Program ^b	Funding provides rebates for electric school buses to reduce emissions from diesel fleets in underserved communities. (Energy Policy Act of 2005 Sections 791 through 797)	\$7 (7.0%)
Brownfields Projects	Grant funds support economic and environmental revitalization in overburdened communities. (Comprehensive Environmental Response, Compensation, and Liability Act of 1980 Sec. 104(k)(7))	\$5 (5.0%)

⁴¹See GAO, *Air Pollution: Opportunities to Better Sustain and Modernize the National Air Quality Monitoring System*, GAO-21-38 (Washington, D.C.: Nov. 12, 2020). The new program awards grants to eligible entities, which include states, Tribes, and public or private nonprofit organizations, among other entities, to conduct ambient air monitoring of pollutants of greatest concern in communities with environmental and health outcome disparities stemming from pollution and the COVID-19 pandemic.

ARPA initiative	Description (legal authority)	Allocation, dollars in millions (percentage of total)
Children and Other Sensitive Populations	Funding supports the Children’s Healthy Learning Environments Grant and Pediatric Environmental Health Specialty Units, as well as efforts to build capacity in environmental justice communities to reduce environmental exposure in child settings and mitigate COVID-19 environmental health risks for children. Funding will also enable EPA to incorporate children’s health disparities and susceptibility into risk assessments and policy development. (Clean Air Act Sec. 103(b) and Safe Drinking Water Act Sec. 1442)	\$4.85 (4.9%)
Civil Enforcement	Funding supports monitoring in communities with environmental justice concerns for air toxics, hazardous metals, and drinking water sources, as well as analysis of oil and gas production and refining. (Clean Air Act Sec. 103(b) and Safe Drinking Water Act Sec. 1442)	\$4.83 (4.8%)
Drinking Water Programs	Funding supports efforts under the Safe Drinking Water Act to provide assistance, including research, training, and technical assistance, to Tribes and underfunded drinking water systems. (Safe Drinking Water Act Sec. 1442)	\$2.65 (2.7%)
Integrated Environmental Strategies	Funding supports efforts to enhance community-driven solutions to water and air issues in environmental justice communities, as well as to align school reopening investments with clean air and neighborhood cooling shelter needs. (Clean Air Act Sec. 103(b) and Safe Drinking Water Act Sec. 1442)	\$2.15 (2.2%)
Compliance Monitoring	Funding enables technical assistance for small and underserved public water facilities, as well as integration of environmental justice considerations into EPA’s permit-writing process. (Safe Drinking Water Act Sec. 1442)	\$2.05 (2.1%)
Environmental Justice (administrative expenses) ^c	Funding supports administrative costs pursuant to the 2 percent reserved in the law for this purpose. (ARPA Sec. 6002(b)(1))	\$1 (1.0%)
Regulatory/Economic Management and Analysis	Funding supports the development of the Environmental Justice Analysis Tool, a multisite report tool, and other environmental justice resources. (Clean Air Act Sec. 103(b) and Safe Drinking Water Act Sec. 1442)	\$0.72 (0.7%)
Climate Protection Program	Funding supports data analytics to identify environmental-justice-related cumulative burden and better incorporate environmental justice into regulatory analysis and policy modeling. (Clean Air Act Sec. 103(b) and Safe Drinking Water Act Sec. 1442)	\$0.7 (0.7%)
Federal Stationary Source Regulations	Funding supports environmental justice impact analysis of oil and gas emissions and related outreach. (Clean Air Act Sec. 103(b))	\$0.5 (0.5%)
Criminal Enforcement	Funding supports increased efforts to identify victims of environmental crimes and support investigations. (Clean Air Act Sec. 103(b) and Safe Drinking Water Act Sec. 1442)	\$0.3 (0.3%)
Subtotal		\$50 (50.0%)

ARPA initiative	Description (legal authority)	Allocation, dollars in millions (percentage of total)
Clean Air Act activities		
Categorical Grant: State and Local Air Quality Management	Funding supports state and local implementing partners in monitoring and addressing air concerns in communities. (Clean Air Act Sec.105)	\$42.5 (42.5%)
Federal Support for Air Quality Management	Funding helps to build regional capability to meet short-term community monitoring needs. (Clean Air Act Sec.103(b))	\$5 (5.0%)
Federal Support for Air Quality Management (administrative expenses)	Funding supports administrative costs pursuant to the 5 percent reserved in the law for this purpose. (ARPA Sec. 6002(b)(2))	\$2.5 (2.5%)
Subtotal		\$50 (50.0%)
Total		\$100 (100.0%)

Source: GAO analysis of Environmental Protection Agency (EPA) information. | GAO-23-105795

^aAccording to EPA, "environmental justice" is the fair treatment and meaningful involvement of all people regardless of race, color, culture, national origin, income, and educational level with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.

^bSince the publication of the spending plan, EPA officials stated that they moved \$100,000 originally allocated to Diesel Emissions Reduction Act funding into the Enhanced Regional Capacity for Short Term Community Monitoring Needs program within the State and Local Air Quality Management initiative. EPA officials stated that they still used this funding for activities that meet ARPA's environmental or health harms requirements.

^cThis was not included in the list of 12 initiatives but the money was set aside for the purpose of administrative expenses.

