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Federal Participation in Transit Benefit Programs

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Congressional Addressees

In response to Section 629(d) of the Treasury, Postal Service and General Government Appropriations Act of 1991, this report addresses federal agency and employee participation in state and local commuter public transportation benefit programs. This report summarizes the extent of participation, costs and funding mechanisms, and evaluates the effect federal participation has had on employee commuting behavior. GAO raises matters for congressional consideration and makes recommendations to participating federal agencies to improve program administration and management controls.

We are sending copies of this report to congressional committees and subcommittees interested in transportation matters; federal agencies participating in transit benefit programs; the Director, Office of Management and Budget; and other interested parties. We will make copies available to others on request.

This report was prepared under the direction of Kenneth M. Mead, Director, Transportation Issues, who may be reached on (202) 512-6001. Major contributors to this report are listed in appendix VIII.

J. Dexter Peach
Assistant Comptroller General

B-253919

List of Addressees

The Honorable Dennis DeConcini
Chairman
The Honorable Christopher S. Bond
Ranking Minority Member
Subcommittee on Treasury, Postal Service and
General Government
Committee on Appropriations
United States Senate

The Honorable Steny H. Hoyer
Chairman
The Honorable Jim Ross Lightfoot
Ranking Minority Member
Subcommittee on Treasury, Postal Service and
General Government
Committee on Appropriations
House of Representatives

The Honorable Barbara A. Mikulski
United States Senate

Executive Summary

Purpose

The nation's transportation policies are increasingly interconnected with national environmental, energy, and economic goals. To improve air quality and reduce traffic congestion, federal policies such as the Clean Air Act Amendments of 1990 have encouraged and, in some cases, required the use of strategies to reduce automobile use. These strategies can include employer-provided transit benefits—financial incentives to encourage employees to use public transportation. In November 1990, the Congress passed the Treasury, Postal Service and General Government Appropriations Act of 1991, which authorized federal agencies to participate in any program established by a state or local government that encourages employees to use public transportation.

The act required GAO to review federal agencies' and employees' participation in transit benefit programs. Federal agencies' authority under the 1991 Appropriations Act to participate in transit benefit programs expires on December 31, 1993, unless reauthorized by the Congress. GAO's objectives were to evaluate (1) the extent of transit benefit program participation and the factors influencing participation; (2) the effect, if any, of federal participation on employees' commuting behavior; (3) funding of federal participation in transit benefit programs; and (4) administration and management of federal participation, including management control over assets such as transit tickets and vouchers.

GAO issued an interim report describing participation in the Washington, D.C., area in November 1992.[1] For this final report, GAO visited 16 participating federal offices in 4 cities, surveyed participating and nonparticipating federal offices nationwide, and surveyed randomly selected federal employees in participating offices.

Background

While employer-provided benefits are generally taxable to the employee, Internal Revenue Service (IRS) regulations interpreting the Deficit Reduction Act of 1984 established employees' transit benefits as a tax-free benefit, providing it did not exceed $15 a month. IRS regulations raised this exclusion to $21 a month in July 1991, and the Energy Policy Act of 1992 again raised it to $60 per month, effective January 1, 1993.

Section 629(a) of the Treasury, Postal Service and General Government Appropriations Act of 1991 (P.L. 101-509) permitted federal agencies to participate in transit benefit programs offered by state or local

[1]Mass Transit: Information on Federal Participation in Transit Benefit Programs (GAO/RCED-93-25, Nov. 13, 1992).

governments. According to the sponsor, the section's purpose was to encourage federal employees to use public transportation by reducing the cost to the employee through the sale of discounted passes or other incentives. The Congress did not appropriate additional funding for transit benefits; agencies were expected to absorb the cost from within their existing budgets. The Office of Management and Budget (OMB) and the General Services Administration (GSA) have issued guidance advising federal agencies to establish procedures to ensure that participation is limited to eligible employees, that transit vouchers and tickets are properly accounted for and safeguarded, and that programs are properly evaluated.

Under the Clean Air Act Amendments of 1990, metropolitan areas designated as severe or worse for ozone pollution—including 8 of the nation's largest 25 metropolitan areas—are required to enact local ordinances requiring employers, including federal employers, with 100 or more employees to implement trip reduction plans by November 1994. The Comptroller General has ruled (B-250400, May 28, 1993) that, under the authority of this act, federal agencies may use appropriated funds to offer financial incentives to their employees to reduce use of single-occupant vehicles where required to do so by appropriate state or local authorities.

Results in Brief

As of April 15, 1993, 75 executive, legislative, judicial, and independent federal agencies and organizations participated in transit benefit programs in 229 federal offices located in the nation's 25 largest metropolitan areas. Most participating federal agencies were providing \$21-per-month employee benefits; only the Department of Transportation (DOT) and three smaller federal agencies provided \$60-per-month employee benefits. The factors most influencing federal agencies' participation or nonparticipation included enhancing employees' benefits and the program's cost. Individual employees' participation decisions are most strongly influenced by transportation cost and accessibility to public transportation.

Federal agencies that responded to GAO's surveys provided benefits to about 18,500 out of about 59,000 eligible employees, as of October 1, 1992. (There are about 2.2 million nonpostal federal civilian employees.) Federal employees' responses to GAO's survey indicate that 21 percent of the employees receiving transit benefits—at least 3,500 employees—changed their primary means of commuting to work from drive-alone, carpool, and other means of commuting to public transportation because of the availability of a transit benefit, and 4 percent changed for other reasons, such as a change in residence.[2] The majority of participants—75 percent, or at least 12,500 employees—were already riding public transportation as their primary means of commuting to work before their agencies began participating in transit benefit programs. According to federal employees' responses to GAO's survey, if participating federal agencies offered $60-per-month benefits, employees' participation rates might increase from 33 percent to as much as 49 percent, an increase of over 8,000 employees.

GAO estimates that participating federal agencies will spend between $8 million and $10 million on transit benefits in fiscal year 1993. This amount includes the 4 of the 75 participating agencies that are providing the $60-per-month benefit. However, national spending and deficit reduction priorities could affect the continuation of existing programs, even at the $21-per-month level. If the Congress reauthorizes federal participation, financing options include (1) funding from within existing resources; (2) direct congressional appropriations; and/or (3) amending existing law to allow, as OMB suggests, the use of parking revenues as a funding source. Each option would have different impacts on federal participation, as well as on overall budget and fiscal policy.

Management and administration of federal agencies' participation in employee transit benefit programs can be improved. Weaknesses exist in the implementation of management control procedures to ensure that participation is limited to eligible employees, that transit vouchers and tickets are properly accounted for and safeguarded, and that programs are properly evaluated to help assess their role in improving air quality and reducing congestion. Furthermore, federal agencies have had difficulty in determining which employees are eligible to participate, which employee benefits are tax-exempt, and whether vanpooling fits the definition of public transportation.

Principal Findings

Transit Benefit Program Participation

Included in the 75 participating federal agencies and organizations were 7 of the 14 Cabinet-level departments. DOT and the Department of the

[2] GAO's breakdown of the numbers of employees receiving benefits does not add to the 18,500 total reported by participating agencies, because this breakdown is based on an employee survey, and some employees did not respond to the survey.

Treasury had the largest number of participating offices and employees—each Department had programs in 17 or more metropolitan areas. According to GAO's surveys, among the 25 largest U.S. metropolitan areas, federal employees' participation rates were highest in New York and Chicago—areas with traditionally high rates of transit ridership—where 88 and 80 percent, respectively, of the federal employees in participating agencies received transit benefits. Federal employees' participation was lowest in Kansas City, where 4 percent participated. Three-quarters of all participating employees were located in Washington, D.C., where 28 percent of all eligible employees participated.

Participating federal offices GAO surveyed stated that providing a benefit that would enhance employee recruitment, morale, and retention was the single most important factor in the agency's decision to provide transit benefits. Agencies that declined to participate overwhelmingly cited their inability to fund transit benefits from existing agency resources as the primary factor precluding their participation. Federal employees GAO surveyed who received transit benefits did so for reasons of cost, proximity of public transportation to home and work, and a desire to avoid traffic congestion. For those who did not ride transit, around 40 percent reported that the single most important reason was that it was not convenient to their homes or would take too much time. Income also affects transit ridership among federal employees. According to GAO's employee survey, transit ridership declined as income increased, and federal employees with family incomes of less than $25,000 a year were nearly twice as likely to ride transit as federal employees with family incomes above $100,000.

Transit Benefits Affect Commuters' Behavior

Three out of four federal employees who receive transit benefits from their agencies were already riding public transportation as their primary means of commuting to work before their agencies began participating in a transit benefit program. Among the 21 percent of transit benefit recipients who reported shifting their primary means of commuting to public transportation because of the availability of the benefit, nearly 60 percent previously commuted by driving alone, 16 percent were in carpools or vanpools, and 19 percent shared a ride with one other person. Federal employees' responses to GAO's survey indicate that transit benefits would continue to attract commuters who drive alone if agencies raised benefit levels to $60 per month. Conversely, more than half the nonparticipating commuters employed in participating agencies said they would not switch to public transportation to accept a $60 benefit.

Recommendations and Matters for Congressional Consideration

If the Congress reauthorizes federal participation in transit benefit programs, GAO makes recommendations to participating federal agencies to improve management controls over program assets. Furthermore, GAO asks the Congress, if it reauthorizes federal participation, to consider establishing a central coordinating authority to serve as a clearinghouse of information and guidance for federal agencies and organizations establishing or participating in transit benefit programs.

Agency Comments

GAO provided a draft of this report to OMB and DOT officials, who generally concurred with the facts, conclusions, and recommendations presented. In addition, GAO provided a statement of facts on the management and implementation of federal participation (discussed in ch. 4) to the six federal agencies visited. Those agencies provided updated information on and clarification of the issues discussed, and GAO has incorporated that information into the final report, as appropriate. As requested, GAO did not obtain written agency comments on a draft of this report.

Contents

While federal participation in transit benefit programs has increased the use of public transportation, the effect of this increase on air quality and traffic congestion is localized and difficult to measure. The difficulty stems in part from the fact that individual measures, such as employer-provided commuter transit benefits, may not yield sufficient improvement on their own, but would work with other measures to effect tangible improvements.

Federal Funding Options

If the Congress reauthorizes federal participation, it could continue to require agencies to absorb the cost of participation within their existing budgets. Most participating federal agencies paid for benefits with funds allotted in their budgets for personnel benefits, such as relocation allowances and employers' contributions to employees' health insurance, and reported little difficulty in absorbing the cost at the $21-per-month level. In contrast, over 60 percent of nonparticipating agencies stated that the most significant factor in their nonparticipation decision was the unavailability of funding. Furthermore, only four federal agencies have provided benefits at the $60-per-month level.

The Congress could also appropriate funds to support federal participation. Assuming that transit benefits were available to all 2.2 million federal civilian employees and the existing participation rates were continued, federal costs could be as high as $189 million per year for a $21-per-month benefit program, or $720 million per year for a $60-per-month benefit program.

OMB's June 1992 guidance to federal agencies suggested that they fund transit benefit program participation to the extent possible by obtaining funding offsets from agency-provided parking. OMB also recognized that federal agencies are limited by statute from retaining any proceeds from parking charges that exceed the costs of operating and maintaining the parking facilities, unless otherwise authorized by law. Seventy-one percent of the federal employees responding to our survey that receive parking from their agencies receive it free of charge. However, if federal agencies were authorized by legislation to retain parking proceeds, their ability to generate funds from parking charges would vary, depending on the extent of their parking facilities, the number of employees, and the market value of their parking spaces. For example, in 10 selected nonparticipating federal agencies in Washington, D.C., GAO found that by charging 50 percent of prevailing market rates for employee parking (between $33 and $83 per vehicle per month), these agencies could fund $21-per-month transit benefits for between 9 percent and 100 percent of their employees, or fund $60-per-month transit benefits for between 3 percent and 44 percent of their employees. If federal agencies were authorized to retain parking proceeds, each agency would have to weigh the advantages against the potentially negative effects on agency operations and employee morale.

Management Control Weaknesses and Interpretation Questions

GAO noted weaknesses in the management controls that help to ensure participation is limited to eligible employees, that transit vouchers and tickets are properly accounted for and safeguarded, and that agency participation is properly evaluated. For example, GAO found instances in which transit vouchers and tickets were not properly safeguarded and discrepancies were not properly resolved, resulting in a loss of accountability and a lack of assurance that these assets were not misappropriated. Furthermore, although OMB requires each federal agency to establish an evaluation mechanism to measure changes in employees' commuting habits and other results, three of the six agencies that GAO visited had not done so. These evaluations will be important to states' and metropolitan areas' efforts to plan for air quality and congestion management, since any shift in commuters' behavior would affect local areas.

Although OMB and GSA have provided guidance to participating agencies, the enabling legislation did not assign central coordinating responsibility to any agency nor provide any express authority to any agency to develop and promulgate implementing regulations, resolve conflicts, or provide interpretations for participating federal agencies. In part, because of the absence of a central coordinating authority to serve as a clearinghouse for federal agencies in obtaining information or clarification on participation requirements, federal agencies have experienced interpretation problems on such issues as who may participate, which benefits are tax-exempt, and what constitutes public transportation. For example, some agencies provide transit benefits to vanpool commuters, while others do not. A central coordinating authority or clearinghouse could be established in a number of ways—for example, through one of the central management agencies, such as GSA or the Office of Personnel Management; through DOT, which has cognizance over federal transportation programs; or through an interagency committee.

Tables

Figures

Abbreviations

CPDF	Central Personnel Data File
DOD	Department of Defense
DOE	Department of Energy
DOI	Department of Interior
DOT	Department of Transportation
EPA	Environmental Protection Agency
FDIC	Federal Deposit Insurance Corporation
FEMA	Federal Emergency Management Agency
FTA	Federal Transit Administration
GAO	General Accounting Office
GPO	Government Printing Office
GS	General schedule
GSA	General Services Administration
ICC	Interstate Commerce Commission
IRS	Internal Revenue Service
ISTEA	Intermodal Surface Transportation Efficiency Act of 1991
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSHRC	Occupational Safety and Health Review Commission
RTD	Regional Transportation District
SEC	Securities and Exchange Commission
SES	Senior executive service
TCM	transportation control measures
USDA	Department of Agriculture
WMATA	Washington Metropolitan Area Transit Authority

Introduction

The nation's transportation policies are increasingly interconnected with national environmental, energy, and economic goals. The nation's transportation system is a primary contributor to air pollution, urban congestion, and energy consumption. As a result, federal transportation policies have been increasingly geared toward strategies to reduce motor vehicle miles traveled to improve air quality, while reducing traffic congestion and the energy consumed by motor vehicles. As the nation's largest employer, the federal government's policy has been to encourage the fulfillment of these national goals among its own work force through ridesharing, carpool and vanpool programs, and, most recently, by authorizing federal agencies to provide transit benefits to their employees.

Transportation Strategies Are Key to National Environmental, Economic, and Energy Goals

Over 60 metropolitan areas in the United States do not meet national air quality standards, and the nation's transportation system is a primary contributing factor. Transportation sources in the United States currently produce about 70 percent of the carbon monoxide emitted into the atmosphere, one-third of greenhouse gases, and a substantial amount of the air pollutants that combine to form smog. Use of motor vehicles for home-to-work commuting produces, according to estimates by the Environmental Protection Agency (EPA), the highest concentration of toxic emissions in the average urban area. According to the Institute of Transportation Studies at the University of California at Berkeley, motor vehicle emissions cost the nation $4 billion or more in damage to human health annually.

While emissions produced by individual motor vehicles were substantially reduced during the 1970s and 1980s—largely through the introduction of catalytic converters and improvements in automotive fuel efficiency—these improvements were largely offset by increases in vehicle trips and vehicle miles traveled during this same period. According to the Department of Transportation (DOT), vehicle miles traveled in the United States grew at a rate of about 3.5 percent a year during the period 1983 through 1991.[1] As this growth occurred, urban congestion worsened. The percentage of peak-hour travel on the urban Interstate system that occurred under congested conditions grew tremendously during the 1980s, from 55 percent in 1983 to over 70 percent in 1991.[2] One reason was the

[1]Although the recession in 1989 and 1990 reduced the rate of increase in highway travel, the travel growth rate returned in 1991 to 3.5 percent a year, consistent with the average annual rate experienced since 1983, according to DOT.

[2]DOT measures congestion by comparing the volume of traffic using a highway facility and the theoretical capacity of that facility to accommodate this traffic. Congested conditions begin when traffic reaches 80 percent of capacity; 100 percent represents gridlock or near gridlock conditions.

increase in drive-alone commuting. According to DOT, between 1980 and 1990 the number of commuters who traveled by carpool declined by 21 percent, from 19 million to 15 million, and average vehicle occupancy dropped from 1.15 to 1.09. While total transit miles traveled increased, largely because of the opening of new transit lines, the percentage of the U.S. population commuting to work by public transportation declined from around 3 percent to around 2 percent.

Looking to the future, the prospect for improving urban congestion and air quality through transportation policies is not encouraging. DOT estimates that highway traffic will increase 65 percent over 1991 levels in the next 20 years. In a 1993 report to the Congress, DOT projected that continued increases in vehicle miles traveled could lead to an increase in the overall emissions caused by motor vehicles, unless more stringent measures to reduce automobile use are implemented. DOT concluded that, even under optimistic assumptions about congestion management strategies, the capacity of the nation's highways to absorb and handle traffic in the nation's larger urbanized areas can be expected to deteriorate. Traffic congestion can have significant economic consequences: DOT estimates that traffic congestion costs the economy over $39 billion a year.

