United States Senate
WASHINGTON, DC 20510

October 15, 2015

The Honorable Gina McCarthy
Administrator
Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Administrator McCarthy,

We write regarding unexpended funds earmarked by Congress prior to 2010 for water projects through the Environmental Protection Agency (EPA).

A September 30, 2015 EPA Office of Inspector General (OIG) report found that nearly $137 million in earmarked funds remains unobligated or unspent five years or more after being appropriated by Congress. The report identified $6.2 million worth of earmarked funds that the OIG found could be put to better use based on OIG's examination of a small sample of these funds. However, we believe EPA must look closely at the entire $137 million in unobligated and unspent funds, which have missed EPA's own targets for awarding and closing out grants.

In 2010, the EPA OIG recommended that the agency develop procedures to resolve the issue of unobligated earmarks as well as to reduce unspent obligated grants that have not shown activity in years. The recent OIG report notes that EPA's *Management Plan for the Timely Award and Completion of Special Appropriations Act Project Grants*, which was created in response to the 2010 OIG report and took effect in October 2011, has reduced both the number and dollar amount of grants and unobligated funds since that time.

However, it is clear from OIG's recent report that EPA's actions to-date have not fully addressed the issues. In its most recent report, OIG recommends that the Assistant Administrator for Water provide guidance to EPA regional offices on how to reduce unobligated earmarked SAAP grants that have not had financial activity and that EPA create a plan to speed up the elimination of unobligated funds. It is our understanding that the agency has agreed to these recommendations. However, the agency has yet to provide dates for milestones and completion. Given persistent fiscal concerns, it is clear that taxpayers would benefit from unobligated or unspent funds being returned to the U.S. Treasury in an expedient fashion.

Therefore, we ask that you provide our offices with written responses to the following:

- Provide an estimated completion date for each of the three recommendations included in EPA OIG's September 30, 2015 report entitled *"Unused Earmark Funds for Water Projects Totaling $6.2 Million Could Be Put to Better Use."*

- Provide a complete list of all unobligated SAAP grants including date of congressional appropriation, total earmarked amount, remaining balance, and date of last financial activity.
- Provide a list of all unobligated balances that EPA intends to return to the Treasury.
- Provide a list of all unobligated balances that EPA recommends for rescission by Congress.

We appreciate your attention to this request and would appreciate a written response. We ask that you handle this matter in accordance with all agency rules, regulations, and ethical guidelines.

Sincerely,

Jeff Flake
United States Senator

Claire McCaskill
United States Senator