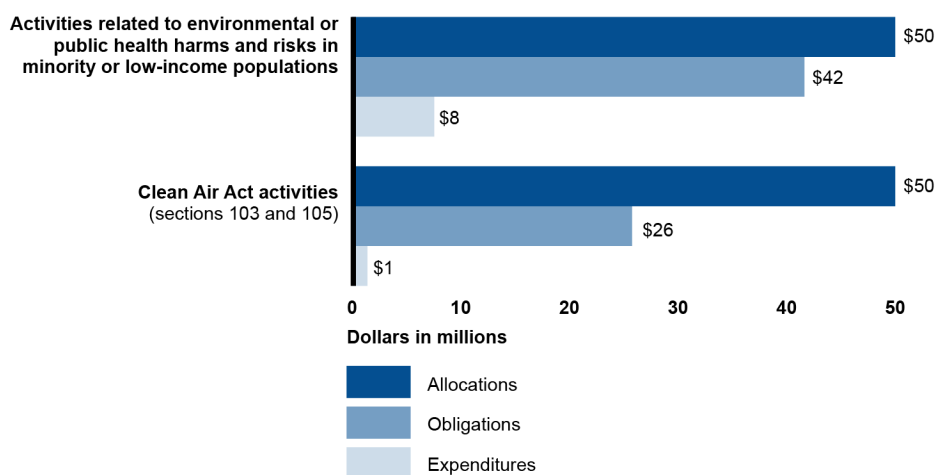
To determine its ARPA allocations, EPA officials said they reviewed statutory requirements to guide implementation of the requirements. In addition, EPA officials said EPA counsel analyzed ARPA language to determine congressional intent to inform agency priorities. This analysis also identified specific legal authorities EPA would use for each planned initiative using ARPA funds to ensure that EPA was in accordance with the statute's requirements, officials said.

To further inform its ARPA allocations, EPA asked state, local, and tribal governments to identify their air quality monitoring priorities for EPA's noncompetitive awards related to air quality. According to EPA officials, EPA solicited stakeholder feedback in August 2021 through four feedback sessions with the following groups: (1) National Association of Clean Air Agencies, (2) Association of Pollution Control Agencies, (3) Tribal Nations, and (4) any organizations and groups interested in community air quality monitoring. Officials said EPA's regional offices reported each region's air quality monitoring priorities and needs to EPA's Office of Air

and Radiation, which helped inform the scope of EPA’s three ARPA air quality monitoring initiatives.⁴²

EPA had obligated approximately 67 percent of its ARPA appropriations as of January 3, 2023.⁴³ This included 83 percent of the funds allocated to environmental or health harms and 52 percent of the funds allocated to clean air monitoring (see fig. 5). Of these obligated funds, expenditures were 8 percent. See appendix I for additional information on EPA’s obligations and expenditures for ARPA.

Figure 5: Status of EPA’s American Rescue Plan Act Appropriation, as of January 3, 2023



Source: GAO analysis of Environmental Protection Agency (EPA) data | GAO-23-105795

EPA officials said they addressed potential challenges associated with budgeting for a larger-than-usual appropriation by leveraging ongoing grant programs and meeting with stakeholders including state, local, and tribal governments. EPA obligated much of the ARPA appropriation within

⁴²EPA awards and manages its grants at multiple levels across the agency, including its headquarters and 10 national program offices. The Office of Grants and Debarment in its headquarters office develops national grant policies and guidance, awards some grants, and oversees EPA’s grants management agency-wide. Headquarters program offices implement national policies for their grant programs. Both headquarters program offices and regional offices award and manage grants, including by providing technical and program-specific oversight of their grants.

⁴³Funds provided under ARPA are available until expended by the agency.

the first year using existing procedures and ongoing grant programs.⁴⁴ EPA officials said EPA awarded ARPA funds through ongoing competitive grant programs by extending the open period for competition and adjusting the requirements to align with ARPA. EPA was able to fund additional existing high-scoring proposals from state, local, and tribal governments if their proposals contained an environmental harm and COVID-19 nexus, as required under ARPA. In addition, EPA officials noted that they helped Tribes apply for grants under ARPA, such as by aligning ARPA grant deadlines with the other tribal grant cycles in fall 2022.

EPA Adjusted Existing Evaluation Criteria and Procedures to Review Applications and Identify Risks

EPA primarily used existing procedures with minor changes to evaluate applications and award grants under ARPA, according to our review of 10 EPA programs that awarded competitive grants in fiscal years 2019 through 2021. EPA's Policy for Competition of Assistance Agreements states that these procedures include the following steps: (1) reviewing and assessing all applications against eligibility criteria and (2) reviewing and assessing eligible applications for technical merit against evaluation criteria through panels.⁴⁵ EPA then completes an additional pre-award review to ensure selected applications meet programmatic and administrative grant requirements by reviewing self-reported applicant information and government-wide databases. We reviewed all files for three judgmentally selected competitive grants and found that EPA completed all of these existing procedures for evaluating applications for awarding grants.⁴⁶

EPA officials cited three key areas where EPA modified its existing procedures to meet specific needs under ARPA—a required legal

⁴⁴Additional information, including each grant's amount and project location, can be found at <https://www.gao.gov/products/GAO-23-105795>.

⁴⁵Environmental Protection Agency, *Policy for Competition of Assistance Agreements*, Order No. 5700.5A1 (Jan. 11, 2005). For the first step, EPA headquarters screens each application for the grant program's threshold eligibility criteria to determine which applications meet all the identified criteria and can move to the merit evaluation step. During the evaluation step, EPA officials organize review panels that review and score the remaining applications based on evaluation criteria identified in the funding announcement for each grant program. For the final selection process, review panels present a list of their preliminary funding recommendations for the highest scoring applications to the EPA selection official. The selection official then makes the final selections for the awards.