In addition to affecting air quality and traffic congestion, the nation's transportation system also affects energy consumption. Each year since 1976, the nation has used more oil for transportation alone than can be produced domestically. In 1990, the transportation sector accounted for about two-thirds of all U.S. petroleum use and about one-fourth of total U.S. energy consumption. Motor vehicles are likely to remain the largest future users of oil; according to the Department of Energy (DOE), energy demand for passenger vehicles is projected to continue to grow at about 1.3 percent a year for the next 20 years. Experts project that the nation will most likely depend more on Middle Eastern oil suppliers in the years ahead. The United States spends about $200 billion a year on transportation-related petroleum and energy consumption.

Federal Policy Is to Enhance Air Quality, Promote an Efficient Transportation System, and Conserve Energy

Recent federal policies have included strategies to reduce motor vehicle use in order to improve air quality, reduce urban congestion, and conserve energy. The Clean Air Act Amendments of 1990 (P.L. 101-549) encouraged, and in some cases required, metropolitan areas that did not meet national air quality standards to develop strategies to reduce emissions. These strategies consist of transportation control measures (TCM), defined in the act, that are designed to influence the demand for automobile travel or promote more efficient use of automobiles. They include such programs as improved public transit, restriction of certain roads to passenger buses and high-occupancy vehicles, traffic flow improvements, and employer-based incentives such as transit benefits.

The act also required the implementation of employer-based measures in metropolitan areas designated as severe or worse for ozone pollution. These areas are required to develop ordinances requiring all employers of 100 or more employees, including federal agencies, to enact trip reduction plans to reduce employees' vehicle use and raise average vehicle occupancy. Eight of the nation's largest 25 metropolitan areas reviewed in this report—including New York, Chicago, Houston, Milwaukee, and San Diego—were required to develop these ordinances by November 15, 1992; employers' trip reduction compliance plans are to be in place by November 15, 1994. As of March 1993, these eight metropolitan areas had enacted employers' trip reduction ordinances, as had three metropolitan areas that are not required under the act to do so—San Francisco, Phoenix, and Seattle (see app. V).

One of the eight, Los Angeles, was involved in a legal decision by the Comptroller General of the Unites States, rendered in May 1993 (B-250400). In that decision, we concluded that if a state or local authority required employers to provide financial incentives to employees, federal agencies, under section 118 of the Clean Air Act, may use appropriated funds to do so. In this particular case, the financial incentives included support for carpooling, vanpooling, bicycling, and walking, as well as public transportation.

In addition to the Clean Air Act Amendments of 1990, other legislation, such as the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and the Energy Policy Act of 1992, has also encouraged measures to improve air quality and save energy. ISTEA created the Congestion Mitigation and Air Quality Improvement program, which authorized $6 billion in federal-aid highway funding for the states through fiscal year 1997 to fund transportation projects such as the TCMS identified in the

Clean Air Act (for example, traffic flow improvements and high-occupancy-vehicle lanes). ISTEA also addressed the use of employer-based measures. Section 8004 states that the Congress finds that federal policy places commuter transit benefits at a disadvantage compared to drive-to-work benefits and that this policy is inconsistent with national energy and environmental policy goals. The section concluded that:

> The Congress strongly supports Federal policy that promotes increased use of employer-provided commuter transit benefits. Such a policy "levels the playing field" between transportation modes and is consistent with important national objectives of energy conservation, reduced reliance on energy imports, lessened congestion, and clean air.

Subsequent to this statement, the Energy Policy Act of 1992 increased the level of tax-free commuter transit benefits an employer can provide from $21 to $60 a month, effective January 1, 1993. The Energy Policy Act further required federal and state governments to increase their use of vehicles powered by alternative fuels, such as methanol and natural gas.

Employee Transit Benefits: One Strategy for Reducing Vehicle Trips

Employers can draw on a number of strategies and options to meet trip reduction requirements or to encourage the use of alternatives to single-occupant driver commuting. They can

- encourage carpooling by establishing carpool information systems or giving preference to carpools at employer-provided parking facilities;
- establish company vanpools;
- improve bicycle storage facilities;
- encourage commuting outside congested peak periods through flexible work hours or work-at-home "telecommuting"; or
- encourage employees to use public transportation.

In particular, employers can directly subsidize all or part of their employees' expenses incurred in commuting by public transportation by providing a monthly employee transit benefit.

As we reported in September 1992, private sector employers' participation in transit benefit programs has grown in recent years, but participation remains low relative to the total number of employers in the respective metropolitan areas.[3] For example, our September 1992 report estimated

[3] Mass Transit: Effects of Tax Changes on Commuter Behavior (GAO/RCED-92-243, Sept. 8, 1992).

that 6.2 percent of the employers with 10 or more employees in the Manhattan Central Business District in New York participated in employee transit benefit programs, while participation in other cities was far lower. This participation rate may change in the coming years. Transit officials in New York and Washington, D.C., told us that private sector participation in their programs had grown since the Energy Policy Act of 1992 raised the maximum tax-free benefit level to $60 in January 1993. For example, a New York official stated that in the first 2 months of 1993, about 550 new employers and about 8,000 new employees began participating. Officials at the Washington Metropolitan Area Transit Authority stated that private sector participation nearly doubled—from 74 to 144 companies—after January 1993. Officials in both New York and Washington attributed these increases to the fact that firms, operating in an economic climate where salaries and promotions have been constrained, seek to take advantage of a tax-deductible employee benefit. Private sector participation in transit benefit programs may also grow in some cities as employers are required to develop trip reduction plans by 1994.

Table 1.1 presents the number of participating private sector employers and employees in selected cities:

Table 1.1: Private Sector Participation in Transit Pass Programs

City	Number of employers	Number of employees
Chicago	400	7,000
Los Angeles	82	Not available
New York	2,600	52,000
Philadelphia	91	5,005
San Francisco	237	6,181
Seattle	350	113,700
Washington, D.C.	144	4,500

Source: Regional transit authorities. Data collected between January and March 1993.

Tax Treatment of Employer- Provided Transit Benefits

Under Internal Revenue Service (IRS) regulations interpreting the Deficit Reduction Act of 1984, employer-provided transit benefits were not taxable to the employee if they did not exceed $15 a month. IRS regulations raised this amount to $21 a month, effective July 1991. The Energy Policy Act of 1992 amended the Internal Revenue Code, placing both employee transit and parking benefits in a new category of benefits called qualified transportation fringe benefits. The Internal Revenue Code amendment raised the tax-free benefit level for transit benefits to $60 per month, effective January 1, 1993. According to an IRS official, employees would be subject to taxation on any amount that exceeded $60. As of July 1993, the IRS was preparing regulations to implement and clarify the transportation provisions of the Energy Policy Act of 1992.

Federal Participation in Transit Benefit Programs

While federal agencies have had extensive carpool and vanpool programs since the signing of Executive Order No. 12191 in 1980 encouraging such activities, federal agencies did not have the statutory authority to use funds appropriated by the Congress to provide employee transit benefits. In November 1990, the Congress approved section 629(a) of the Treasury, Postal Service and General Government Appropriations Act of 1991 (P.L. 101-509), permitting federal agencies to participate in transit benefit programs offered by state or local governments. The legislation's purpose, according to its sponsor, was to encourage federal employees to use public transportation by reducing the cost to the employee of using transit through the sale of discounted passes or other incentives. In addition, the sponsor stated that the purpose of the legislation was to (1) get federal employees out of their cars and onto trains, trolleys, buses, vanpools, and other forms of mass transit and (2) inspire communities across the nation to seek and develop creative commuting alternatives (see app. VII).

The Congress did not appropriate additional funding for transit benefits. In his statement to the Senate, the Chairman, Subcommittee on Treasury, Postal Service and General Government, Committee on Appropriations, said that agencies choosing to participate in transit benefit programs would be expected to absorb the cost from within their existing budgets.

On July 23, 1991, the General Services Administration (GSA) published Bulletin FPMR D-227 advising federal agencies of the new law and suggesting that federal agencies that choose to participate establish procedures to record information on the costs and numbers of passes or vouchers issued to employees, as well as internal controls to preclude improprieties and limit participation to eligible employees. On June 12, 1992, the Office of Management and Budget (OMB) issued a memorandum directing the heads of participating federal departments and agencies to take reasonable steps to limit participation to eligible employees and to provide no benefits greater than the amount determined to be excluded from taxation—at that time $21 per month and currently $60 per month. OMB's guidance further directed federal agencies to establish oversight and management controls to ensure funds are properly accounted for and safeguarded against fraud or misappropriation. Finally, OMB's memorandum directed federal agencies to develop an evaluation mechanism to measure changes in employees' commuting habits, increases in vehicle occupancy, and other indicators in order to assist the Congress in determining the effectiveness of transit benefits in increasing employees' use of public transportation.

Objectives, Scope, and Methodology

We made our review in response to section 629(d) of the Treasury, Postal Service and General Government Appropriations Act of 1991 (P.L. 101-509), which requires GAO to conduct a study and submit a report on (1) the implementation of the programs authorized in section 629(a) and (2) information on agencies and employees, including the rates of pay of employees participating in these programs. To accomplish this mandate, our specific objectives were to determine (1) the extent of federal agencies' and employees' participation in transit benefit programs and the factors influencing participation; (2) what changes, if any, federal participation in transit benefit programs has brought about in employees' commuting behavior; (3) how federal employees' transportation benefits were funded; and (4) how federal agencies manage and administer employee transit benefit programs, including internal controls.

To determine the extent and costs of federal agencies' and employees' participation, we surveyed the headquarters and regional offices of all federal agencies and organizations that participated in transit benefit programs as of October 1, 1992. We limited the scope of our survey to federal participation in the nation's largest 25 Statistical Metropolitan Areas, as defined by the Bureau of the Census, Department of Commerce. In addition, we excluded from our surveys federal entities which stated that they were administratively or operationally part of other federal agencies, as well as agencies that did not have staff assigned to them, or which told us they were not federal agencies for the purposes of the statute authorizing federal participation in transit benefit programs.

To identify participating agencies and offices, we contacted the headquarters of federal executive, legislative, and judicial agencies and organizations to determine if they participated in state or local transit benefit programs as of October 1, 1992, and, if so, at what locations. On the basis of these contacts, we identified and surveyed 171 federal offices—56 headquarters and 115 field offices—participating in transit benefit programs. We received responses from 155 federal offices—47 headquarters and 108 field offices. To determine the reasons why agencies do not participate, we identified and sent surveys to 68 federal agencies and organizations that were not participating in transit benefit programs on October 1, 1992, and received 56 responses.

In April 1993, we updated our information on the number of participating agencies by reviewing records at the Washington Metropolitan Area Transit Authority and contacting the headquarters of participating federal agencies. (Additional information on our agency survey methodology is in app. III.)

To determine how federal participation in state or local programs is being managed and implemented, we contacted 6 participating federal agencies and visited 16 of their participating offices in Chicago, Denver, San Francisco, and Washington, D.C. We selected these agencies for geographic balance and to present a cross section of larger and smaller federal agencies; for the most part, they represent agencies with relatively extensive participation nationwide. The agencies and locations visited are shown in table 1.2.

Table 1.2: Participating Federal Agency Locations Visited by GAO

Agency	Chicago	Denver	San Francisco	Washington, D.C.
Environmental Protection Agency		X		
Federal Emergency Management Agency		X	X	X
DOT/Federal Transit Administration	X	X	X	
Interstate Commerce Commission	X		X	X
Office of Personnel Management	X		X	
Securities & Exchange Commission	X	X	X	X

At these locations, we compiled information on the various approaches agencies have adopted for participating in transit benefit programs by discussing implementation with cognizant agency officials and by reviewing program documents. We also evaluated the adequacy of agencies' management control procedures over the process of distributing and safeguarding transit assets by observing the control environment, reviewing internal management control procedures, and making selected tests of internal controls.

To report on federal parking policies and practices and tax treatment of employer-provided transportation benefits, we interviewed officials at GSA and IRS, respectively. We also discussed federal participation with officials at OMB. Finally, we contacted transit providers or regional planning agencies in the four cities we visited; to discuss private sector participation, we also contacted transit providers in New York, Los Angeles, Philadelphia, and Seattle.

To determine the effect of federal participation on employees' commuting behavior, we conducted a survey of 1,483 randomly selected federal employees who work in agencies that were participating in transit benefit programs on October 1, 1992, using the Office of Personnel Management's Central Personnel Data File. We surveyed employees who receive and who do not receive transit benefits and determined how employees commute, the reasons for various commuting decisions, and the effect that the availability of transit benefits had on those decisions. (Additional information on our employee survey is found in app. IV.)

From January 1992 to July 1992, we conducted a preliminary review and issued an interim report in November 1992.[4] For our preliminary review, we contacted public transit authorities in Washington, D.C., and in 21 of the larger U.S. metropolitan areas, as well as 11 participating and 3 nonparticipating federal agencies based in Washington, D.C. Our interim report provided information on the extent to which federal agencies and employees participated in transit benefit programs, including, for 14 selected agencies, the factors contributing to agencies' decisions to participate or not participate and, for 3 selected agencies, the rates of pay of participating employees. That report also assessed the costs of federal participation, discussed how the 11 participating agencies implemented and managed their participation, and identified factors that can influence the success of employee transit benefits in encouraging the use of public transportation.

Our review was conducted between September 1992 and March 1993, with updates through July 1993, in accordance with generally accepted government auditing standards.

[4]Mass Transit: Information on Federal Participation in Transit Benefit Programs (GAO/RCED-93-25, Nov. 13, 1992).

Federal Agencies' and Employees' Participation in Transit Benefit Programs

As of April 15, 1993, 75 federal executive, legislative, and judicial agencies and organizations were participating in state or local governments' transit benefit programs—including agencies in 7 of the 14 Cabinet-level Departments—in 229 offices located in the nation's largest 25 metropolitan areas.[1] Participating federal offices we surveyed most often stated that providing a benefit that would enhance employees' recruitment, morale, and retention was the most important contributing factor in the agency's decision to provide transit benefits. Federal agencies that declined to participate stated that the unavailability of funds was the principal reason for not participating.

The Congress authorized federal participation in state and local transit benefit programs to encourage federal employees to use public transportation. As of October 1, 1992, federal agencies that responded to our survey provided transit benefits to around 18,500 out of about 59,000 eligible federal employees. According to federal employees' responses to our survey, 75 percent of participating employees used public transportation as their primary means of commuting to work before the benefits were offered; 21 percent changed their primary means of commuting to work to public transportation because of the availability of transit benefits; another 4 percent changed, but for other reasons. Some recipients who were already using public transit to commute to work before receiving the benefit also reported using public transportation more now because of the benefit.

Federal employees we surveyed who commuted via public transportation did so for a myriad of reasons, including cost, close proximity of transit to home and/or work, and a desire to avoid parking costs and rush hour traffic congestion. Many of those who did not use public transportation reported that the single most important reason they did not ride transit was that it was not convenient to their homes or would take too much time. Income also affects transit ridership. Our survey found that use of public transportation declines as income increases, and federal employees with family incomes of less than $25,000 a year are nearly twice as likely to use public transportation as federal employees with family incomes of $100,000 a year or more.

According to federal employees' responses to our survey, the use of public transportation benefits by federal employees would increase if the federal agencies currently offering transit benefits provided the $60-per-month

[1]Because of the variety of participating federal entities, we have made certain assumptions in defining a "federal agency and organization" and a participating "federal office." See app. III.

tax-free benefit now permitted by law. However, at federal agencies that make transit benefits available, nearly 60 percent of employees who do not now use those benefits said they would not switch to public transportation despite the $60-per-month benefit.

Federal Agencies' Participation

Federal agencies' participation includes all three branches of the federal government. In the executive branch, as of April 15, 1993, 7 of the 14 Cabinet-level departments participated. The Departments of Transportation (DOT) and the Treasury have the largest number of participating offices and employees—39 DOT offices in 17 cities and 43 Treasury bureau offices in 22 cities. Department of Energy employees in Washington, D.C., and Denver receive transit benefits, as do Department of Health and Human Services employees at the National Institutes of Health in Bethesda, Maryland, and Department of Commerce employees at National Oceanic and Atmospheric Administration offices in Denver and Kansas City.

The Department of Justice's Drug Enforcement Administration and a Department of Veterans Affairs medical facility participate in transit benefit programs in Los Angeles. Neither Department participates in programs in any other U.S. cities. According to agency officials, this participation is in response to the South Coast Air Quality District's Regulation XV. This regulation requires employers with 100 or more employees to implement trip reduction plans to reduce employees' use of their own vehicles and raise average vehicle occupancy.[2]

Among the independent agencies, those with the most extensive participation included the Federal Emergency Management Agency, the Interstate Commerce Commission, the Federal Trade Commission, the Office of Personnel Management, and the Securities and Exchange Commission—each with offices participating in at least nine metropolitan areas. The Environmental Protection Agency participated in Atlanta, Boston, Chicago, Denver, New York, Philadelphia, and Seattle. Except for one federal commission that participated in both Denver and Washington, D.C., participating federal boards and commissions all participated in transit benefit programs in Washington, D.C.

In the legislative branch, participants include two of the legislative branch agencies—the Congressional Budget Office and the Office of Technology

[2]As mentioned in chapter 1, the Clean Air Act Amendments of 1990 require 8 of the nation's largest 25 metropolitan areas to enact trip reduction ordinances for employers of 100 or more employees.

Assessment—as well as the staff of the U.S. Senate and personnel employed by the U.S. Court of Military Appeals, the U.S. Court of Veterans Appeals, and the U.S. Tax Court. In the judicial branch, participating agencies include the U.S. Sentencing Commission in Washington, D.C., and the U.S. District Court system in Los Angeles.

