Why We Did This Review

The Office of Inspector General (OIG) conducted an audit of the U.S. Environmental Protection Agency’s (EPA’s) subsidy programs for employee parking. The objective of this audit was to identify and analyze risks in the programs.

In 1984, Congress adopted the Deficit Reduction Act, which identifies employer-provided parking as a fringe benefit (i.e., compensation beyond direct wages and salaries). However, there is no law that requires federal agencies to provide this fringe benefit to their employees. In addition, Office of Management and Budget (OMB) Memorandum M-17-22 directs agencies to examine the total cost of their personnel—including employee-related costs such as salary, benefits, employee services and office expenses—to achieve workforce reductions and cost savings.

This report addresses the following:

- Operating efficiently and effectively.

Send all inquiries to our public affairs office at (202) 566-2391 or visit www.epa.gov/oig.

Listing of OIG reports.

---

EPA Paid $1.5 Million for Subsidized and Unoccupied Parking Spaces Over a 2-Year Period

What We Found

Only EPA headquarters (based in Washington, D.C.) and Region 4 (based in Atlanta, Georgia) subsidized employee parking. These offices paid over $840,000 to subsidize employee parking from January 1, 2015, through December 31, 2016. In this time period, none of the other EPA regional offices provided their employees with subsidized parking, which is not a required employee benefit.

In addition, we found that internal controls for subsidized employee parking could be improved in three areas: the allocation of “unusual hours” parking spaces, the verification of carpool participants, and the reconciliation of EPA parking records with monthly reports that detail the actual use of parking spaces.

We also found that, from January 2015 through December 2016, 29 percent of the parking spaces that headquarters leased for its employees and 27 percent of the parking spaces that Region 4 leased for its employees remained unoccupied. The EPA paid approximately $690,000 for these unoccupied parking spaces.

EPA staff stated that federal laws allowed the agency to provide parking subsidies to employees. However, Executive Order 13693 touts federal air quality goals, and no law requires subsidized parking to be a mandatory employee benefit. Consequently, the EPA was using valuable resources to subsidize employee parking when the funds could be put to better use in mission-critical programs.

Recommendations and Planned Agency Corrective Actions

We recommend that EPA headquarters and Region 4 comply with OMB Memorandum M-17-22, Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce, and decide whether the costs of providing subsidized parking are justified. If not, we recommend that the EPA eliminate or reduce the parking subsidy. The two offices should also verify the validity of carpools, determine the appropriate number of spaces needed, and return unneeded parking spaces to the U.S. General Services Administration. In addition, we recommend that EPA headquarters review monthly parking records to determine actual parking spaces required and used.

EPA headquarters and Region 4 concurred with all of our recommendations and provided corrective actions with milestone dates, including no longer offering reduced-rate parking to headquarters employees or free parking to Region 4 carpool participants. Recommendations 1 through 5 and Recommendation 9 are completed. The proposed corrective actions for Recommendations 6 through 8, when completed, will meet the intent of the recommendations.