⁴⁶We selected these files to reflect grants made under new and existing programs and a range of funding amounts and project locations.

compliance review, new evaluation criteria, and an adjusted risk review to accommodate new applicants:

- **Legal compliance review.** According to EPA officials, to ensure projects' eligibility, EPA required a legal compliance review for all applications for ARPA grant programs earlier than is typical. Officials said that while the agency always has the option to consult its attorneys for an additional legal compliance review before final selection, these reviews are typically done later, near the final selection. According to our analysis of EPA legal compliance reviews, EPA completed these reviews for competitive and noncompetitive grant programs under ARPA both during the initial review of proposals and after final selection to ensure compliance.⁴⁷

During these reviews, EPA's attorneys typically (1) identified potential legal compliance issues, such as projects that included ineligible activities, and (2) determined actions to resolve these concerns, if any. As a result of these reviews, EPA officials determined in some cases that EPA could partially fund some projects using the ARPA appropriation, specifically for eligible activities identified in proposals.⁴⁸ For example, one Technical Assistance to Brownfields grantee file we reviewed showed that EPA awarded project funding under both ARPA and the Comprehensive Environmental Response, Compensation, and Liability Act Section 104(k)(7) to assist communities.⁴⁹

- **New evaluation criteria.** EPA primarily used existing competitive grant programs with minor modifications to make awards under ARPA but increased the importance of environmental justice, consistent with

⁴⁷EPA officials said EPA also conducted legal compliance reviews for its contracts awarded under ARPA.

⁴⁸EPA officials also worked with applicants to clarify or adjust activities to ensure their legal compliance under ARPA or awarded projects using non-ARPA appropriations if the selected project was not eligible under ARPA but was eligible under other appropriations identified in the funding announcement.

⁴⁹The Technical Assistance to Brownfield Communities grant program solicited applications from eligible entities to provide technical assistance to support communities in assessing, cleaning up, and preparing brownfield sites for redevelopment. EPA defines "brownfield sites" as real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of hazards, such as pollutants. The Comprehensive Environmental Response, Compensation, and Liability Act Section 104(k) provides federal financial assistance authorities for brownfields revitalization.

EPA's interpretation of Section 6002 of ARPA.⁵⁰ We found that EPA used similar evaluation criteria for most of these competitive grant programs. According to EPA officials, to align with EPA authorities under ARPA, proposals included requirements different from typical requirements. For example, ARPA grant proposals had to address disproportionate environmental or public health harms and risks in minority or low-income populations. Additionally, the Enhanced Air Quality Monitoring for Communities competition included a new evaluation criterion focused on environmental justice and underserved communities.⁵¹

EPA officials said "environmental justice and underserved communities" was a selection factor in some non-ARPA grants, but had higher importance in selecting ARPA grants.⁵² Previously, EPA's selection official could optionally consider this selection factor when making final award selections from only the highest-ranking applications. This was the first time EPA used environmental justice and underserved communities as a top consideration for making awards, officials said.

- **Adjusted risk review to accommodate new applicants.** According to EPA officials, EPA adjusted its risk review of applicants' past performance in managing grants in anticipation of the number of new

⁵⁰EPA defines "environmental justice" as the fair treatment and meaningful involvement of all people regardless of race, color, culture, national origin, income, and educational level with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.

⁵¹EPA used this criterion for this grant program to evaluate applications based on the quality and extent to which the project benefits people/communities of color, low-income populations, or tribal and Indigenous populations that have been or are currently affected by disproportionate health outcomes from pollution and the COVID-19 pandemic.

⁵²Environmental Protection Agency, *Policy for Competition of Assistance Agreements*. EPA's selection official can consider additional selection factors when making funding recommendations for the award among high-ranking applications, but EPA does not use additional factors when scoring applications. According to EPA officials, the selection official's primary responsibility is to ensure that the applications selected for award are for eligible projects with technical merit, based on the terms of the announcement. According to EPA's competition policy, the selection official cannot depart from the rankings of the review panel on the basis of undisclosed selection criteria, personal preference, or information that is not reasonably related to the evaluation factors in the announcement.

grant applicants under ARPA.⁵³ EPA gave new applicants the option to state in their past performance review that they had no prior experience managing federal grants. In these cases, EPA would consider the new applicants' past performance managing non-federal grants, such as local grants from foundations, EPA officials said. One grantee file we reviewed had an applicant that had no prior experience managing federal grants. EPA's documentation showed that it assessed the applicant's non-federally funded grant management history based on the information provided by the grantee.

After the final selection of applications for awards under ARPA, officials said EPA conducted its standard pre-award review procedures to identify risks prior to making awards official. EPA's Comprehensive Administrative Review outlines these procedures, which include consideration of the following factors when screening grantees:

- **Budget.** EPA is to review applications for clear budget information, such as cost estimates, to determine whether the costs listed are allowable per the grant program and OMB's Uniform Guidance.
- **Federal debt.** EPA is to verify that applicants are not delinquent on any federal debt by collecting self-reported documentation from the applicant.
- **Past performance.** EPA is to consider the applicant's experience with managing federal and other grants by reviewing government-wide databases.
- **Capacity.** If the applicant does not have a single audit on file, EPA is to gather information from the applicant about its organizational capacity to manage the grant, such as staff experience or financial management practices.

⁵³According to EPA officials, EPA received many new applicants for its competitive grants under ARPA because EPA set aside money specifically for small nonprofit organizations. For example, EPA's Environmental Justice Small Grants program set aside half of its funding (\$3.6 million) with the intent of promoting environmental justice funding to communities and grassroots organizations with the most need. Officials said for the Environmental Justice Small Grants program, small nonprofit organizations had to prove they had 10 or fewer full-time equivalent staff to be considered for the set-aside money.