Appendix I shows the federal agencies and organizations that were participating in transit benefit programs in the largest 25 U.S. metropolitan areas on April 15, 1993. Data on participating agencies and employees by city are in appendix II.

Factors Contributing to Agencies' Participation Decisions

Over half of the participating federal offices we surveyed cited employee-related factors as the most important reasons for participating in a transit benefit program. Thirty-four percent stated that providing a benefit that would enhance employees' recruitment, morale, and retention was the single most important factor in the agency's decision to participate in a transit benefit program. In addition, 14 percent cited as the most important factor the fact that other federal offices provided transit benefits and that they wanted their employees to have the same benefits. Four percent stated that their employees wanted or lobbied for the benefit. Other participating federal offices said that the most important reason for their participation was that it saved energy (10 percent), improved the environment (9 percent), set a positive example (11 percent), showed support for public transportation (5 percent), or was instituted as part of an air quality or traffic mitigation agreement with a state or local authority (6 percent).

The Congress did not appropriate additional funds for federal agencies that chose to provide transit benefits to their employees; rather, these agencies were expected to absorb the cost by using funds from their existing budgets. Federal agencies that did not participate in state or local transit benefit programs most often cited funding constraints as the primary factor precluding their participation. Sixty-four percent of the headquarters of nonparticipating agencies that responded to our survey stated that the single most important reason they did not participate in a transit benefit program was that funding was not available. Sixteen percent stated that participating in a transit benefit program was either not an efficient use of limited agency resources or that it was too costly or complex to administer. About 4 percent stated that the agency's location or working hours were not convenient to public transportation, while another 4 percent stated that the employees did not want the benefit.

Federal Employees' Participation

On October 1, 1992, according to our surveys of participating federal offices, around 18,500 employees were participating in transit benefit programs in the nation's largest 25 metropolitan areas.[3] Washington, D.C., had the largest number of participating federal employees with around 13,900—about 75 percent of the participating employees nationwide. Employees' participation rates were highest in Chicago and New York, where 80 percent and 88 percent, respectively, of the people employed in participating federal agencies received transit benefits. Employees' participation rates were lowest in Kansas City, where 4 percent of employees participated.

Table 2.1 shows the number of employees receiving transit benefits in each of the 25 largest U.S. metropolitan areas. (App. II provides greater detail on participating federal employees by metropolitan area.)

[3]We surveyed 171 federal offices participating as of October 1, 1992. Of these, 155 responded and 16 did not. While we have updated our survey data to show which additional federal agencies and offices were participating on April 15, 1993, our reporting requirements did not permit us to update employee participation data.

Table 2.1: Transit Benefit Program Participation by Metropolitan Area as of October 1, 1992

Metropolitan area	Offices Surveyed[a]	Participating employees	Eligible employees	Percent[b]
Atlanta	11	171	544	31
Baltimore	3	44	73	60
Boston	5	228	806	28
Chicago	11	484	606	80
Cincinnati	2	4	5	[b]
Cleveland	1	2	2	[b]
Dallas	3	5	41	12
Denver	12	1,673	2,832	59
Detroit	1	5	10	[b]
Houston[c]	0	0	0	0
Kansas City	7	52	1,284	4
Los Angeles	7	427	1,707	25
Miami	1	6	36	17
Milwaukee	1	1	2	[b]
Minneapolis	2	3	7	[b]
New York	5	122	138	88
Philadelphia	9	530	999	53
Phoenix	1	3	20	15
Pittsburgh	1	2	8	[b]
St. Louis	3	4	17	24
San Diego	2	18	52	35
San Francisco	12	531	1,249	43
Seattle	7	332	633	52
Tampa	1	1	3	[b]
Washington, D.C.	47	13,897	48,031	28[d]
Total	**155**	**18,545**	**59,105**	**31[d]**

[a] Sixteen participating federal offices, 9 in Washington, D.C., and 7 in other cities, did not respond to our surveys.

[b] Percentages are not shown for metropolitan areas with 10 or fewer eligible employees.

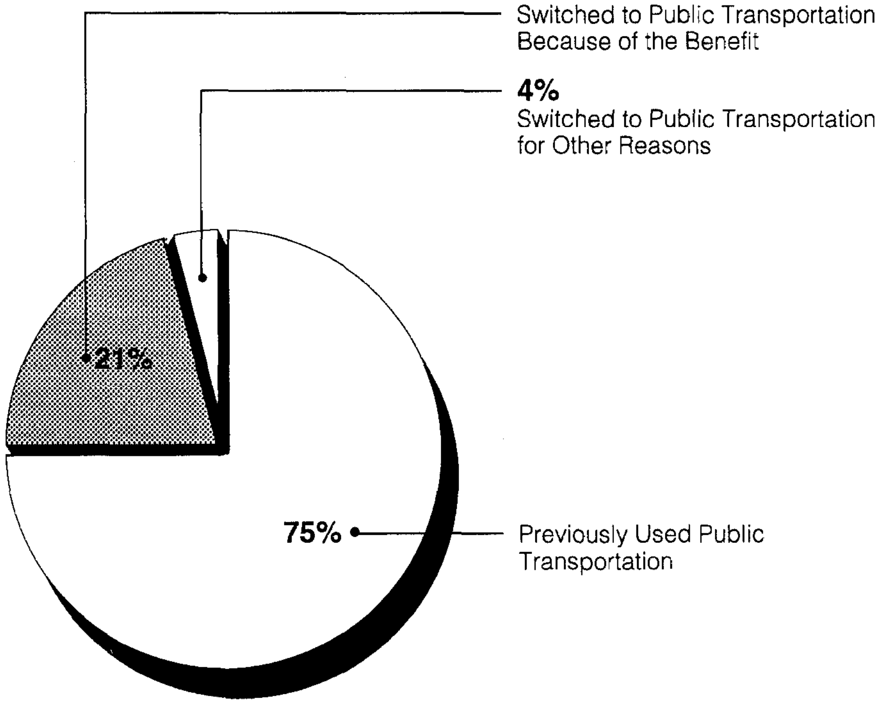
[c] Houston now has one participating office (U.S. Customs Service, Department of the Treasury), which began participating on November 1, 1992.

[d] Participating agency personnel in the Central Intelligence Agency and the Selective Service System in Washington, D.C., have not been included in the calculation of the participation rate in Washington and the total participation rate because those agencies did not provide information on total eligible employees.

Federal employees' responses to our survey indicate that 75 percent of the employees receiving transit benefits from their agencies—at least 12,500 employees—were already riding public transportation as their primary means of commuting to work before the benefits were offered.[4] These responses also indicate that 21 percent of the employees currently receiving transit benefits—at least 3,500 employees—switched to public transportation as their primary means of commuting to work because of the availability of transit benefits. Some of these employees reported that they were incidental riders of public transportation before, but that they changed their primary means of commuting from drive-alone, carpool, and other means of commuting because of the availability of a transit benefit. Four percent of participating employees also stated they switched their primary means of commuting to work to public transportation when the benefit was offered, but said that they did so for other reasons, such as a change in residence.

[4]GAO's breakdown of the number of employees receiving benefits does not add to the 18,500 total reported by participating agencies, because the breakdown is based on a survey of randomly selected federal employees; some employees did not respond to the survey.

Figure 2.1: Shift in Commuting Habits Among Transit Benefit Users



According to our survey responses, among employees who switched their primary commuting mode to public transportation because of the availability of a transit benefit, almost 60 percent previously drove alone as their primary means of commuting to work. Sixteen percent were previously members of a carpool or vanpool, while around 19 percent reported they had previously shared a ride with one other person. The remaining 5 percent previously used another primary means to commute to work, such as bicycle or taxi.

Another indication of the effect of transit benefits on the use of public transportation is that some transit benefit recipients who were already using public transportation as their primary means to commute to work before benefits were available said that they are now using public transportation more. Among this group of around 12,500 employees, 17 percent reported that they are using public transportation either somewhat more or much more now since receiving the benefit. Over

90 percent of these employees stated that the availability of a transit benefit was either the main reason or one of the reasons for doing so.

Factors Contributing to Employees' Commuting Choices

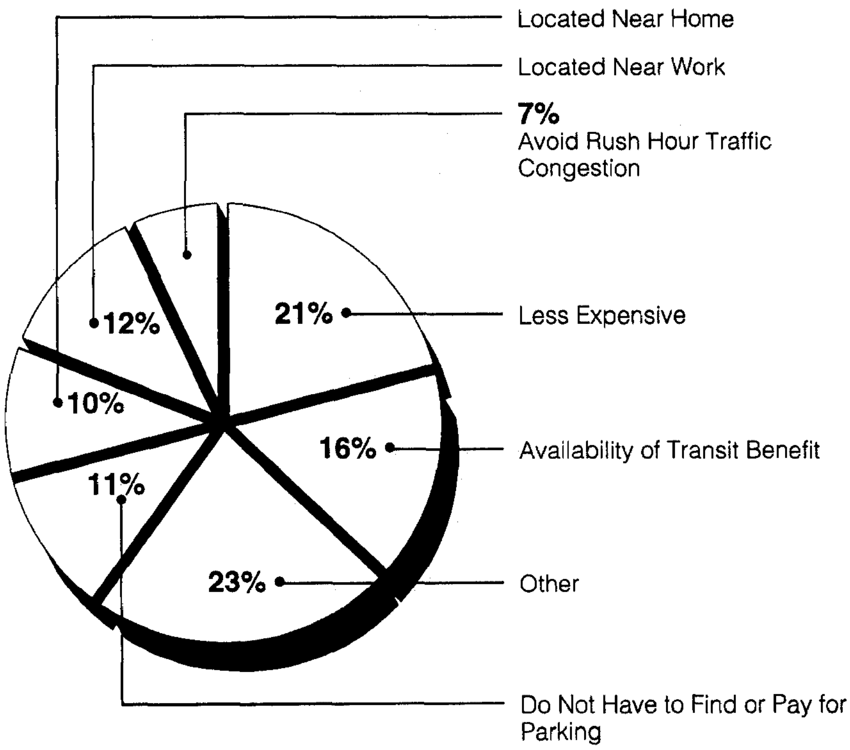
Federal employees we surveyed who commuted to work via public transportation did so for a variety of reasons. When asked to cite the most important reason for using public transportation, responding employees most often stated that public transportation was less expensive than their other alternatives. Employees also cited the desire to avoid rush hour traffic congestion and the costs and difficulties associated with parking. Sixteen percent stated that the availability of a transit benefit was the single most important reason for using public transportation.

Among employees we surveyed who chose not to use public transportation to commute to work, around 40 percent reported either that public transportation was not conveniently located to their homes or that using it would take too much time. Other federal employees stated that public transportation was more expensive than their other alternatives, that it did not fit their working schedules, or that they needed to commute by automobile for personal reasons, such as child care.

Among the general population, proximity of public transportation to employees' work locations plays a role in individual decisions on whether or not to use it for home-to-work commuting. Land use and urban development patterns have resulted in increasing automobile-dependent commuting, such as suburb-to-suburb commuting, where public transportation is less practical. However, among federal employees we surveyed, nearly 90 percent reported that public transportation was either somewhat or very convenient to their workplace; nearly two-thirds said that it was very convenient. Only 11 percent said their workplace was not at all convenient to public transportation. This reflects the preponderance of the federal employees we surveyed in Washington, D.C.—a metropolitan area with bus, subway, and commuter rail service—and the concentration of federal offices outside Washington, D.C., in metropolitan central business districts.

Figure 2.2 shows our survey findings on the most important reasons employees cited for using public transportation. Figure 2.3 shows the most important reasons why they do not use public transportation.

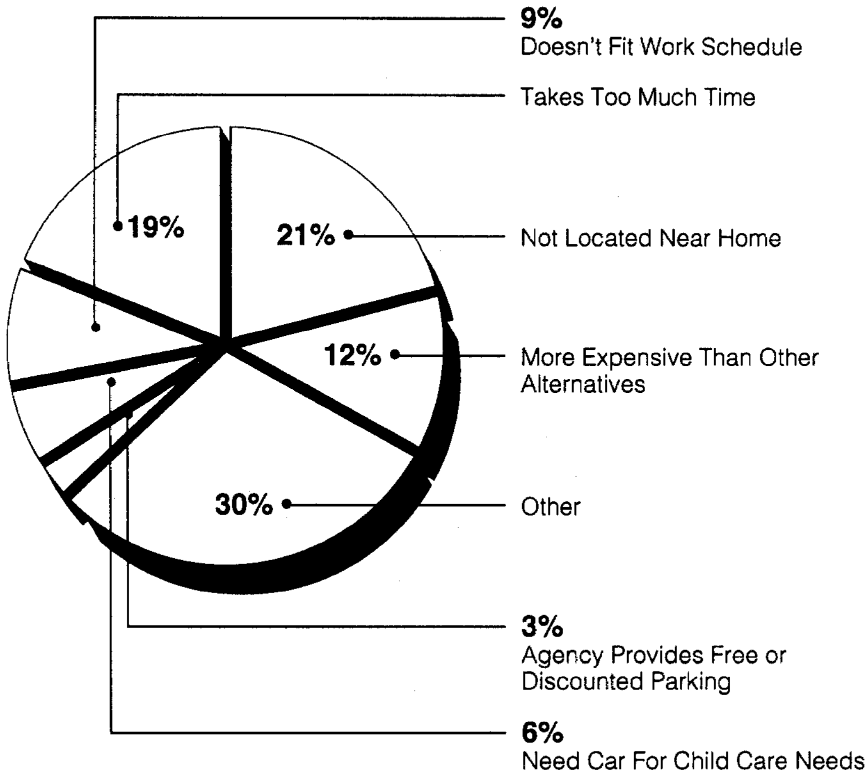
Figure 2.2: Most Important Reasons Why Federal Employees Use Public Transportation to Commute to Work



Note 1: Question asked of participating employees. Factors listed were cited as the single most important reasons for using public transportation.

Note 2: The category "other" includes 8 factors, including air quality and energy benefits and lowering automobile insurance costs, each cited by 5 percent or less of the respondents.

Figure 2.3: Most Important Reasons Why Federal Employees Do Not Use Public Transportation to Commute to Work



Note 1: Question asked of nonparticipating employees. Factors listed were cited as the single most important reasons for not using public transportation.

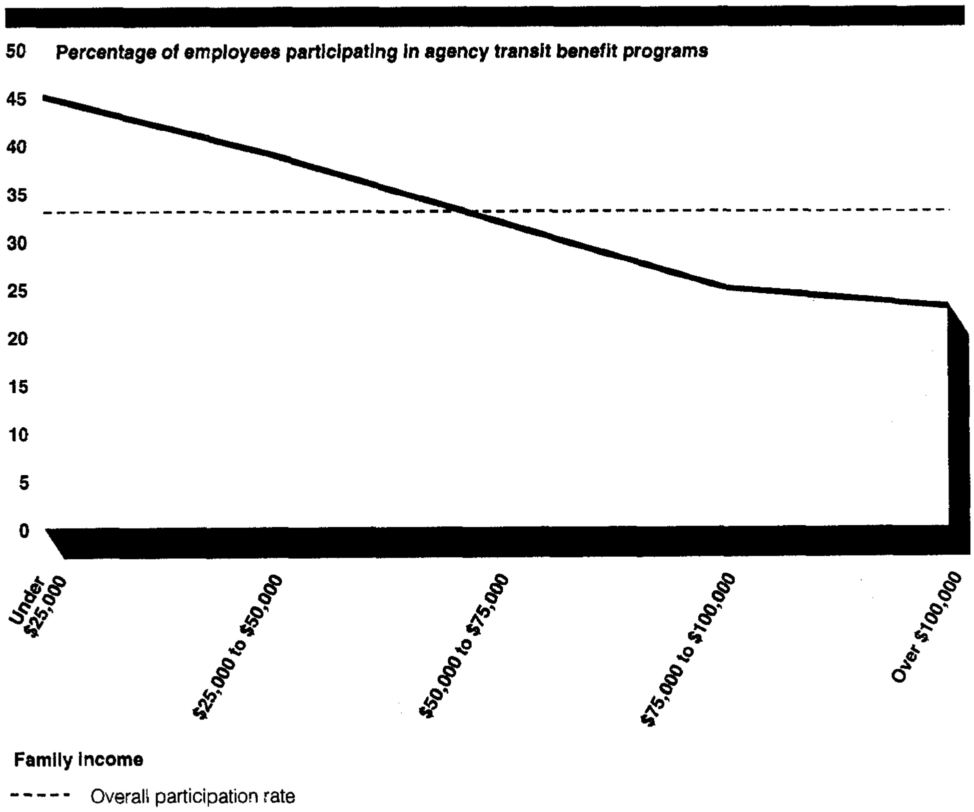
Note 2: The category "other" includes 9 factors, including safety and work-related need for a car, each cited by 5 percent or less of the respondents.

According to our employee survey, 71 percent of the nonparticipating federal employees who receive parking from their agencies receive it free of charge. Among this group, around 54 percent agreed with, and around 46 percent disagreed with, the statement that the availability of free agency-provided parking was one of the reasons they did not use public transportation. As figure 2.3 shows, among all nonparticipating employees surveyed, only 3 percent cited the availability of free or discounted agency-provided parking as the single most important reason for not using public transportation. These employees frequently cited lack of proximity of transit to their home, and the fact that commuting by transit would take too much time, as more important factors in their decisions.

Income Affects Transit Use

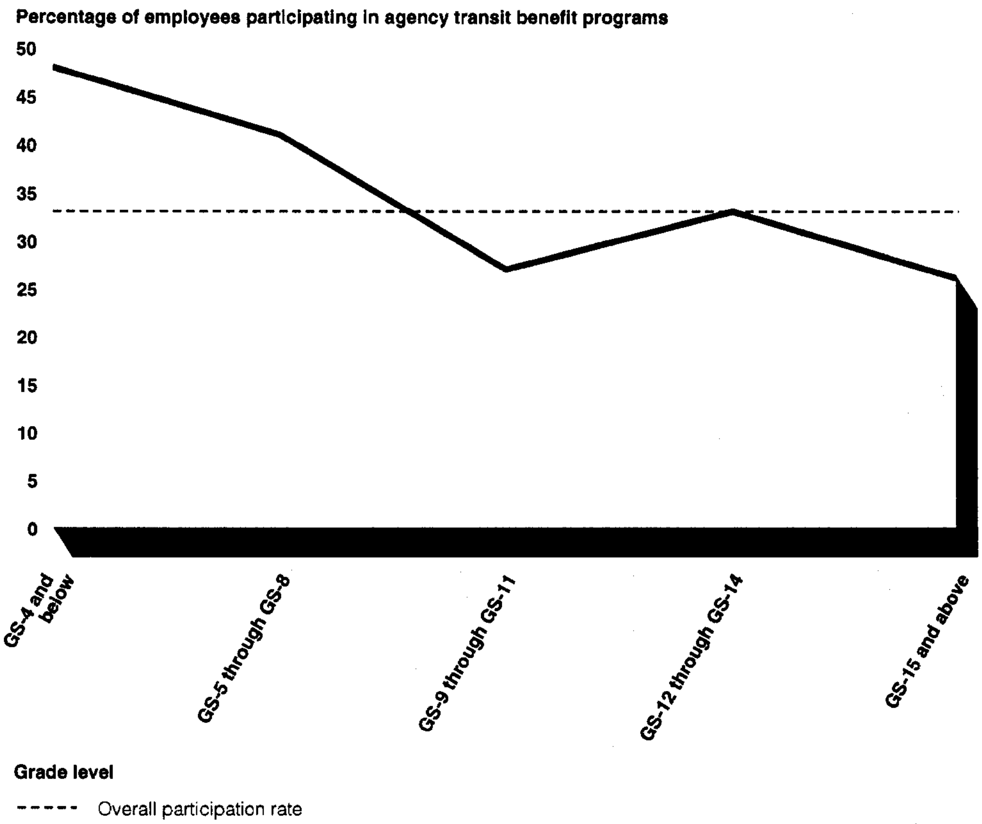
Income affects whether federal employees use public transportation and accept public transportation benefits from their agencies. According to federal employees' responses to our survey, as family income increases, participation decreases. Federal employees with family incomes below $25,000 are nearly twice as likely to ride public transportation and use transit benefits as employees with family incomes above $100,000. As figure 2.4 shows, 45 percent of employees with family incomes below $25,000 use agency transit benefits, while 24 percent of employees with family incomes above $100,000 use them.

Figure 2.4: Employees' Participation by Family Income



A correlation also exists between transit use and the rates of pay of individual employees. According to our survey, federal employees at the GS-4 level and below—those generally earning less than $20,000 a year—had the highest rates of participation and were nearly twice as likely to ride public transportation as employees at the GS-15 and above levels—those generally earning over $68,000 a year. Employees at the GS-5 through GS-8 level—those earning roughly between $20,000 and $29,000 a year—were slightly less likely to ride transit than those employees at the GS-4 level and below. Smaller differences existed in the participation of employees at the GS-9 and above grade levels. These employees—generally earning over $29,000—had participation rates ranging between 26 and 33 percent, as shown in figure 2.5.

Figure 2.5: Employees' Participation by Grade Level



Note: In agencies which are not on the general schedule, salary information was converted to GS equivalents.

Increases in Transit Program Participation at the $60 Monthly Benefit Level

Federal employees' participation in agencies' transit benefit programs would increase if all federal agencies that currently offer $21-per-month transit benefits offered the $60 monthly tax-free benefit now permitted by law. On the basis of responses of federal employees to our survey, this increase, in agencies participating in transit benefit programs, could range between 4,400 and 8,100 people. Nearly one-quarter of the federal employees we surveyed who currently choose not take the $21-per-month transit benefits offered by their agencies stated that they would definitely or probably consider participating if their agencies offered them a $60 monthly benefit. However, as shown in table 2.2, nearly 60 percent said they probably or definitely would not.

Table 2.2: Whether Nonparticipating Employees Would Consider Joining a Transit Benefit Program If $60-Per-Month Were Offered

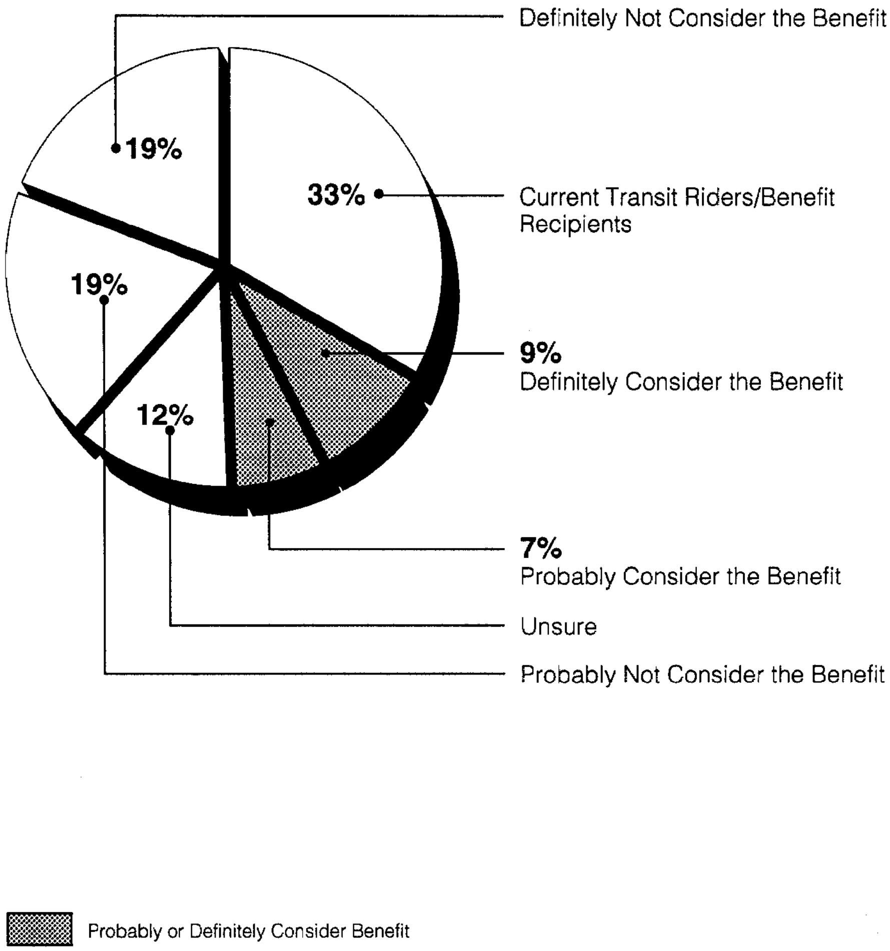
Response	Percent responding
Definitely yes	13
Probably yes	11
Unsure	18
Probably no	29
Definitely no	29
Total	**100**

Note: The question was asked only of employees who currently do not accept transit benefits from their agencies.

If the employees who said they would definitely consider switching to public transportation for a $60 benefit did so, our survey suggests that transit benefit participation by federal employees would increase by at least 4,400 people. The addition of these employees would increase the overall employee participation rate in agencies offering transit benefits from 33 percent to 41 percent. If those who said in our survey that they would probably consider switching (about 3,700) are then added to the 4,400—a total of around 8,100—employees' participation in participating federal agencies would rise to 49 percent. This potential increase is not dissimilar to DOT's experience at its Washington headquarters. When DOT increased benefits from $21 to $60 per month, employees' participation increased from 3,614 to 4,404—an increase from 36 percent to 44 percent of DOT's headquarters personnel.

Figure 2.6 combines the responses of the nonparticipating employees shown in table 2.2 with the employees who currently participate in transit benefit programs. It shows how increasing employees' benefit levels to $60 per month in agencies that currently provide benefits might affect employees' participation.

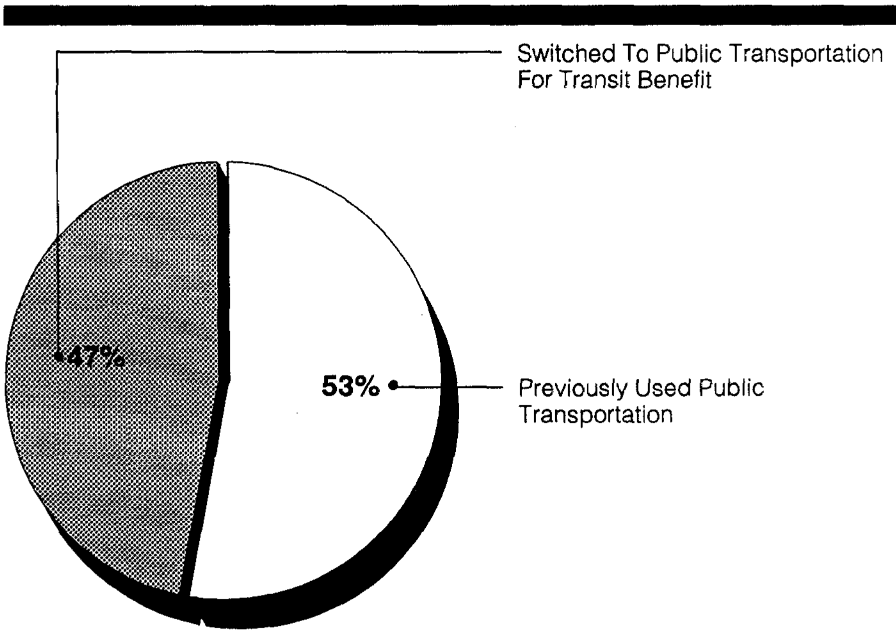
Figure 2.6: Employees' Potential Commuting Decisions at the $60-Per-Month Benefit Level



Note: Participation is 42 percent if those who would definitely consider taking the benefit are added, and 49 percent if those who would probably consider it are added.

Assuming these new employees were added to agency transit benefit programs, the percentage of participating employees who changed their primary means of commuting to public transportation would increase. If these 4,400 employees representing those who would definitely consider participating were added to the 3,500 employees who have already changed their primary commuting mode because of the $21 benefit, our survey suggests that the percentage of participating employees who would change their primary means of commuting to public transportation would increase from 21 percent to 37 percent. If the additional 3,700 employees representing those who said they would probably consider switching are added, 47 percent of the federal employees receiving transit benefits would be commuters who changed their primary means of commuting to public transportation, as shown in figure 2.7.

Figure 2.7: Potential Shift in Commuting Habits Among Transit Benefit Users Under a $60-Per-Month Benefit Program



Note: For this analysis, employees who reported switching their primary commuting means to public transportation for reasons other than accepting a $21-per-month transit benefit have been included among those who previously used public transportation.

Our survey shows that a $60-per-month transit benefit program would attract additional single-occupant vehicle commuters. Fifty-three percent of the employees who stated they would probably or definitely consider accepting a $60-per-month transit benefit were single-occupant vehicle commuters. Single-occupant commuters represented 58 percent of the nonparticipating employees surveyed. Carpool commuters were somewhat less likely to accept a transit benefit. Although these commuters represented 20 percent of the nonparticipating employees, they represented only 12 percent of those who would probably or definitely consider accepting a $60-per-month transit benefit.

Social Impact of Transit Benefits Is Unclear

Although transit benefits have increased the use of public transportation and reduced automobile usage among federal employees, the effect of transit benefits on air quality and traffic congestion is localized and is difficult to measure. According to experts, the models for predicting the effects of particular measures are imprecise. For example, encouraging commuters to carpool or use public transportation might decrease highway use, but as congestion improves, commuters might then begin taking trips previously forgone because of the congestion.

As we reported in chapter 1, employer-based measures such as commuter transit benefits are classified under the Clean Air Act Amendments of 1990 as transportation control measures; along with improved traffic design, high-occupancy-vehicle lanes, public transportation facility improvements, and other measures, they are designed to influence the demand for automobile travel or promote more efficient use of automobiles. In our August 1993 report, we said that estimates of the effect such measures will have on improving air quality in different metropolitan areas range from as little as 0 percent to as much as 5 percent.[5] Traditionally, measures such as improved tailpipe emissions control technology, automobile inspection programs, and cleaner fuels, as well as market-based measures such as increased gasoline taxes, are considered to be far more effective. However, TCMS received little research and analysis in the 1980s, and over half of the metropolitan planning organizations we surveyed believed they did not have adequate information or the methodological tools to calculate the effect of TCMS on regional emissions.

Transit benefits may need to be combined with other TCMS or other measures, such as use of cleaner fuels, to yield tangible improvements to air quality, traffic congestion, and energy use. For example, although federal employees' responses to our survey suggest that increasing monthly commuter transit benefits among participating federal agencies to $60 per month could increase transit use by as many as 8,100 employees,

[5] Urban Transportation: Reducing Vehicle Emissions With Transportation Control Measures (GAO/RCED-93-169, Aug. 3, 1993).

the impact of such a shift would be localized and needs to be considered in conjunction with efforts by other employers, or other TCMS.

Conclusions

In deciding whether to reauthorize federal agencies' participation in state or local transit benefit programs, the Congress faces the central question of whether the legislation has accomplished its purpose of encouraging federal employees to use public transportation. According to federal employees' responses to our survey, 3 out of 4 federal employees receiving transit benefits used public transportation as their primary means of commuting to work before benefits were offered. On the other hand, 21 percent of federal employees receiving transit benefits changed their primary means of commuting to work to public transportation because of the availability of a transit benefit—over half of these were former single-occupant vehicle commuters. Since the enabling legislation did not contain specific goals for increasing the use of public transportation, there is no clear measurement for whether the shift in federal employees' commuting patterns justifies continuing federal participation.

The benefit of encouraging federal employees to change their means of commuting to public transportation is to improve air quality and reduce traffic congestion. Although federal agencies participate nationwide, measuring the federal contribution to improvements in air quality and traffic congestion is difficult, because such improvements are localized. Moreover, linking air quality and congestion improvements even at the local level to employer-based measures such as commuter transit benefit programs is difficult, because the effects of such efforts are considered incremental. Only when measured in conjunction with other measures that are considered more effective, such as automobile inspection programs, are employer-based measures expected to have a measurable impact on improving air quality and congestion.

Employer-based measures are expected to continue to play a role in national air quality improvement efforts. Under the Clean Air Act Amendments of 1990, metropolitan areas are encouraged to consider—and in 8 of the 25 largest metropolitan areas are required to implement—employer-based measures to reduce vehicle mileage. In addition, under the act, federal agencies are subject to all state and local air quality requirements to the same extent as any nongovernmental entity. In metropolitan areas with trip reduction ordinances that specifically require employer financial incentives, federal agencies may use appropriated funds under the authority of section 118 of the Clean Air Act.

In other cases where financial incentives are not specifically required, federal agencies may use the authority provided under the 1991 Treasury, Postal Service and General Government Appropriations Act to provide public transportation benefits to their employees.

As the Congress addresses the question of continuing federal participation in transit benefit programs, it will also consider the costs. These costs are discussed in chapter 3.

Funding of Federal Participation in Transit Benefit Programs

Federal offices participating in transit benefit programs that responded to our surveys spent approximately $2 million in fiscal year 1992 to provide transit benefits to their employees.[1] We estimate that participating federal offices will spend between $8 million and $10 million for such benefits in fiscal year 1993. The Congress did not appropriate additional funds for federal agencies to provide transit benefits to their employees; participating agencies were expected to absorb the cost using funds from their existing budgets. Most of the federal offices participating in employee transit benefit programs paid for their participation with funds budgeted for civilian personnel benefits—the money used to pay employees' allowances, such as relocation expenses, and employers' contributions to employee health insurance, life insurance, retirement, and other employee benefits. Nearly half of the participating offices stated that providing transit benefits had not caused them to forgo other expenditures; others stated they acquired funding through across-the-board cuts, or through reductions in budgets for travel and in nonpersonnel costs, such as equipment purchases.

If the Congress reauthorizes federal participation in transit benefit programs, one issue will be how to fund participation in the future. The Congress could (1) continue to require federal agencies to absorb the costs within existing budgets; (2) appropriate funds to allow federal agencies to participate; or (3) enact legislation to implement a funding option recommended by the Office of Management and Budget (OMB) that federal agencies offset the cost of transit benefit programs using funds generated from other agency transportation programs, such as parking. Each of these options has advantages and disadvantages. Whichever option or combination of options that the Congress chooses, each individual federal agency will continue to weigh the costs and benefits of participation.