-
- **Risk evaluations.** EPA is to conduct an additional risk evaluation using a grants screening checklist before the selected recipient is able to draw down the funds.⁵⁴

Files for all five grants we reviewed indicated that EPA completed its pre-award review process.⁵⁵ For all five grants, EPA notified applicants of the information it used to assess their ability to properly manage grants prior to making awards. Our review of grant files also indicated that for all five grants, EPA reviewed certain financial information, such as project cost estimates, and documented that the applicants were not delinquent on any federal debt. The files also showed that EPA reviewers retrieved available information about applicants' past performance from the applicable government-wide database, as required.

EPA Plans to Monitor Awards Using Existing Procedures

According to officials, EPA plans to use existing procedures as described in its Policy on Compliance, Review and Monitoring to monitor ARPA awards and mitigate any identified risks.⁵⁶ Since EPA has not begun monitoring ARPA grants, it is too early to review its monitoring activities.⁵⁷ Its monitoring procedures are to include the following:

Set and communicate requirements. EPA officials said the responsible program office is to ensure that grantees meet grant milestones and complete project work. Specifically, EPA's monitoring policy directs

⁵⁴Additionally, EPA typically conducts a pre-award certification and capability assessment review for nonprofit applicants that receive more than \$200,000. EPA officials explained that nonprofit organizations have a history of being high risk. For example, EPA's Office of Inspector General identified instances where nonprofit recipients had inadequate administrative systems to manage EPA funds or lack of capability to successfully perform the project scope of work. This review includes examining if applicants' written policies and procedures comply with OMB guidance and if administrative and financial management systems are sufficient for managing and documenting federal grant appropriations. EPA officials said this review is required before the recipient can draw down any funds.

⁵⁵We reviewed five grants: two noncompetitive grants and three competitive grants. All five grants involved projects derived from ARPA funds. Of the three competitive grants we reviewed, all three were cooperative agreements. EPA officials said such agreements require substantial involvement from the EPA project officer in the form of regular meetings and approval of draft deliverables as part of the pre-award process.

⁵⁶Environmental Protection Agency, *Policy on Compliance, Review and Monitoring*, Order No. 5700.6A2 CHG 2 (Sept. 24, 2007).

⁵⁷Environmental Protection Agency, Office of Inspector General, *Fiscal Year 2023 Oversight Plan* (Jan. 9, 2023). EPA's Office of Inspector General plans to conduct two audits to provide oversight of EPA's awards and distribution of ARPA funds, in accordance with Section 6002 of ARPA.

project officers, the points of contact for grantees, to review grantees' progress in and compliance with an award's scope of work, terms and conditions, and regulatory requirements at least annually. According to officials, EPA makes grantees aware of their reporting and audit requirements when they agree to the terms and conditions placed on the award.

Monitor progress. EPA's monitoring policy requires EPA officials to periodically review grantees' progress in meeting the requirements of their scope of work. In addition, EPA is to monitor compliance with awards' specific terms and conditions and any applicable regulatory requirements. It can do so by determining if grantee progress reports adequately address progress in achieving agreed-upon outputs and outcomes. Under this policy, EPA also may conduct in-depth reviews of grantees' progress, management, and expectations either on-site or off-site.

According to award files we reviewed, grantees may be required to report on the status of the project, project expenditures of federal dollars, and any significant discrepancies from outcomes identified in the project's proposal. For example, one grantee was required to report on activities related to several outcomes, such as improved air quality in early learning environments for children.

EPA communicates any findings from its monitoring activities, including unallowed costs, to grantees. It then works with grantees to address any need for corrective actions, EPA officials said. For example, officials said they may provide technical assistance to a grantee if documentation shows potential use of funds for unallowable costs. If such concerns are not rectified, EPA may move the grantee to a reimbursement limitation model rather than paying grant funds in advance of costs.⁵⁸ EPA officials said that if the agency identifies cases of incorrect use or insufficient documentation, grantees must repay grant funds.

Review single audits. According to EPA officials, EPA did not modify its single audit review instructions in response to ARPA. EPA officials said they are currently revising their audit procedures, as EPA transferred the

⁵⁸EPA defines "reimbursement limitation" as EPA financial obligations to a recipient that are limited by the amount of federal funding awarded to date as reflected on the award. If the recipient incurs costs in anticipation of receiving additional funds from EPA, it does so at its own risk.

responsibility of being the single audit coordinator to the Office of Grants and Debarment.⁵⁹ For ARPA, EPA officials said EPA initially used its typical procedure by reviewing the results of the single audit, as applicable, and working with grantees on a corrective action plan to address any issues.

EPA officials told us they expect to complete these revisions in the second quarter of 2023, and they will apply to single audits for all grants, including ARPA. The single audit coordinator refers any issues identified to EPA's grant management officers and respective agency audit follow-up coordinators, officials said.⁶⁰ These officers and coordinators are to establish internal controls to ensure projects implement corrective action plans for the identified issues. EPA officials said the officers and coordinators are then responsible for ensuring that there are no repeat audit findings in subsequent years.

FWS Allocated Its Appropriation to Some New Programs and Plans to Use Existing Monitoring Procedures

⁵⁹According to EPA officials, a single audit coordinator is responsible for reviewing the Single Audit Clearinghouse for any single audits with adverse federal award findings that affect EPA programs or dollars. EPA officials said that until September 2022, the EPA Office of the Inspector General served as EPA's single audit coordinator. EPA transferred this responsibility so that the EPA Office of Inspector General could maintain its independence from the project.