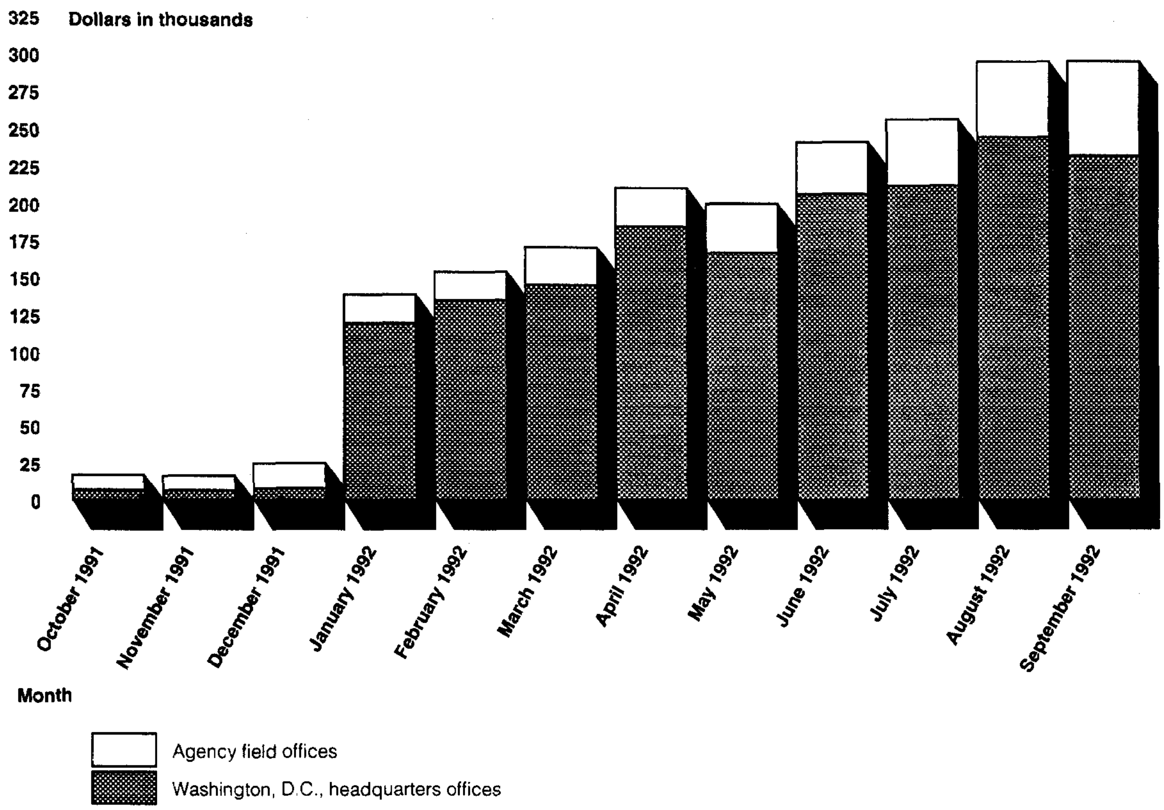
Cost and Funding of Transit Benefits

Federal offices that responded to our surveys spent approximately $2 million in fiscal year 1992 to provide transit benefits to their employees. These costs increased during the year, because most agencies began their programs in fiscal year 1992. According to our survey results, when the fiscal year began on October 1, 1991, six federal offices—two in Washington, D.C., three in Los Angeles, and one in Denver—participated. By October 1, 1992, 171 federal offices participated in the 25 largest U.S. metropolitan areas. Federal agencies' monthly expenditures grew as a

[1] Sixteen participating federal offices did not respond to our surveys.

result, as figure 3.1 shows, from around $17,000 in October 1991 to around $300,000 by September 1992—the last month of fiscal year 1992.

Figure 3.1: Federal Agencies' Expenditures for Transit Benefits in Fiscal Year 1992



Note: Data do not include offices that did not respond to our survey; see app. III.

We estimate that federal offices will spend between $8 million and $10 million to participate in employee transit benefit programs in fiscal year 1993. As we reported in chapter 2, according to our survey responses, 171 federal offices were providing around $21 per month to around 18,500 federal employees on October 1, 1992, the beginning of fiscal year 1993. At those benefit levels and rates of participation, these offices would spend about $4.6 million for the entire fiscal year. However, these costs will increase, because, by April 1993, (1) 229 federal offices were participating and (2) around 5,000 DOT employees nationwide and employees of three other federal agencies were receiving transit benefits of up to $60 per month.

Source of Funds for Transit Benefits

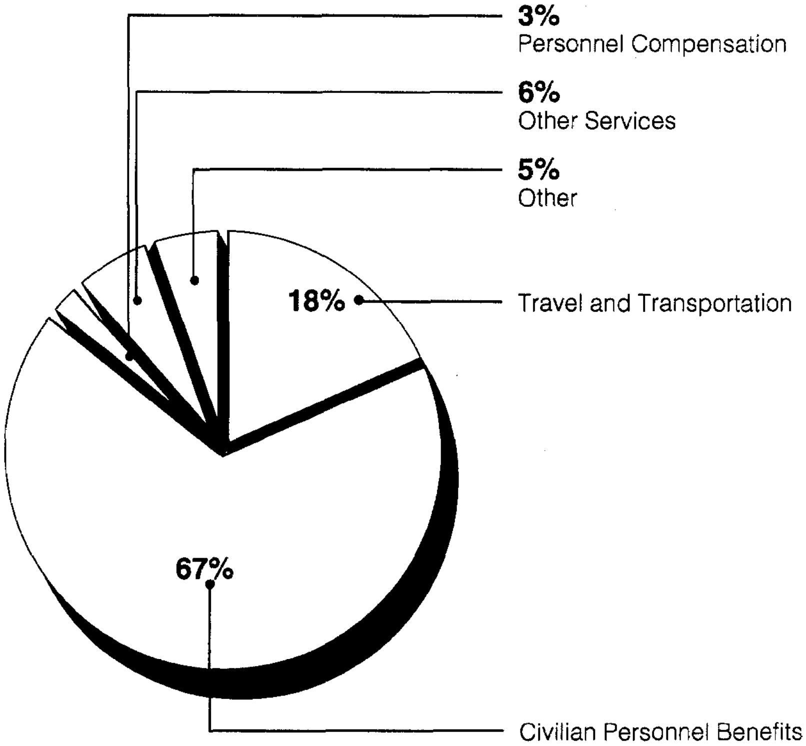
The Congress did not appropriate additional funds for federal agencies that chose to provide transit benefits to their employees. Rather, these agencies were expected to absorb the cost by using funds from their existing budgets.

Two-thirds of the participating federal offices that responded to our survey obtained funding from their civilian personnel benefit accounts. This money is used to pay employees' allowances, such as relocation expenses, and employers' contributions to employee health insurance, life insurance, retirement, and other employee benefits. In addition, a number of federal offices obtained funding from

- personnel compensation accounts—used for paying salaries and bonuses to full-time, part-time, temporary, and intermittent workers;
- travel accounts—used to compensate employees for both their local-area and out-of-town travel expenses when on official business; and
- "other services" accounts—used to obtain contractual services for repairs, maintenance, publications, and computers.

Figure 3.2 displays the funding sources used by the participating federal offices we surveyed:

Figure 3.2: Federal Offices' Source of Funds for Employee Transit Benefits



Options for Funding Transit Benefits

If the Congress reauthorizes the authority of federal agencies to participate in transit benefit programs, one question it will face is how to fund federal participation in the future. The Congress could take various approaches, including

- continuing to require federal agencies that wish to provide employee transit benefits to absorb the cost within their existing budgets,
- appropriating funds for commuter transit benefits, or
- allowing federal agencies to utilize an alternative suggested by OMB by permitting them to retain revenues from charges at agency-provided parking facilities and using those proceeds to fund transit benefits.

Absorbing Benefit Costs

If the Congress reauthorizes federal agencies' participation in transit benefit programs, it could continue to require agencies to absorb the cost of participation within their existing budgets. Of the federal offices responding, nearly half stated that they did not have to forgo any planned expenditures in order to fund transit benefits for employees. Most of the remaining participating offices stated that they acquired funding through across-the-board cuts or through reductions in budgets for travel and nonpersonnel costs, such as equipment purchases.

In contrast to the participating federal entities, as we reported in chapter 2, the federal agencies we surveyed that chose not to participate in a transit benefit program most often cited the fact that funding was not available as the most significant factor in their decision. The capacity of federal agencies to absorb benefit costs can differ for a variety of reasons, and we did not examine the reasons why some federal agencies had more difficulty locating funding than others. According to OMB and agency officials, one reason might be that while federal agencies receive funding for employees' salaries and benefits commensurate with the number of positions authorized by the Congress, they may not use all these funds for those purposes. For example, if a position becomes vacant during the year and is not filled right away, the funding allotted for salaries and benefits over that period of weeks or months is not used. OMB and agency officials told us that it is not uncommon for federal agencies to use these unspent funds for non-personnel-related purchases and activities.

While differences exist in the capacity of federal agencies to absorb \$21-per-month benefit levels, few federal agencies appear able to absorb the cost of providing transit benefits to employees at the \$60-per-month level. As of April 1993, 3 months after the increase in the maximum tax-free benefit level went into effect, DOT was the only Cabinet-level or major independent agency to raise its employees' benefit levels from \$21 to \$60 per month. Three smaller agencies—each with 35 or fewer total employees—also provided \$60-per-month benefits, while three other agencies raised benefit levels to between \$30 and \$40 per month. When we surveyed participating federal agencies in late 1992, relatively few were expected to increase, or were leaning toward increasing, benefits to the \$60-per-month level.

The federal agencies that increased benefit levels as of April 1993 are shown in table 3.1.

Table 3.1: Federal Agencies That Increased Benefit Levels

Agency	Monthly benefit
Department of Transportation	$60
Office of the Nuclear Waste Negotiator	$60
U.S. Trade & Development Program	$60
Harry S. Truman Scholarship Foundation	$60
U.S. Treasury Bureau of Printing and Engraving	$40
National Transportation Safety Board	$40
Board for International Broadcasting	$30

Source: Washington Metropolitan Area Transit Authority.

Although federal agencies absorbed the costs of participating in transit benefit programs in fiscal year 1992, most have accounted for the money needed for transit benefits in subsequent budgets. According to our survey of participating federal agencies, 53 percent took into account the money needed for public transportation benefits in their budget requests for fiscal year 1993, while 57 percent took into account the money needed for public transportation benefits in their budget requests for fiscal year 1994.

Agencies' ability to absorb costs will become more difficult in the future as congressional decisions are made on ways to reduce government spending for efficiency and deficit reduction purposes. As an example, under a recent presidential executive order, federal agencies are required to reduce administrative expenses by 3 percent a year from fiscal year 1994 through fiscal year 1997. This reduction may constrain the ability of federal agencies to begin transit benefit programs or to offer higher benefit levels in the near future. In addition, as federal agencies seek to reduce administrative expenses, existing employee transit benefit programs may be candidates for elimination.

Funding Transit Benefits Through Appropriated Funds

If reauthorization of federal participation occurs, another option would be for the Congress to appropriate funds to support such participation. This could effectively increase the number of agencies and employees participating. However, it is difficult to estimate what the levels of participation and attendant costs would be. Although most nonparticipating federal agencies we surveyed cited the unavailability of funds as the primary factor precluding their participation, some nonparticipating agencies reported that their offices were not conveniently located near public transportation, that agency and employee working hours did not lend themselves to transit use, that their employees did not want the benefit, or that providing transit benefits would be unlikely to increase public transportation use among their employees. Many of these agencies might not participate in transit benefit programs even if funding were provided.

However, on the basis of our survey results, it is reasonable to assume that, if the Congress provided funding for agency participation, a number of federal agencies that do not currently participate would do so. As of May 1992, there were around 2.2 million full-time, permanent federal civilian employees, excluding postal and uniformed military personnel. According to our employee survey, federal employees' participation nationwide was about 33 percent at participating agencies. Assuming that transit benefits were available to all 2.2 million federal civilian employees and that 33 percent of them received $21-per-month transit benefits, around 750,000 employees would participate at a cost of about $189 million per year. At DOT headquarters in Washington, D.C., where $60-per-month transit benefits are available, participation was 44 percent as of April 1993. While DOT might not be representative of other federal agencies, if 44 percent of the 2.2 million federal civilian employees received a $60-per-month transit benefit, around 1 million employees would participate at a cost of $720 million per year.

Since it seems unlikely that all federal agencies would participate at all locations, these estimates may be the maximum possible costs to the federal government of funding participation among the nation's 2.2 million federal civilian employees. Furthermore, not all commuters incur $60 per month in commuting costs, even if that benefit level were available. However, if military personnel participated, costs would be higher.[2] Table 2.1 shows the costs of federal employees' participation at various funding and participation levels.

[2]Participation of the uniformed services is discussed in chapter 4.

Table 3.2: Prospective Annual Federal Transit Benefit Program Costs

Dollars in millions

Employee participation	$21 Monthly benefit level	$60 Monthly benefit level
20,000	$ 5.0	$ 14.4
50,000	$ 12.6	$ 36.0
100,000	$ 25.2	$ 72.0
250,000	$ 63.0	$180.0
500,000	$126.0	$360.0
750,000	$189.0	$540.0
1,000,000	$252.0	$720.0

Funding Through Parking Charges

In its June 12, 1992, memorandum to the heads of federal agencies, OMB recommended an alternative means of funding transit benefits. OMB advised the agencies that they "should, to the extent possible, develop a program that seeks funding offsets from other agency-offered or subsidized forms of transportation (e.g., agency parking)." However, an OMB official also told us that OMB realized that the revenues federal agencies could retain from charging for parking were limited by statute.

The federal government spends at least $90 million per year for around 125,000 parking spaces located in the 25 largest U.S. metropolitan areas. This amount represents the "rent" that GSA assessed federal agencies in fiscal year 1993 for their federally owned or leased parking facilities.[3] While the parking facilities under GSA auspices include most federal executive agencies and most of the federal judiciary, they do not include facilities under the control of the Department of Defense, the Architect of the Capitol, or other agencies with independent statutory authority to acquire space and services. In addition, any federal agency may, with GSA's approval, acquire parking through service contracts. GSA has no central inventory of how many agencies, contracts, or parking facilities this involves. Finally, this amount does not include expenses incurred by individual federal agencies to operate and maintain their facilities.

Title 40 U.S.C. 490(k) permits the head of a federal agency to charge for space and services provided, including employee parking. However, the statute requires that—unless otherwise authorized by law—any funds an agency receives in excess of the costs of operating and maintaining its

[3]GSA assesses the value of federal agencies' real property, including parking, every 5 years. Federal agencies' contributions are deposited into the Federal Buildings Fund and are used to acquire, maintain, and improve federal properties.

facilities be credited to the U.S. Treasury.[4] As a result, from an agency's budget standpoint, federal agencies have little incentive to charge parking fees that exceed operating and maintenance costs. For example, our surveys showed that 71 percent of federal employees who receive parking from their agencies receive it free of charge and that in Washington, D.C., 73 percent of the federal agencies that provide employee parking do so at no charge. The remaining federal agencies in Washington, D.C., generally charged between $10 and $60 per space in areas where market parking rates were between $66 and $165 a month.[5] Our survey of federal agencies located outside Washington, D.C., was limited to offices participating in transit benefit programs and may not be representative of federal agencies' practices nationwide. Nevertheless, we found that only 1 of the 49 federal offices outside Washington, D.C., that provided employee parking and responded to our survey charged for parking.

The capability of federal agencies to generate funds from parking charges varies between agencies. Factors such as how much an agency can charge (market prices), and how many parking spaces it has relative to the number of people it employs, have an impact on the effectiveness of parking charges as a revenue source. We examined parking practices at 10 federal departments and agencies in Washington, D.C., that do not currently participate in transit benefit programs. On the basis of their responses to our survey, we calculated the revenue that would be generated if these agencies charged parking fees representing 50 percent, 75 percent, and 100 percent of the estimated fair market value to carpool, vanpool, and single-occupant vehicles that use the agencies' parking facilities. We did not include parking agencies identified as being for the handicapped. This analysis was not made to suggest that these particular agencies should charge their employees for parking, but rather to demonstrate the varying capabilities of federal agencies to recoup revenues from parking charges, even in the same market area. We found that by charging, for example, 50 percent of prevailing market rates for employee parking (between $33 and $83 per vehicle per month), these agencies could fund $21-per-month transit benefits for between 9 percent and 100 percent of their employees, or fund $60-per-month transit benefits

[4]As we reported in November 1992, operations and maintenance costs include, according to agency officials, such expenses as contractor guard forces, but do not include the costs of rent paid to GSA. One agency located in suburban Washington, D.C., the Nuclear Regulatory Commission, under an agreement with the local government, charged rates sufficient to recoup both operations and maintenance and rent costs, and said it so informed GSA. Our surveys of federal agencies did not reveal any other agency that recoups parking rent expenses.

[5]Monthly market parking rates are estimates provided by the Metropolitan Washington Council of Governments.

for between 3 percent and 44 percent of their employees. Our analysis is shown in appendix VI.

For federal agencies to fund transit benefits for employees from money generated from parking charges, as OMB suggested, would require legislation allowing agencies to retain any proceeds that exceed the cost of operating and maintaining the facilities. The Congress would then have to define the purposes for which federal agencies could use these funds and would have the option of defining those parameters narrowly or broadly. For example, the Congress could authorize federal agencies to use parking proceeds that exceed operations and maintenance costs to (1) recoup rent payments to GSA; (2) participate in employee transit benefit programs; (3) fund agencies' transportation programs in general, such as carpool, vanpool, and ridesharing programs; or (4) fund other federal agency administrative expenses, such as travel and purchases of equipment and facilities.

Decision on Funding Transit Benefit Program Participation Is Complex

If the Congress chooses to reauthorize federal participation in transit benefit programs, the choice of an option or combination of options for funding future participation is complex and contentious, as funding may come in the form of either reductions in other programs, additional federal spending, or through new or additional fees on individual federal employees. In addition, each will have different impacts on federal participation, as well as on overall budget and fiscal policy.

The experience of federal participation to date indicates that participating federal agencies have been generally able to absorb the cost of providing $21-per-month commuter transit benefits to their employees. Nearly half of the federal offices responding reported having done so without forgoing any other planned expenditures. Requiring federal agencies to absorb the costs of participation has the advantage of compelling federal agency decision makers to carefully weigh the importance of transit benefits for employees and the advantages of program participation relative to other agency spending priorities.

If the Congress decides to continue the current funding strategy, it seems unlikely, on the basis of our survey results, that many additional federal agencies will decide to participate, or that many will increase benefit levels to the recently enacted $60-per-month maximum level. In fact, as spending and deficit reduction measures take effect, existing employee transit benefit programs may be candidates for elimination.

In addition, there may be hidden costs. It may be impractical from a budgetary perspective to expect federal agencies to absorb the costs of a continuing and anticipated expense year after year from within existing resources. Most participating federal offices stated in our surveys that they accounted for the funds needed when they prepared their fiscal years 1993 and 1994 budgets.

If the Congress chooses to reauthorize federal participation, appropriating funds for transit benefit programs would have the singular advantage of removing a major barrier to participation for many federal agencies. It would permit federal agencies that do not currently participate because of funding constraints to do so. If it is the goal of the Congress to increase federal participation in state and local transit benefit programs, this strategy would be most likely to accomplish this goal. Depending on the level of program participation authorized, providing appropriated funds for transit benefits could increase federal spending—possibly by as much as between $189 million and $720 million—at a time when spending and deficit reduction priorities may make such an option infeasible.

Allowing federal agencies the option of retaining charges for parking, as OMB suggests, would, for those federal agencies for which charges are feasible, create a stable, self-contained source of funding. It would allow federal agencies to structure their transportation benefit programs to meet the needs of each agency and its employees. Parking charges could also influence commuter choices to the benefit of environmental, energy, and congestion management goals. As we reported in September 1992, parking charges can influence commuter choices, reducing the extent of drive-alone commuting in favor of greater use of carpools, vanpools, and transit. For example, a study of government employees in Ottawa found that drive-alone commuting decreased by over 20 percent after parking charges equal to 70 percent of market rates were imposed.

However, parking charges may be detrimental to agencies' operations. In our surveys of the headquarters of federal agencies (those that both do and do not participate in transit benefit programs), around 90 percent of the responding agencies that provide employee parking agreed with the statement that parking provided to executive personnel was essential to agency operations. Parking charges could be disruptive in cases of personnel whose responsibilities require them to work off-peak or unusual hours, creating a burden for individuals who, for work-related reasons, must commute by automobile.

Federal agencies' decisions on employee transportation benefits can affect employees' morale. Over half the agencies surveyed that provide employee parking stated that they viewed parking as an employee benefit, and 62 percent believed that employee parking was important to employees' morale, recruitment, and retention. Thus, individual federal employees who receive agency-provided parking may view it as a component of their salaries and benefits.[6] At the same time, current agency parking arrangements can affect employees' morale, particularly in situations in which some employees receive free or discounted parking that is not available to other employees. Federal agencies may seek to weigh the imposition of new or increased fees on employees in light of other proposed reductions or limitations in federal employees' pay and benefits. Parking charges could create a burden for individuals who must commute by automobile for personal reasons, such as employees who attend school, employees with child care needs, or persons whose residences are simply not located near public transportation facilities.

Some federal agencies will not have the option of generating or using parking proceeds. Parking charges are practical only if an agency is located in an urban downtown central business district or other location where the fair market value of land and buildings and the demand for parking justify charging for it. Often, in suburban locations or areas outside central business districts, the market value of parking facilities is negligible or nonexistent. Furthermore, parking charges are an impractical source of revenue when the amount of parking an agency controls is small relative to the number of people it employs. Many federal agencies have no or limited parking for employees—for example, some agencies provide parking only for top agency officials or senior executive personnel.

Charging for parking may affect other programs designed to reduce congestion and improve air quality. Federal agencies are required under GSA regulations to provide preference to carpool and vanpool commuters over single-occupant commuters in the assignment of agency parking spaces, in order to encourage these activities. Because of the preponderance of carpool vehicles at federal parking facilities, charging these vehicles is essential to raising sufficient revenues. This might have the effect of discouraging an activity that federal policy seeks to encourage. If parking charges are set too high, employees may be encouraged to park elsewhere, diminishing the effectiveness of charges as a revenue source and resulting in underutilization of existing facilities.

[6]Federal employees who receive transit benefits also receive a compensation package that exceeds other similarly situated federal employees who do not receive those benefits. Thus transit benefits can be seen as an increase in the value of those employees' salaries and benefits.

Conclusions

If the Congress reauthorizes federal participation in transit benefit programs, it will face deciding the most appropriate strategy for funding continued federal participation. Few federal agencies that are not now participating appear to be able to absorb the costs of participation in the near future; fewer still appear able or willing to offer their employees the recently enacted maximum tax-free allowable benefit of $60 per month. The option or combination of options selected will depend on the Congress' expectations for the extent and level of federal participation. These options will also be limited by budget and deficit reduction priorities in the coming years.

Federal Agencies' Transit Benefit Program Management Can Be Improved

Although the legislation permitting federal agencies to participate in transit benefit programs did not establish a lead agency for governmentwide implementation, the Office of Management and Budget and the General Services Administration have issued guidance advising federal agencies to establish procedures to ensure that participation is limited to eligible employees, that assets are properly accounted for and safeguarded, and that programs are properly evaluated. While the agencies we reviewed had developed procedures, we noted instances of weaknesses in the implementation of these procedures at some locations. These weaknesses resulted, in some cases, in the participation of ineligible employees and in a loss of accountability over transit tickets and vouchers. As a result, agencies lacked assurance that transit assets were not misappropriated. Furthermore, three of the six agencies we reviewed had not established a mechanism for evaluating their participation, as required by OMB. These evaluations will be important to state and metropolitan area planning organizations' efforts to improve air quality and manage congestion, since any shift in commuters' behavior would affect those local areas.

With guidance from the enabling legislation and from OMB and GSA, participating federal agencies have established procedures to support their participation in state and local transit benefit programs. However, the enabling legislation did not assign central coordinating responsibility to any agency nor provide any express authority to any agency to develop and promulgate implementing regulations, resolve conflicts, or provide interpretations for participating federal agencies. In part, because of the absence of a central coordinating authority to assist federal agencies in obtaining information or clarification on participation requirements, federal agencies have experienced interpretation problems on such issues as who may participate, which benefits are tax-exempt, and what constitutes public transportation.

Weaknesses Exist in Federal Agencies' Management Controls

OMB's and GSA's guidance advises federal agencies to establish management and oversight procedures to ensure that participation is limited to eligible employees. For example, OMB recommended that federal agencies take reasonable steps to preclude employees from receiving both a transit benefit and agency-provided parking. These guides further advise federal agencies to provide reasonable assurance that funds are properly accounted for and safeguarded against fraud, waste, abuse, mismanagement, or misappropriation. OMB's guidance further requires agencies to establish an evaluation mechanism to measure, among other things, changes in employees' commuting behavior resulting from their participation in transit benefit programs.

In response to guidance from OMB and GSA, the six federal agencies we visited—the Department of Transportation's Federal Transit Administration (FTA), the Securities and Exchange Commission (SEC), the Federal Emergency Management Agency (FEMA), the Interstate Commerce Commission (ICC), the Office of Personnel Management (OPM), and the Environmental Protection Agency (EPA)—had, as of July 1993, established written procedures for their participating offices to determine employees' eligibility for transit benefits and to procure, distribute, and safeguard transit assets.[1] However, we noted weaknesses in the implementation of these procedures at some locations that resulted in employees' receiving both parking and transit benefits, and in a loss of accountability over transit assets. Furthermore, three of the six agencies we reviewed had not established an evaluation mechanism to measure changes in employees' commuting habits, as required by OMB.

Employees Receiving Transit Benefits May Also Receive Agency Parking

Although OMB recommended that federal agencies take reasonable steps to preclude employees from receiving both a transit benefit and agency-provided parking, we found that some employees received both parking and transit benefits at three of the six agencies we visited. While the numbers of employees involved were small relative to the number of employees receiving transit benefits, this practice could be a problem if indicative of practices in federal agencies and offices we did not visit. For example:

- At SEC in Washington, we found that 7 of around 1,000 transit benefit recipients were also members of agency carpools. The SEC transit benefit program coordinator stated that these employees qualified for transit benefits because they "regularly" used public transportation.
- At ICC in Washington, 12 of the 367 employees receiving transit benefits in fiscal year 1992 reported that they were "incidental" users of public transportation and were still members of carpools. While ICC's transit benefit policy states that applications will be periodically checked to ensure that participants are not named on ICC work-site parking permits, the document also states that ICC personnel who commute via public transportation "incidentally" during the month may participate in the program. An ICC official stated that the agency allowed incidental riders to

[1]EPA does not participate at its headquarters; its participating office in Denver had established its own procedures, which were then approved by EPA headquarters.

receive transit benefits to maximize employees' participation, which he said ICC believed to be a goal of the program.

- At FEMA's Denver office, where 10 employees participate, one senior official with an assigned outdoor parking space was a recipient of a transit pass. This official told us he normally drives to work.

Federal agencies may have difficulty precluding employees from receiving both transit benefits and agency-provided parking at less-congested locations outside central business districts. For example, the Denver Federal Center in Lakewood, Colorado, has acres of unreserved outdoor parking spaces readily available to federal employees. No parking passes are issued for these spaces; consequently, participating federal agencies located there have no means to verify that transit beneficiaries do not also receive agency-provided parking.

Federal agencies also have difficulty enforcing limits where many agencies provide parking within close proximity of each other, such as downtown Washington, D.C. As a result, an employee could be receiving a transit benefit in his or her own agency, while participating in a carpool at another, nearby agency. FEMA and ICC program coordinators in Washington, D.C., stated that they screened personnel receiving parking benefits in their own agencies' facilities but had no procedures for checking neighboring federal facilities. DOT and OPM program officials told us that they have checked carpool assignments at nearby agencies on a regular basis; DOT officials stated these checks had resulted in several DOT employees being removed from other agencies' carpool programs as a condition of their participation in DOT's transit benefit program.

Safeguarding Transit Assets

OMB's and GSA's guidance advises federal agencies to establish financial and management control over assets and funds used in their transit benefit programs. However, these guides do not specify the level of control to be accorded transit tickets and other fare media. We noted instances at participating federal offices in which such transit assets were not periodically reconciled or in which discrepancies were not properly resolved. In addition, we noted instances in which transit assets were not properly safeguarded. These problems resulted, in some cases, in a loss of accountability over transit tickets and vouchers and a lack of assurance that these assets were not misappropriated.

Reconciliations Not Properly Performed

The SEC's operating procedures require that program custodians perform formal monthly reconciliations of the number of receipts and disbursements of transit vouchers and other fare media. At SEC headquarters in Washington, D.C., where monthly employee benefit disbursements in fiscal year 1992 exceeded $20,000 per month, monthly reconciliations were performed; however, the results frequently did not match the assets on hand. The program coordinator did not investigate the causes of the discrepancies, but rather adjusted the program records to match the assets on hand. SEC officials stated that while transit ticket discrepancies had been a continuing problem, they did not investigate the discrepancies because the amounts in dispute were relatively small and did not represent a pattern of potential abuse involving any one or more disbursing agents. The SEC San Francisco office had also performed monthly reconciliations; however, we found that the balances recorded did not agree with actual assets on hand. The program administrator was unaware of these discrepancies.

DOT's procedures also require program administrators to perform monthly reconciliations. However, FTA's offices in Chicago and San Francisco—which each disbursed approximately $400 worth of transit vouchers to employees each month—had not prepared them at the time of our visits. DOT officials stated that both offices now prepare monthly reconciliation reports.[2]

EPA's Denver office, which issued the bulk of its employee transit passes annually, kept extensive records of transit passes issued to, returned by, and transferred between its nearly 500 employees, as well as records of purchases from and returns of transit passes to the Denver Regional Transportation District (RTD). However, this office did not develop procedures to formally reconcile the numbers of transit passes issued, on-hand, and returned, and no formal reconciliation of program assets had been performed at the time of our visit. As a result, EPA lacked a mechanism for detecting discrepancies in transit pass issuances and returns, and it was not possible for us to determine whether transit assets had been properly accounted for.

Assets Improperly Safeguarded

Transit fare media—tickets, tokens, vouchers, etc.—are cash equivalents; the Department of the Treasury's Financial Manual provides the requirements for how federal agencies are to safeguard and secure such assets. The manual requires that cash be stored in a combination safe, although smaller amounts may be stored in a file cabinet with a bar and combination lock feature.

[2]The value of transit assets distributed to DOT/FTA employees has increased since we made our visit, because DOT has raised employee benefit levels from $21 to $60 per month.

Of the six agencies we visited, only DOT had established written requirements for program administrators on how to secure transit assets. Consistent with Treasury requirements, DOT's FTA offices required that fare media averaging between $500 and $2,000 be placed in a small bank with a locking device and then placed in a standard-issue safe with a combination lock. However, FTA's Chicago office stored a 3-month supply of transit vouchers totaling around $1,200 in a locked credenza drawer in the program coordinator's office that was accessible to at least one other employee. DOT officials stated that the Chicago FTA office has requisitioned a safe and will store transit assets there in the future.

At SEC headquarters in Washington, D.C., unissued transit tickets and bus tokens were kept in key-locked file cabinets. At FEMA headquarters in Washington, the program coordinator did not know how the 13 disbursing agents safeguarded fare media in their possession. Unused fare media are returned to the coordinator, who stores them in a locked file cabinet. However, these assets were not secured in transit. In one case, assets transported via U. S. Government Messenger Envelope were reportedly stolen.

Evaluations Not Performed

OMB's guidance requires each federal agency to establish an evaluation mechanism to assess its participation in state or local transit benefit programs. According to OMB, these evaluations should assess changes in employees' commuting habits resulting from participation, describe other measures the agency has taken to reduce single-occupant vehicle commuting among its employees, and measure vehicle occupancy changes—the number of employees per vehicle using the agency's parking facilities. OMB further advised federal agencies to assess other costs and benefits of participation, such as improved employee productivity and on-time performance.

Of the six federal agencies we visited, three agencies—FEMA, SEC, and ICC—had not prepared an evaluation plan or conducted assessments to meet the OMB requirements. When we completed our review, DOT had prepared a formal evaluation plan and was completing its assessment of the participation of its field offices. OPM was compiling information based on a survey of its headquarters personnel and was planning to survey field personnel in September 1993. EPA's Denver office conducted employee surveys and provided a report on the impact of participation to its headquarters. We did not determine whether participating federal agencies we did not visit had prepared or implemented evaluation plans.

Federal agencies' evaluations can be important in assessing the success of measures to improve air quality, reduce traffic congestion, and save energy. For example, under the Clean Air Act, states with metropolitan areas that do not meet national air quality standards are required to report on measures taken to meet Clean Air Act goals. Some of these measures are employer-based strategies—thus, state and metropolitan area planning organizations will need information from employers to assess the effect of transit benefits and other employer-based strategies on meeting Clean Air Act goals. In areas designated as severe or worse for ozone, employers of 100 employees or more, including federal employers, will be required to submit compliance plans demonstrating how the strategies chosen will increase vehicle occupancy and reduce vehicle use.

Interpretation Questions Hinder Program Administration

Federal participation in transit benefit programs differs widely across the nation. Participating agencies and organizations employ as few as 3 and as many as 10,000 employees and span all three branches of government. As such, they have different systems for and approaches to employee benefits and agency operations. There are also major differences in the programs offered by state and local governments that federal agencies participate in.

With guidance from the enabling legislation and from OMB and GSA, participating federal agencies have established programs and procedures to support their participation in state and local transit benefit programs. However, the enabling legislation did not assign central coordinating responsibility to any agency nor provide any express authority to any agency to develop and promulgate implementing regulations, resolve conflicts, or provide interpretations for participating federal agencies. In part, because of the absence of a central coordinating authority to assist federal agencies in obtaining information or clarification on participation requirements, federal agencies have experienced interpretation problems on such issues as who may participate, which benefits are tax-exempt, and what constitutes public transportation.

Programs Differ Across the Nation

Procedures for determining employees' eligibility and for disbursing and reconciling benefits differ across agency lines in their formality and complexity; a federal board or commission with three employees, for example, would have far less comprehensive procedures than the Departments of Transportation, Treasury, or Energy, each with thousands of beneficiaries. In addition, programs sponsored by regional transit authorities vary in different metropolitan areas. In Chicago and San

Francisco, for example, federal agencies purchase vouchers from the transit authorities, which are distributed to employees. The employees can then redeem their vouchers on several area transit systems. In Washington, D.C., agencies in 1992 primarily participated in the Washington Metropolitan Area Transit Authority's (WMATA) Metropool Program, under which WMATA sold rail tickets and bus tokens for its Metrorail and Metrobus systems to employers for distribution to employees at their workplace. In January 1993, WMATA established the MetroChek program, under which vouchers are sold to employers and distributed to employees. These vouchers can be used on several regional transit systems.

In Denver, federal agencies participate in a unique program called "Eco-Pass." Under the program, participating employers purchased bus passes for all employees, both riders and nonriders. The annual rate an employer was charged was based on the estimated daily ridership in the area where the participating employer was located. This method is similar to insurance companies basing their premiums on probable claim incidence for a particular population. The passes entitle employees to ride buses at any time except for special events.

Participation of the Uniformed Services

The enabling legislation provides the parameters for who may and may not participate in transit benefit programs. Section 629(c)(2) of the Treasury, Postal Service and General Government Appropriations Act of 1991 states that for determining employees who are eligible to receive transit benefits, "employee" shall mean an employee as defined under 5 U.S.C. 2105 and shall also include an employee of any legislative and judicial agency. This statute defines "employees" as persons appointed to the civil service, employed by nonappropriated fund exchange activities of the uniformed services (such as commissaries on military bases), and others. This definition excludes Postal Service and U.S. Postal Rate Commission employees and uniformed personnel in the Department of Defense (DOD) and other agencies.