⁶⁰EPA grants management officers are responsible for all business management associated with the review, negotiation, award, and administration of grants, including audit resolution. EPA audit follow-up coordinators are responsible for coordinating and maintaining records of audit management activities within their organizations.

FWS Funded New Programs and Expanded Services and Has Obligated Almost Half of the Funds

ARPA directed FWS to allocate its \$105 million appropriation as follows:

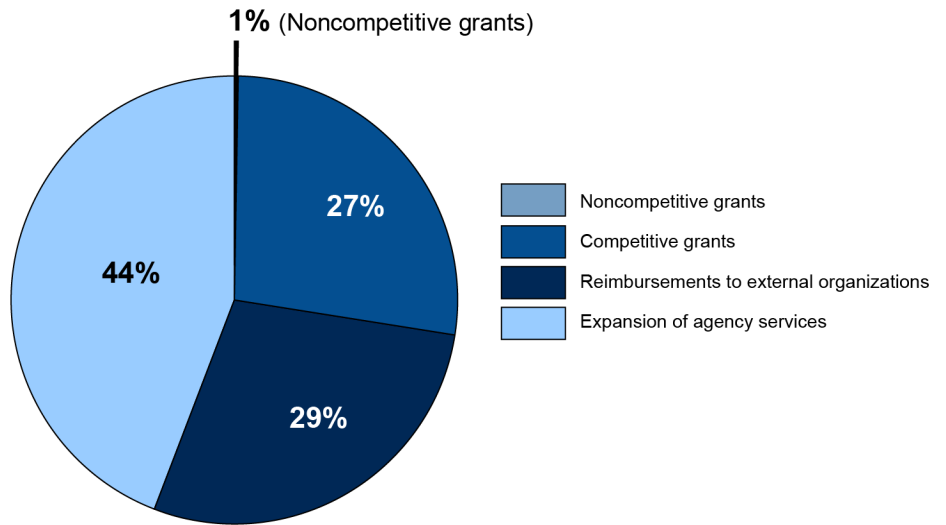
- \$20 million for wildlife inspections, interdictions, and investigations and to other activities addressing wildlife trafficking;
- \$30 million for the care of species listed under the Endangered Species Act of 1973, rescued/confiscated species, or federal trust species in facilities that lost revenue due to COVID-19;⁶¹
- \$45 million for research and other activities to improve early detection and response to wildlife disease outbreaks and wildlife health monitoring; and
- \$10 million for enforcement of the Lacey Act provisions controlling injurious species.⁶²

To address these requirements, FWS developed a spending plan that included a mix of agency services, reimbursements, and grants (see fig. 6). Our analysis of these planned efforts indicates that they were consistent with ARPA requirements.

⁶¹Pub. L. No. 93-205, 87 Stat. 884 (1973) (codified as amended at 16 U.S.C. §§ 1531-1544).

⁶²18 U.S.C. § 42(a); 16 U.S.C. §§ 3371-3378. The Lacey Act Amendments of 1981, as amended, provide that the Secretary of the Interior designate injurious wildlife and ensure the humane treatment of wildlife shipped to the United States; prohibit importation, exportation, transportation, sale, or purchase of fish and wildlife taken or possessed in violation of state, federal, tribal, and foreign laws; and provide for enforcement of federal wildlife laws and federal assistance to the states and foreign governments in the enforcement of nonfederal wildlife laws.

Figure 6: FWS's Planned Allocation of Its American Rescue Plan Act Appropriation, by Spending Type



Source: GAO analysis of U.S. Fish and Wildlife Service (FWS) data. | GAO-23-105795

Note: Percentages may not add to 100 due to rounding.

Table 3 describes the 11 initiatives to which FWS allocated its ARPA appropriation. FWS allocated approximately 44 percent of funds toward the expansion of agency services. For example, in part due to ARPA's requirement to address wildlife trafficking, FWS created a Zoonotic Disease Task Force and a wildlife health information-sharing reporting system. FWS also created a program to reimburse zoos and aquariums for losses due to the COVID-19 pandemic (accounting for 29 percent of the agency's ARPA allocations). FWS also created grant programs for states and Tribes to address ARPA's direction to improve detection and response to wildlife disease outbreaks (accounting for 26 percent of the agency's ARPA allocations).⁶³

⁶³Additional information, including each grant's amount and project location, can be found at <https://www.gao.gov/products/GAO-23-105795>.

Table 3: FWS’s Planned Allocation of Its American Rescue Plan Act (ARPA) Appropriation

ARPA initiatives	Description	Allocation, dollars in millions (percentage of total)
Wildlife Trafficking Enforcement		
Zoonotic Disease Taskforce	Funding supports the development of a pandemic prevention framework to identify imports of species at risk for carrying zoonotic disease. Implementation of the framework will require personnel, training supplies, contracts for laboratory testing, and a shared database, and the framework will facilitate processing of permit applications related to zoonotic disease research.	\$17.75 (17%)
National Fish and Wildlife Forensics Laboratory	Funding supports the development of emerging technology to detect species contained in sea containers through air sample testing without the need to inspect the containers.	\$1.5 (1.4%)
Digital Evidence Recovery and Technical Support	Funding supports hardware and software enhancements to enable cloud-based access to forensic data for certain investigators.	\$0.75 (0.7%)
Subtotal		\$20 (19%)
Care of Captive Species		
Support for Care of Captive Species	Funding reimburses zoos, aquariums, and other facilities that lost gate revenue due to COVID-19 restrictions. Qualifying expenses relate to the care of species covered under the Endangered Species Act or held on behalf of FWS and include food, medicine, veterinary care, life support systems, transportation, certain utilities, and holding space improvements related to the pandemic. FWS entered into a cooperative agreement with the Association of Zoos and Aquariums to administer this program.	\$30 (28.6%)
Subtotal		\$30 (28.6%)
Wildlife Disease Research		
Zoonotic Disease Initiative	Grant program that makes competitive awards to state, tribal, and territorial fish and wildlife agencies to conduct surveillance, research, management, and education to protect the public against zoonotic disease outbreaks. FWS announced these awards under two grant programs: (1) grants to states and territories and (2) grants to Tribes.	\$27 (25.7%)
National Wildlife Refuge System	Funding to enhance the capabilities of the National Wildlife Refuge System’s Wildlife Health office to respond to wildlife disease emergence, including by securing an adequate stock of response supplies, monitoring wildlife refuges, and developing wildlife disease response playbooks.	\$10 (9.5%)
Wildlife Health Information Sharing Partnership event reporting system	Funding to enable the U.S. Geological Survey National Wildlife Health Center Diagnostic Laboratory to expand and refine the Wildlife Health Information Sharing Partnership event reporting system, a public database for information about current and past wildlife disease events that acts as the interface for requests for diagnostic and epidemiologic assistance.	\$6.5 (6.2%)
MENTOR-Bat Award	Grant program that makes one competitive award establish an interdisciplinary teams of conservation leaders who work together to problem solve wildlife problems. This award is to support international efforts to address the role of bats in potential disease transmission between wildlife and humans. Qualifying activities include improving habitats and reducing high-risk interactions between humans and bats, including by reducing commercial bat trade and raising awareness of disease risks.	\$1 (1%)

ARPA initiatives	Description	Allocation, dollars in millions (percentage of total)
Wildlife Disease Coordinator	Funding provides grant funds to the Association of Fish and Wildlife Agencies and other entities to hire Wildlife Disease Coordinators to support the organization's National Fish and Wildlife Health Initiative by working with federal and state agencies and the Fish and Wildlife Health Committee.	\$0.5 (0.5%)
Subtotal		\$45 (42.9%)
Lacey Act Enforcement		
International Wildlife Trade Program	Funding enables FWS's Fisheries and Aquatic Conservation program to identify species at risk of becoming invasive, promulgate injurious wildlife rules listing the highest-risk species that may threaten human health and develop economic analyses to support those rules, and manage national and international pathways that enable injurious species to become established in the United States.	\$6.5 (6.2%)
International Affairs Program	Funding facilitates processing of injurious wildlife permit applications for certain species and expansion of risk assessment capacity.	\$3.5 (3.3%)
Subtotal		\$10 (9.5%)

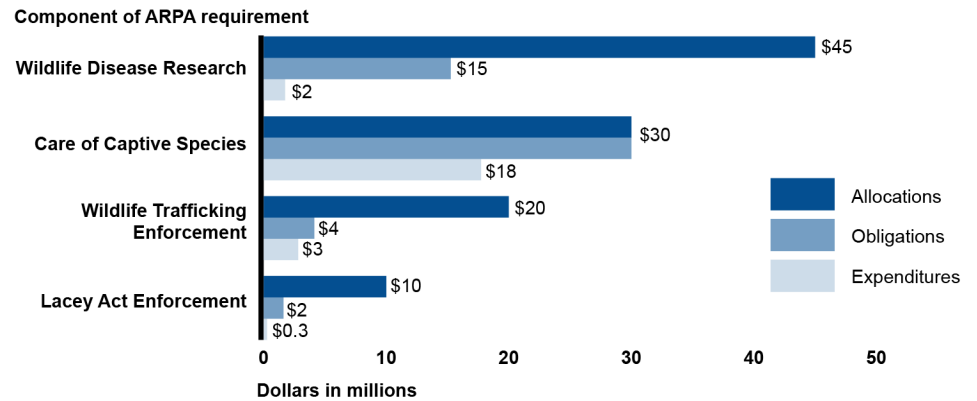
Source: GAO analysis of U.S. Fish and Wildlife Service (FWS) information. | GAO-23-105795

As of the end of calendar year 2022, FWS had obligated 49 percent of its total ARPA appropriation.⁶⁴ The amount FWS had obligated and expended varied by ARPA initiative (see fig. 7). The majority of these obligations were made through the Care of Captive Species program. FWS obligated all \$30 million that had been allocated to this program through a cooperative agreement with a nonprofit organization. According to agency officials, while all \$30 million had been obligated, approximately \$18 million had been awarded to eligible recipients, and another award announcement was planned to award the remaining funds in fiscal year 2023.⁶⁵

⁶⁴The ARPA funds provided to FWS are available to the agency until expended.

⁶⁵According to FWS officials, the Care of Captive Species program was structured as a single award to the Association of Zoos and Aquariums (AZA), which then administers awards to eligible recipients, such as zoos. AZA subsequently announced the award program, and in the first rounds, the total amount that could be awarded to any one facility was limited to \$1 million. According to FWS officials, FWS will consider allowing additional funding for facilities whose eligible expenses exceeded the these limits, and additional awards are planned in fiscal year 2023.