Because no central coordinating authority was available to assist federal agencies in interpreting participation requirements, different agencies took different approaches. DOD, the nation's largest federal employer, decided in October 1992 not to participate, in part because of the exclusion of military personnel. DOT found that the authorizing legislation excluded uniformed personnel in the U.S. Coast Guard, a DOT agency. However, section 44 of the subsequently enacted Coast Guard

Authorization Act of 1991 (P.L. 102-241) allows Coast Guard uniformed personnel to receive transit benefits. Accordingly, DOT offers transit benefits to all of its Washington, D.C., headquarters employees.

Two agencies provided, and later withdrew, transit benefits to military personnel. FEMA headquarters provided benefits to two military officers on detail to the agency from DOD for several months in 1992. Also, in early 1992, EPA in Denver purchased annual Eco-Pass bus passes for its employees, including 19 commissioned officers of the U.S. Public Health Service. Nevertheless, both agencies terminated the benefits on the advice of the agencies' General Counsels. Public Health Service officers in Denver, however, continued participating by banding together and using their own money to purchase the passes for the remainder of 1992 and for 1993. In November 1992, an official of the RTD told us that RTD viewed this arrangement as improper, since its program provides discounted passes to employers, not individuals. However, neither EPA nor RTD has taken any action to revoke these individuals' passes.

Although U.S. Postal Rate Commission employees are also not included in the authorizing legislation's definition of "employees," the Commission has been providing benefits since January 1992. According to an official in this agency's Office of General Counsel, the Commission is not a federal agency and its employees are not federal employees as defined under 5 U.S.C. 2105. The official stated, however, that the Commission has the statutory authority to provide transit benefits under 39 U.S.C. 3604(c), which allows the Commission to obtain such supplies as may be necessary to permit it to carry out its functions.

Taxation of Benefits

OMB's guidance to the heads of federal agencies directs the agencies that they may provide no employee transit benefits in excess of the amount determined by the Internal Revenue Service to be excluded from taxation. In 1992, the maximum allowable tax-free employee transit benefit was $21 per month. However, the value of transit benefits is not always clear; we found that even when participants have sought or received clarification, no mechanism exists to disseminate that information to other agencies with similar concerns.

For example, in Washington, D.C., WMATA routinely adds a 10-percent "bonus value" to any fare purchases of $20 or more. As a result, agencies that ordered a $21 rail ticket received a fare ticket in the amount of $23.10. According to WMATA, several agencies raised concerns as to whether this additional bonus value made the benefit taxable to the employee. In July 1992, the IRS responded to an inquiry on this question from the Chairman of the Senate Committee on Rules and Administration, which oversees participation of U.S. Senate employees in transit benefit programs. In its response, the IRS's Assistant Chief Counsel stated that because the WMATA bonus value was available to the general public, and not the result of a special arrangement between the authority and the employer, it was not taxable. However, according to a WMATA official, most federal agencies they discussed this issue with were unaware of the ruling, and two agencies we visited were confused as to the proper interpretation as well. In part, this was due to the fact that no mechanism was available to disseminate this opinion to other participating agencies.

Three federal agencies we visited in Denver that participated in the Eco-Pass program were concerned whether employees might be taxed on the value of their Eco-Pass bus passes. If used regularly by an employee with a long commute, these passes could have had value to the employee in excess of the then $21-per-month tax-free benefit level. The three offices told us that they had requested but had not received advice from the IRS on the applicable tax treatment. As a result, one agency, the SEC, required its employees to sign a statement acknowledging the uncertain tax environment and their potential tax liability as a condition of their receiving the benefit.

Federal agencies have also held differing interpretations on the taxation of benefits when agencies provide benefits in cash instead of by fare tickets or vouchers. Two of the agencies we visited used cash reimbursement systems to provide benefits; OPM used it for all its employees nationwide, and FEMA did so for employees in Washington, D.C., who used transit systems other than WMATA's bus and rail systems.

The Energy Policy Act of 1992, in amending the Internal Revenue Code to raise the level of tax-free transit benefits, also contained a provision stating that benefits provided by cash would not be tax-exempt if vouchers were readily available to the employer for distribution to the employee. However, when we completed our review, the IRS had not yet issued implementing regulations. WMATA established a voucher program in Washington, D.C., in January 1993 and, according to officials, believes that, as a result, cash reimbursement benefits are not tax-free under the new provisions. However, OPM and FEMA continued to provide cash benefits. According to OPM's fare subsidy manager, OPM believes that vouchers are not readily available because it has a nationwide program that includes locations where no voucher programs exist. The official further stated that OPM provides benefits to its Washington, D.C., employees who use transit systems that are not included under WMATA's program. FEMA's program coordinator stated that the agency continues to provide cash benefits because it is concerned that WMATA's MetroChek program may be inconsistent with OMB's guidance on the eligibility of vanpool services.

Eligibility of Vanpooling Services

Federal agencies have wrestled with the question of whether privately owned and operated vanpool services constituted a form of public transportation. According to OMB's June 1992 guidance, vanpools were not to be considered public transportation and not to be included under transit benefit programs unless sponsored and funded by state or local governments or government-sponsored entities. In San Francisco, OPM provided transit benefits to employees who commuted daily by vanpool between Sacramento and San Francisco because, according to OPM, the vanpool provider was part of a program sponsored by the state of California. However, OPM's San Francisco office denied participation to three vanpool commuters who applied for benefits because OPM determined that the provider—a subsidiary of the Chrysler Corporation—was not a government-sponsored entity.

The Energy Policy Act, which became law on October 24, 1992, permits employees who commute by "commuter highway vehicles"—vanpools—to be eligible for tax-free transit benefits. This raised questions among federal agencies as to whether federal employees who commuted by privately owned and operated vanpools were eligible for transit benefits. When we completed our review, IRS had not yet updated its regulations to implement the tax provisions of the Energy Policy Act of 1992, and OMB had not updated its guidance.

In January 1993, WMATA began its MetroChek voucher program in Washington, D.C., and included among the eligible providers two private vanpool operators. As a result, employees of federal agencies that participate in WMATA's voucher program may use their transit benefits to offset the cost of commuting on one of two private vanpool services. Federal agencies took different approaches to participating in MetroChek. ICC's and FEMA's program coordinators stated that one reason their agencies do not participate in MetroChek is that they believe that including private vanpool providers in the program is inconsistent with OMB's guidance. DOT, however, does participate in MetroChek and stated that this participation is consistent with the enabling legislation, since

WMATA, in its view, is a state or local government entity, and MetroChek is part of a state or local government program encouraging employees to use public transportation.

One of the vanpool providers included in the MetroChek program had parking privileges in the DOT building, and DOT officials concluded that this was inconsistent with the requirement that employees not receive both transit and parking benefits. DOT determined that such parking privileges constitute a transportation benefit to the employee and will not provide transit benefits to any employee who commutes via a vanpool that parks in the DOT building. Employees whose vanpools are included in the MetroChek program and do not have such parking privileges, however, are eligible for a transit benefit.

Conclusions

Nationwide implementation of transit benefit programs for federal employees has been varied. Implementation of procedures to safeguard and account for transit assets needs to be improved. Without such improvements, agencies cannot ensure that transit assets are not misappropriated. This is particularly important if agencies offer $60-per-month benefits, since the risk of misuse is that much greater. Furthermore, federal agencies need to better evaluate the effect of their participation on commuters' choices, in order to give state and metropolitan planning organizations the information they need to evaluate the effect that commuter transit benefits have on meeting air quality and other national goals.

In implementing transit benefit programs, federal agencies have faced difficulties in determining which employees are eligible to participate, which benefits are tax-exempt, and what constitutes public transportation. Although guidance has been limited, any written guidance would be difficult to construct, since it must contain the flexibility needed to respond to differences in federal organizations across the three branches of government—as well as the myriad of services offered by transit providers in various cities.

Effective implementation of federal participation nationwide would be best served if a central coordinating authority was available to serve as a clearinghouse of information and guidance for federal agencies wrestling with questions about program requirements. For example, although IRS had made a ruling that the WMATA bonus value was not taxable at the request of the Chairman of the Senate Committee on Rules and

Administration, federal agencies where the ruling would have direct application were unaware of it. A central clearinghouse could have disseminated such information so that all participants would be aware of the ruling.

A central coordinating authority or clearinghouse could be established any number of ways. For example, program authority could be vested in one of the central management agencies, such as GSA or OPM. In addition, DOT, which has cognizance over federal transportation programs and also manages one of the largest and most comprehensive transit benefit programs in the federal government, could serve as the lead agency for federal participation. Finally, an interagency committee could be established.

Matters for Congressional Consideration

If the Congress chooses to reauthorize federal participation in transit benefit programs, it may wish to consider establishing a central coordinating authority to serve as a clearinghouse for federal agencies and organizations establishing or participating in transit benefit programs to obtain guidance, information, and clarification on participation requirements.

Recommendation to Federal Agencies

To improve management and administration of agency programs, we recommend that the heads of the federal agencies participating in transit benefit programs

- review the implementation of management control procedures at offices providing transit benefits to employees on a periodic basis to ensure that participation is limited only to eligible employees, and that assets are properly accounted for and safeguarded, and
- develop plans to measure and evaluate the effect of agencies' transit benefit programs on employees' commuting behavior, including increased transit use and changes in vehicle occupancy, and provide this information to the appropriate state and metropolitan planning organizations.

The federal agencies and offices providing employee transit benefits are identified in appendixes I and II.

Federal Agencies' Participation in Transit Benefit Programs in the Nation's 25 Largest Metropolitan Areas as of April 15, 1993

Executive Branch

Cabinet Departments

Department of Commerce

National Oceanic and Atmospheric Administration
- Denver
- Kansas City

Patent and Trademark Office
- Washington, D.C.

Department of Energy
- Denver
  - Support Office
  - Western Power Administration
- Washington, D.C.

Department of Health and Human Services

National Institutes of Health
- Washington, D.C.

Department of Justice

Drug Enforcement Administration
- Los Angeles

Department of Transportation
- Washington, D.C.
- Boston

Federal Aviation Administration
- Chicago
- Kansas City
- Seattle

Federal Highway Administration
- Atlanta
- Baltimore
- Kansas City

Phoenix
San Francisco

Federal Railroad Administration
Atlanta
Chicago
Cincinnati
Cleveland
Kansas City
Philadelphia
Pittsburgh
St. Louis
Seattle

Federal Transit Administration
Atlanta
Chicago
Denver
New York
Philadelphia
San Francisco
Seattle

Maritime Administration
New York
San Francisco

National Highway Traffic Safety Administration
Kansas City
New York
San Francisco
Seattle

Office of Inspector General
Atlanta
Baltimore
Chicago
Fort Worth
Kansas City
San Francisco
Seattle

Department of the Treasury

Bureau of Printing and Engraving
- Washington, D.C.

Departmental Office
- Washington, D.C.

Financial Management Service
- Chicago
- Kansas City
- Philadelphia
- San Francisco
- Washington, D.C.

U.S. Customs Service
- Baltimore
- Boston
- Chicago
- Cleveland
- Detroit
- Houston
- Los Angeles
- Miami
- Minneapolis/St. Paul
- New York
- Philadelphia
- San Diego
- San Francisco
- Seattle
- Washington, D.C.

U.S. Mint
- Denver
- Philadelphia
- San Francisco
- Washington, D.C.

U.S. Secret Service
- Atlanta
- Boston
- Chicago

Cincinnati
Denver
Detroit
Los Angeles
Milwaukee
Minneapolis/St. Paul
New York
Philadelphia
St. Louis
San Diego
San Francisco
Seattle
Tampa
Washington, D.C.

Department of Veterans Affairs
Los Angeles

Independent Establishments and Government Corporations

Administrative Conference of the United States
Washington, D.C.

Central Intelligence Agency
Washington, D.C.

Commission on Civil Rights
Chicago
Denver
Los Angeles
Washington, D.C.

Defense Nuclear Facilities Safety Board
Washington, D.C.

Environmental Protection Agency
Atlanta
Boston
Chicago
Denver
New York
Philadelphia
Seattle

Executive Residence at the White House
- Washington, D.C.

Export-Import Bank of the U.S.
- Chicago
- Los Angeles
- Miami
- New York
- Washington, D.C.

Federal Deposit Insurance Corporation
- Los Angeles

Federal Election Commission
- Washington, D.C.

Federal Emergency Management Agency
- Atlanta
- Boston
- Chicago
- Denver
- Kansas City
- New York
- Philadelphia
- San Francisco
- Washington, D.C.

Federal Mediation and Conciliation Service
- New York
- Philadelphia
- Washington, D.C.

Federal Mine Safety and Health Review Commission
- Washington, D.C.

Federal Trade Commission
- Atlanta
- Boston
- Chicago
- Cleveland
- Dallas
- Denver

Los Angeles
New York
San Francisco
Seattle
Washington, D.C.

Institute of Museum Services
Washington, D.C.

Inter-American Foundation
Washington, D.C.

Interstate Commerce Commission
Atlanta
Baltimore
Boston
Chicago
Dallas/Fort Worth
Denver
Los Angeles
Minneapolis/St. Paul
New York
Philadelphia
St. Louis
San Francisco
Washington, D.C.

National Aeronautics and Space Administration
AMES Research Center, San Francisco
Washington, D.C.

National Capitol Planning Commission
Washington, D.C.

National Mediation Board
Washington, D.C.

National Transportation Safety Board
Washington, D.C.

Nuclear Regulatory Commission
Atlanta

Denver
Washington, D.C.

Office of Government Ethics
Washington, D.C.

Office of Personnel Management
Atlanta
Baltimore
Boston
Chicago
Dallas/Fort Worth
Kansas City
Los Angeles
New York
Philadelphia
Pittsburgh
San Diego
San Francisco
Seattle
Washington, D.C.

Office of the Nuclear Waste Negotiator
Washington, D.C.

Overseas Private Investment Corporation
Washington, D.C.

Panama Canal Commission
Washington, D.C.

Peace Corps
Washington, D.C.

Pennsylvania Avenue Development Corporation
Washington, D.C.

Pension Benefit Guarantee Corporation
Washington, D.C.

Securities and Exchange Commission
Atlanta

Boston
Chicago
Dallas/Fort Worth
Denver
Miami
New York
Philadelphia
San Francisco
Seattle
Washington, D.C.

Selective Service System
Chicago
San Francisco
Washington, D.C.

Thrift Depositor Protection Oversight Board
Washington, D.C.

Trade and Development Program
Washington, D.C.

U.S. Arms Control and Disarmament Agency
Washington, D.C.

U.S. Office of Special Counsel
Dallas/Fort Worth
San Francisco
Washington, D.C.

Federal Boards, Commissions, and Committees

Advisory Council on Historic Preservation
- Denver
- Washington, D.C.

Washington, D.C.
- Architectural and Transportation Barriers Compliance Board
- Arctic Research Commission
- Board for International Broadcasting
- Commission on Agricultural Workers
- Commission on National and Community Service
- Committee for the Purchase from the Blind and Other Severely Handicapped
- Federal Financial Institutions Examination Council
- Foreign Claims Settlement Commission
- Harry S. Truman Scholarship Foundation
- James Madison Memorial Fellowship Foundation
- Japan-United States Friendship Commission
- Marine Mammal Commission
- National Commission on Children
- Presidential Commission on Women in the Armed Forces
- U.S. Nuclear Waste Technical Review Board
- White House Historical Association

Legislative Branch

Washington, D.C.
- Congressional Budget Office
- Office of the Architect of the Capitol
- Office of Technology Assessment
- U.S. Senate
- U.S. Court of Military Appeals
- U.S. Court of Veterans Appeals
- U.S. Tax Court

Judicial Branch

U.S. Sentencing Commission
- Washington, D.C.