Figure 7: Status of FWS’s American Rescue Plan Act (ARPA) Appropriation, as of December 31, 2022



Source: GAO analysis of U.S. Fish and Wildlife Service (FWS) data. | GAO-23-105795

According to agency officials, FWS expects to obligate the remaining funds over the next 5 years. FWS officials said they encountered few challenges in obligating their ARPA appropriation, in part because the \$105 million appropriation was small relative to the agency’s \$3.7 billion fiscal year 2022 budget.

FWS Established Evaluation Criteria and Used Existing Procedures for Award Applications and to Identify Risks

FWS used ARPA funds dedicated to the Care of Captive Species program to establish a reimbursement program and used ARPA funds dedicated to wildlife disease research to establish three grant programs.

Reimbursement program. FWS established the Care of Captive Species program to reimburse zoos and other eligible recipients, such as aquariums, for expenses incurred in caring for certain animal species during the COVID-19 pandemic. The program operates through a cooperative agreement with the Association of Zoos and Aquariums (AZA), which administers the program.⁶⁶ Because this program is a new effort for the agency, FWS officials said they took steps to mitigate potential risks before awarding funds. FWS worked with AZA and the National Marine Fisheries Office to identify the information they should

⁶⁶AZA is a nonprofit organization dedicated to the advancement of zoos and aquariums in the areas of conservation, education, science, and recreation and an independent credentialing body for wildlife exhibitors.

collect from applicants and to determine reimbursable losses.⁶⁷

Subsequently, FWS and AZA developed an outreach plan to inform potential beneficiaries of availability of funding. They created a webpage, sent targeted emails, and issued a joint press release to publicize the opportunity. FWS said these efforts included outreach to non-AZA institutions to make clear they were also eligible to apply for funding.

FWS's cooperative agreement with AZA stated that AZA would evaluate applicants' eligibility, including confirming that they had not been reimbursed by other federal COVID-19 relief programs (such as those of the Small Business Administration). According to FWS officials, AZA reviewed receipts and other documentation provided by applicants and made recommendations to FWS about whether to fund a request. FWS officials stated they subsequently reviewed these recommendations and verified funding calculations before authorizing reimbursements.

Grant programs. FWS officials stated that they created three new grant programs using \$28 million in ARPA funds that targeted outcomes different from those of any of the agency's previous grants. Two Zoonotic Disease Initiative grant programs are to provide funding to state and tribal wildlife agencies, respectively. A MENTOR-Bat award is to provide funding to one recipient to help prevent transmission of bat-borne diseases.

FWS officials said they created an implementation plan for the Zoonotic Disease as required by OMB.⁶⁸ Among other things, OMB asked that the plan document steps for ensuring payment integrity. As a result, FWS included in the plan its existing internal control framework, which has steps such as risk assessments and merit review panels. FWS officials told us that creating the implementation plan resulted in a longer award process than usual but also increased the new initiative's quality.

We reviewed the three grant programs and FWS's evaluation criteria for making award decisions. The majority of the criteria related to how proposed projects would help recipients achieve their mission. All the

⁶⁷The National Marine Fisheries Office is a component of the National Oceanic and Atmospheric Administration within the Department of Commerce and manages living marine resources, including federal marine fisheries and certain protected species.

⁶⁸OMB required FWS to create an implementation plan for the Zoonotic Disease Initiative because it is an entirely new effort using ARPA funds. OMB requires federal agencies to develop implementation plans to encourage accountability and transparency of federal government spending provided by ARPA.

programs also had criteria related to the applicants' proposed implementation plans and the sustainability of the project after grant funding has ended. In addition, the Zoonotic Disease Initiative grants require applicants to demonstrate how they will support equity, diversity, environmental justice, and accessibility of services.

FWS selection officials are also to review applications for potential overlap or duplication with other FWS projects. If duplication is found, officials are to either request modifications or not provide funding, according to FWS's instructions.

FWS officials said the agency's ARPA grant programs are following FWS's typical policies and procedures for awarding grants.⁶⁹ These include a number of steps designed to mitigate potential fraud or performance issues and are documented in FWS's Recipient Risk Assessment Guidance document. For example, FWS staff are to check government-wide databases to identify whether the applicant or any associated key personnel have been debarred from working with the federal government. They are also to complete a pre-award risk assessment for each applicant, which includes reviewing any past audit results or performance issues. Our review of funding documents for the three grant programs found that each contained information about planned verification and monitoring efforts that were consistent with FWS policies and procedures.

FWS Plans to Monitor Awards Using Existing Procedures

According to FWS officials and documentation, FWS plans to use existing procedures to monitor ARPA awards and respond to applicant risks. These procedures include the following:

Risk assessment. FWS officials said they conduct recipient risk assessments on an annual basis. FWS uses these risk assessments to assign recipients to low, medium, or high risk categories.

Monitoring plan. Using the results of the risk assessments, FWS officials are to create a monitoring plan tailored to each recipient based on FWS's Recipient Risk Assessment Guidance. This guidance instructs officials to, among other things, review an entity's single audit findings, if available,

⁶⁹These policies and procedures are documented in several guidance documents. These include *Financial Assistance Business Processes: Financial Assistance Responsibilities* (Jan. 26, 2022), which outlines FWS office roles and responsibilities for the grant process, and *Financial Assistance Business Process: Recipient Risk Assessment Guidance*, which outlines the risk assessment process.

and use these findings to identify additional potential steps for the risk monitoring plan to address previously identified deficiencies.

Risk mitigation. According to FWS officials, if they determine a recipient to be high risk, FWS officials are to take additional steps to mitigate these risks. For example, they may ask for written documentation of procurement procedures or internal controls. FWS officials may also conduct periodic on-site reviews of projects.⁷⁰ Officials said they will conduct on-site visits for some Zoonotic Disease Initiative grant recipients. They will not conduct such visits for Care of Captive Species because that program reimburses recipients for expenses already incurred, and there would therefore be no programmatic actions to review.

Required reporting. FWS's primary post-award monitoring tools are financial and performance reports, according to officials. According to FWS guidance on award administration, these reports must include (1) a comparison of actual accomplishments with the objectives of the award established for the reporting period; (2) the reasons why established objectives were not met, if appropriate; and (3) analysis and explanation of cost overruns or high costs, when appropriate.⁷¹ In addition, recipients are subject to regular audits—for example, FWS performs audits of its state fish and wildlife agency grant recipients on a 6-year cycle, according to officials.

According to FWS guidance, these reports must be reviewed for completeness and to track that the recipient is on pace to meet the project's goals and objectives. In addition, these reports should be used to identify potential issues or concerns that may require follow-up with the recipients, such as significant delays. For example, Zoonotic Disease Initiative grant recipients provide information on 13 metrics to help gauge impact. These metrics include resources available to investigate disease outbreaks, dedicated wildlife health staff, and access to diagnostic services as part of recipients' reporting requirements. FWS guidance states that all awards are subject to at least annual financial and

⁷⁰According to FWS officials, the site visit selection criteria had not yet been determined for grants derived from ARPA funds at the time of our review.

⁷¹U.S. Fish and Wildlife Service, "Chapter 1: Monitoring Financial and Performance Reporting for Financial Assistance 516 FW 1," *Fish and Wildlife Service: Federal Financial Assistance* (July 9, 2018).

performance reports. FWS may require more frequent reporting if it identifies additional risks during the risk assessment process.

Agency Comments

We provided a draft of this report to EDA, EPA, and FWS for review and comment. EPA provided us with technical comments that we incorporated where appropriate. EDA and FWS did not provide comments.

We are sending copies of this report to the appropriate congressional committees and the Secretary of Commerce, Administrator of the EPA, and Secretary of the Interior. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact William B. Shear at 202-512-8678, ShearW@gao.gov or J. Alfredo Gómez at 202-512-3841, GomezJ@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix II.



William B. Shear
Director, Financial Markets and Community Investment



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Appendix I: EPA Total Obligations and Expenditures for the American Rescue Plan Act

Table 4 provides a summary status of the Environmental Protection Agency's appropriations for the American Rescue Plan Act as of January 3, 2023.

Table 4: Status of EPA's American Rescue Plan Act (ARPA) Appropriations, as of January 3, 2023

ARPA initiative	Planned allocation	Total obligations	Percentage obligated	Total expenditures	Percentage expended
These EPA initiatives include activities that identify and address disproportionate environmental or public health harms and risks in minority or low-income populations.					
Environmental Justice	\$18,250,000	\$14,660,525	80.33%	\$2,452,782	13.44%
Diesel Emissions Reduction Grant Program	\$7,000,000	\$6,900,000	98.57%	\$600,000	8.57%
Brownfields Projects	\$5,000,000	\$5,000,000	100.00%	\$991,067	19.82%
Children and other sensitive populations	\$4,850,000	\$4,849,028	99.98%	\$251,409	5.18%
Civil Enforcement	\$4,830,000	\$3,172,465	65.68%	\$652,761	13.51%
Drinking Water Programs	\$2,650,000	\$2,299,915	86.79%	\$732,636	27.65%
Integrated Environmental Strategies	\$2,150,000	\$747,436	34.76%	\$82,692	3.85%
Compliance Monitoring	\$2,050,000	\$2,048,810	99.94%	\$849,251	41.43%
Environmental Justice (Administrative)	\$1,000,000	\$462,539	46.25%	\$179,057	17.91%
Regulatory/Economic Management and Analysis	\$720,000	\$342,506	47.57%	\$195,939	27.21%
Climate Protection Program	\$700,000	\$510,227	72.89%	\$186,476	26.64%
Federal Stationary Source Regulations	\$500,000	\$334,511	66.90%	\$88,057	17.61%
Criminal Enforcement	\$300,000	\$300,000	100.00%	\$300,000	100.00%
Subtotal	\$50,000,000	\$41,627,962	83.42%	\$7,562,127	15.12%
These EPA initiatives include Clean Air Act activities (Sections 103 and 105).					
Categorical Grant: State and Local Air Quality Management	\$42,500,000	\$22,285,298	52.44%	\$312,336	0.77%
Federal Support for Air Quality Management	\$5,000,000	\$2,148,089	42.96%	\$240,517	4.81%
Federal Support for Air Quality Management (Administrative)	\$2,500,000	\$1,329,907	53.20%	\$855,950	34.24%
Subtotal	\$50,000,000	\$25,763,294	52.44%	\$1,408,803	2.82%
Total	\$100,000,000	\$67,391,256	67.39%	\$8,970,930	8.97%

Source: GAO analysis of Environmental Protection Agency (EPA) data. | GAO-23-105795

Appendix II: GAO Contacts and Staff Acknowledgments

GAO Contacts

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In addition to the contacts named above, Kay Kuhlman (Assistant Director), Chad Gorman (Assistant Director), Robert Lowthian (Analyst in Charge), Kala Amos, Alexandra Edwards, Natalie Hurd, Jill Lacey, Elizabeth Leibinger, Evan Leiter-Mason, Jessica Sandler, Jennifer Schwartz, Rebecca Shea, and Jena Sinkfield made key contributions to this report.

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