U.S. District Courts
- Los Angeles

Federal Agencies' and Employees' Participation in Transit Benefit Programs in the 25 Largest U.S. Metropolitan Areas

Listing by Metropolitan Area

Data as of October 1, 1992

Agency	Number of employees participating	Number of employees eligible	Percent of employees participating[a]
Atlanta			
Department of Transportation, Federal Highway Administration	11	91	
Department of Transportation, Federal Railroad Administration	1	20	
Department of Transportation, Federal Transit Administration	5	22	
Department of Transportation, Office of Inspector General	1	5	
Department of the Treasury, U.S. Secret Service	3	12	
Environmental Protection Agency[b]			
Federal Emergency Management Agency	3	8	
Interstate Commerce Commission	7	15	
Nuclear Regulatory Commission	107	187	
Office of Personnel Management	21	118	
Securities and Exchange Commission	12	66	
Subtotal: Atlanta	**171**	**544**	**31**
Baltimore			
Department of Transportation, Federal Highway Administration	29	51	
Department of Transportation, Office of Inspector General	14	20	
Interstate Commerce Commission	1	2	
Subtotal: Baltimore	**44**	**73**	**60**
Boston			
Department of Transportation, Research and Special Projects Administration[c]	122	657	
Department of Transportation, Federal Railroad Administration[c]			
Department of Transportation, Federal Highway Administration[c]			
Department of Transportation, Office of Inspector General[c]			
Department of the Treasury, U.S. Secret Service	5	8	
Federal Emergency Management Agency	47	72	
Interstate Commerce Commission	7	10	
Securities and Exchange Commission	47	59	
Subtotal: Boston	**228**	**806**	**28**
Chicago			
Commission on Civil Rights	1	1	
Department of Transportation, Federal Railroad Administration	10	28	

(continued)

Data as of October 1, 1992

Agency	Number of employees participating	Number of employees eligible	Percent of employees participating[a]
Department of Transportation, Federal Transit Administration	20	22	
Department of Transportation, Office of Inspector General	29	37	
Department of the Treasury, Financial Management Service	93	117	
Department of the Treasury, U.S. Secret Service	16	19	
Federal Emergency Management Agency	71	71	
Interstate Commerce Commission	20	29	
Office of Personnel Management	81	119	
Securities and Exchange Commission	142	153	
Selective Service System	1	10	
Subtotal: Chicago	**484**	**606**	**80**
Cincinnati			
Department of Transportation, Federal Railroad Administration	2	2	
Department of the Treasury, U.S. Secret Service	2	3	
Subtotal: Cincinnati	**4**	**5**	[a]
Cleveland			
Department of Transportation, Federal Railroad Administration	2	2	
Subtotal: Cleveland	**2**	**2**	[a]
Dallas/Ft. Worth			
Department of Transportation, Office of Inspector General	2	22	
Interstate Commerce Commission	1	11	
Office of Personnel Management[b]			
Office of Special Counsel	2	8	
Securities and Exchange Commission[b]			
Subtotal: Dallas/Ft. Worth	**5**	**41**	**12**
Denver			
Advisory Council on Historic Preservation	8	8	
Commission on Civil Rights[b]			
Department of Commerce, National Oceanographic and Atmospheric Administration	916	1,123	
Department of Energy, Denver Support Office	18	20	
Department of Energy, Western Power Administration	17	490	
Department of Transportation, Federal Transit Administration	8	8	
Department of the Treasury, U.S. Mint	36	385	
Department of the Treasury, U.S. Secret Service	1	4	
Environmental Protection Agency	581	640	
Federal Emergency Management Agency	9	67	

(continued)

Data as of October 1, 1992

Agency	Number of employees participating	Number of employees eligible	Percent of employees participating[a]
Interstate Commerce Commission	1	6	
Nuclear Regulatory Commission	13	13	
Securities and Exchange Commission	65	68	
Subtotal: Denver	**1,673**	**2,832**	**59**
Detroit			
Department of the Treasury, U.S. Secret Service	5	10	
Subtotal: Detroit	**5**	**10**	[a]
Houston			
Subtotal: Houston[d]			
Kansas City			
Department of Commerce, National Oceanographic and Atmospheric Administration	13	176	
Department of Transportation, Federal Aviation Administration	21	920	
Department of Transportation, Federal Highway Administration	1	14	
Department of Transportation, Federal Railroad Administration	2	22	
Department of Transportation, Office of Inspector General	1	13	
Department of the Treasury, Financial Management Service	3	110	
Federal Emergency Management Agency	11	29	
Subtotal: Kansas City	**52**	**1,284**	**4**
Los Angeles			
Commission on Civil Rights	2	2	
Department of Justice, Drug Enforcement Administration	11	96	
Department of the Treasury, U.S. Secret Service	5	28	
Department of Veterans Affairs, Outpatient Clinic[b]			
Federal Deposit Insurance Corporation	164	643	
Interstate Commerce Commission	6	9	
Office of Personnel Management	2	34	
U.S. District Courts	237	895	
Subtotal: Los Angeles	**427**	**1,707**	**25**
Miami			
Securities and Exchange Commission	6	36	
Subtotal: Miami	**6**	**36**	**17**
Milwaukee			
Department of the Treasury, U.S. Secret Service	1	2	
Subtotal: Milwaukee	**1**	**2**	[a]
Minneapolis/St. Paul			

(continued)

Data as of October 1, 1992

Agency	Number of employees participating	Number of employees eligible	Percent of employees participating[a]
Department of the Treasury, U.S. Secret Service	1	4	
Interstate Commerce Commission	2	3	
Subtotal: Minneapolis/St.Paul	**3**	**7**	[a]
New York			
Department of Transportation, Federal Transit Administration	22	22	
Department of the Treasury, U.S. Secret Service	22	36	
Federal Emergency Management Agency	65	65	
Federal Mediation and Conciliation Service	7	9	
Interstate Commerce Commission	6	6	
Securities and Exchange Commission[b]			
Subtotal: New York	**122**	**138**	**88**
Philadelphia			
Department of Transportation, Federal Railroad Administration	15	26	
Department of Transportation, Federal Transit Administration	21	21	
Department of the Treasury, Financial Management Service	37	162	
Department of the Treasury, U.S. Mint	353	628	
Department of the Treasury, U.S. Secret Service	7	16	
Federal Emergency Management Agency	47	65	
Federal Mediation and Conciliation Service	2	11	
Interstate Commerce Commission	11	27	
Office of Personnel Management[b]			
Securities and Exchange Commission	37	43	
Subtotal: Philadelphia	**530**	**999**	**53**
Phoenix			
Department of Transportation, Federal Highway Administration	3	20	
Subtotal: Phoenix	**3**	**20**	**15**
Pittsburgh			
Department of Transportation, Federal Railroad Administration	2	8	
Subtotal: Pittsburgh	**2**	**8**	[a]
San Diego			
Department of the Treasury, U.S. Secret Service	2	4	
Office of Personnel Management	16	48	
Subtotal: San Diego	**18**	**52**	**35**
San Francisco			
Department of Transportation, Federal Highway Administration	56	61	

(continued)

Data as of October 1, 1992

Agency	Number of employees participating	Number of employees eligible	Percent of employees participating[a]
Department of Transportation, Federal Transit Administration	19	19	
Department of Transportation, Office of Inspector General	25	26	
Department of the Treasury, Financial Management Service	59	100	
Department of the Treasury, U.S. Mint	245	772	
Department of the Treasury, U.S. Secret Service	8	9	
Federal Emergency Management Agency	6	77	
Interstate Commerce Commission	14	15	
National Aeronautics and Space Administration, Ames Research Center[b]			
Office of Personnel Management	63	128	
Securities and Exchange Commission	27	31	
Selective Service System	2	2	
U.S. Office of Special Counsel	7	9	
Subtotal: San Francisco	**531**	**1,249**	**43**
Seattle			
Department of Transportation, Federal Railroad Administration	7	7	
Department of Transportation, Federal Transit Administration	10	10	
Department of Transportation, Office of Inspector General	24	27	
Department of the Treasury, U.S. Secret Service	4	4	
Environmental Protection Agency	246	513	
Office of Personnel Management	16	35	
Securities and Exchange Commission	25	37	
Subtotal: Seattle	**332**	**633**	**52**
St. Louis			
Department of Transportation, Federal Railroad Administration	1	10	
Department of the Treasury, U.S. Secret Service	2	4	
Interstate Commerce Commission	1	3	
Subtotal: St. Louis	**4**	**17**	**24**
Tampa			
Department of the Treasury, U.S. Secret Service	1	3	
Subtotal: Tampa	**1**	**3**	[a]
Washington, DC			
Administrative Conference of the U.S.[b]			
Advisory Council on Historic Preservation	32	32	
Architectural and Transportation Barriers Compliance Board	22	35	
Arctic Research Commission	2	2	

(continued)

Data as of October 1, 1992

Agency	Number of employees participating	Number of employees eligible	Percent of employees participating[a]
Board for International Broadcasting[b]			
Central Intelligence Agency	271	[e]	
Commission on Agricultural Workers	3	5	
Commission on Civil Rights	26	52	
Committee for the Purchase From the Blind and Other Severely Handicapped	5	8	
Congressional Budget Office[b]			
Defense Nuclear Facilities Safety Board	47	79	
Department of Energy	1,870	6,689	
Department of Health and Human Services, National Institutes of Health	626	9,800	
Department of Transportation	3,908	10,374	
Department of the Treasury, Departmental Office[b]			
Department of the Treasury, Bureau of Engraving and Printing	449	2,448	
Department of the Treasury, Bureau of the Public Debt	482	719	
Department of the Treasury, Financial Management Service	427	1,716	
Department of the Treasury, U.S. Customs Service	[e]	[e]	
Department of the Treasury, U.S. Mint	141	368	
Department of the Treasury, U.S. Secret Service	383	2,208	
Executive Residence at the White House[b]			
Export-Import Bank of the U.S.	229	425	
Federal Election Commission	198	270	
Federal Emergency Management Agency	478	894	
Federal Financial Institutions Examination Council	0	6	
Federal Mediation and Conciliation Service	29	86	
Federal Mine Safety and Health Review Commission	20	45	
Interamerican Foundation[b]			
Interstate Commerce Commission	373	472	
Institute of Museum Services	9	15	
James Madison Foundation	4	7	
Japan-U.S. Friendship Commission	3	4	
National Aeronautics and Space Administration	690	2,418	
National Capitol Planning Commission	12	40	
National Commission on Children[b]			
National Mediation Board	20	30	
National Transportation Safety Board	120	249	
Nuclear Regulatory Commission	322	968	

(continued)

Data as of October 1, 1992

Agency	Number of employees participating	Number of employees eligible	Percent of employees participating[a]
Nuclear Waste Technical Review Board	10	18	
Office of Government Ethics	44	73	
Office of Personnel Management	981	2,938	
Overseas Private Investment Corporation	68	164	
Panama Canal Commission	2	6	
Pennsylvania Avenue Development Corporation	24	33	
Presidential Commission on Women in the Armed Forces[b]			
Securities and Exchange Commission	1,073	1,607	
Selective Service System	15	[e]	
Thrift Depositor Protection Oversight Board	7	35	
U.S. Arms Control and Disarmament Agency	53	223	
U.S. Court of Military Appeals	16	50	
U.S. Tax Court	77	271	
U.S. Court of Veterans Appeals	52	84	
U.S. Office of Special Counsel	48	80	
U.S. Senate Staff	162	1,954	
U.S. Sentencing Commission[b]			
U.S. Trade and Development Program	14	31	
Subtotal: Washington, D.C.	**13,897**	**48,031**	**28[f]**
Total: All 25 cities	**18,545**	**59,105**	**31[f]**

[a]Percentage not calculated for metropolitan areas with 10 or fewer eligible employees.

[b]Agency did not respond to GAO's survey.

[c]Department of Transportation offices in Boston provided a consolidated survey response. All Boston Department of Transportation responses are consolidated in the Research and Special Projects Administration's response.

[d]Houston had no participating federal agencies as of October 1, 1992. The Department of the Treasury's U.S. Customs Service began participating there on November 1, 1992.

[e]Information not provided.

[f]Participating agency personnel in the Central Intelligence Agency and Selective Service System in Washington, D.C., have not been included to calculate the participation rate, because these agencies did not provide information on total eligible employees.

Federal Agencies and Organizations Contacted and Surveyed by GAO

GAO distributed three questionnaires to federal agencies and organizations: (1) a participating headquarters questionnaire to federal agencies that participated in transit benefit programs at their headquarters, (2) a nonparticipating headquarters questionnaire to federal agencies that did not participate in transit benefit programs at their headquarters, and (3) a participating regional office questionnaire to field offices that participated in transit benefit programs.

To select the agencies and organizations to receive these questionnaires, we compiled a federal organization listing based on the United States Government Manual and the Budget of the United States Government and contacted the headquarters of federal executive, legislative, and judicial agencies and organizations. Our purpose was to determine whether these agencies and organizations were participating in a state or local government program as of October 1, 1992, and provided public transportation benefits to their employees in any of the nation's 25 largest Statistical Metropolitan Areas, as defined by the U.S. Bureau of the Census.

We eliminated from further consideration agencies and organizations that told us they either (1) were administratively or operationally part of another federal agency, (2) did not have any of their own employees (performing their work with no staff, consultant staff, or staff on temporary detail from other agencies), (3) were headquartered in a location that did not fall within the nation's 25 largest metropolitan areas, or (4) were a private or nonprofit organization and did not consider themselves to be a federal agency for the purposes of participating in a transit benefit program.

Of the remaining headquarters agencies and organizations, 124 received either our participating headquarters or nonparticipating headquarters surveys.

- Three agencies received neither survey. The staff of the U.S. Senate participates, but we did not survey them because Senate staff participation is managed separately by each of the participating Senator's or Committee's offices. Instead, we obtained participation data directly from the Senate Committee on Rules and Administration. Two federal agencies, the Peace Corps, an independent establishment, and the Office of Technology Assessment, a legislative branch agency, were in the process of starting to participate in transit benefit programs on October 1, 1992, and thus neither questionnaire was appropriate to their circumstances.

- Excluding the U.S. Senate, 56 federal agencies or organizations that stated they participated in state or local transit benefit programs at their headquarters received a participating headquarters questionnaire. Four agencies—the Environmental Protection Agency and the Departments of Commerce, Justice, and Veterans Affairs—participated in field locations, but not at their headquarters. Of the 56 participating headquarters agencies and organizations surveyed, 47 responded.
- Sixty-eight stated that they did not participate in state or local transit benefit programs. We sent a nonparticipating federal agency survey to each of these organizations, including the four agencies mentioned above that did not participate at their headquarters. Of these 68 surveys, we received 56 responses.
- The participating agencies identified 115 field or regional offices that also participated in state or local transit benefit programs. We sent a participating regional office survey to each, and 108 responded.

In total, 171 federal offices participated in transit benefit programs on October 1, 1992—56 headquarters offices and 115 field offices. Of these, 47 headquarters offices and 108 field offices responded to our survey.

In using the designation "federal agency and organization," we have had to make certain assumptions because of the variety of federal entities in the three branches of government. For example, both the Department of Transportation (DOT) and the Department of the Treasury have a number of subordinate agencies. We have counted DOT as one agency/organization because its participation decision was made centrally. Treasury, on the other hand, allows each of its bureaus to determine whether they will participate and what size benefit they will offer. For example, the Customs Service chooses to participate at $21 per month, the Bureau of Printing and Engraving chooses to participate at $40 per month, and the Internal Revenue Service chooses not to participate. We have, as a result, counted each Treasury bureau separately.

U.S. Senate staff receive transit benefits at the discretion of the individual Senator's or Committee's office. We have counted U.S. Senate participation as one agency/organization. Finally, the U.S. District Court for the Central District of California in Los Angeles participates; included in that program is the District Court, Bankruptcy Court, Probation Office, Federal Public Defender's Office, Pretrial Services Agency, and resident employees of the U.S. Court of Appeals. We have counted the U.S. District Court's program as one participating field office.

GAO's Survey of Federal Employees

Starting in January 1993, we conducted a sample survey of employees working in headquarters and regional offices that were participating in transit benefit programs as of October 1, 1992. The Objectives, Scope, and Methodology section of this report describes how we identified participating offices and agencies. The scope of the employee survey, like the other surveys GAO conducted for this report, was limited to the nation's largest 25 U.S. Statistical Metropolitan Areas, as defined by the Bureau of the Census, Department of Commerce.

The Office of Personnel Management's (OPM) Central Personnel Data File (CPDF) contains information on over 2.1 million federal civilian employees and is updated and validated on a quarterly basis. At our request, OPM provided information from the CPDF on a subset of 79,163 employees who work at the participating agencies and offices that GAO identified through its agency surveys. The CPDF does not include any participating judicial or legislative agencies or offices (except the U.S. Tax Court) and also excludes the White House Residence Staff and the Central Intelligence Agency, which are within the executive branch. After extensive questionnaire development, we mailed a survey to 1,800 employees randomly selected from the list of 79,163 employees who work at participating offices and agencies.

We learned from the personnel offices of participating agencies and offices that 18 percent of our sample was not eligible to obtain mass transit benefits from participating employers. In some cases, employees were ineligible because they worked in parts of a participating agency or office that did not provide transit benefits. For example, the Federal Emergency Management Agency and the National Institutes of Health did not offer transit benefits to employees in metropolitan Washington, D.C., who did not work at their main headquarters locations. Other reasons for employees being ineligible to receive transit benefits included the fact that the employee had resigned, retired, transferred to another federal agency, was on extended leave, or had died. Thus, of the original sample of 1,800, 1,483 sample members were eligible to participate; of these, 1,151 (or 78 percent) responded to our survey.

The findings from our survey are based on the responding sample and can be generalized to a population of 50,620 federal employees who are employed in federal agencies that participate in transit benefit programs in the largest 25 U.S. metropolitan areas. It should be noted that all of the information obtained from employees at participating federal agencies and offices is based on respondents' answers to our questionnaire. We did not attempt to verify—through behavioral observation or any other means—self-reported responses concerning employees' participation or lack of participation in public transportation benefit programs.

Since we used a sample of employees to report on federal employees' participation in transit benefit programs, our estimates contain a measurable precision, or sampling error. The sampling error indicates how closely we can reproduce from a sample the results we would have obtained had we surveyed the entire subject population (in this case, employees of federal agencies that were participating in transit benefit programs on October 1, 1992), using the same measurement methods. The sampling error is expressed as a plus or minus figure; by adding the sampling error to, and subtracting it from, the estimate, we can develop upper and lower bounds for each estimate, called a confidence interval. Sampling errors and confidence intervals are stated at a certain confidence level—in this case, 95 percent. A confidence interval at the 95-percent confidence level means that in 95 out of 100 instances, the sampling procedure we used would produce a confidence interval containing the universe value we are estimating. For example, if we knew that the percentage of all eligible federal employees receiving transit benefits was 33 percent, then the confidence intervals produced by our sampling procedure (the estimate from the sample plus and minus the associated sampling error) would contain the value 33 percent in 95 out of 100 instances.

Sampling errors and confidence intervals also vary depending on the number of people responding in a certain way; a 90-percent response to a particular question from the sample will have a lower sampling error and smaller confidence interval than a 50-percent response to a particular question from the same population. While we have not reported the precise sampling errors for each estimate used in this report, table IV.1 shows the sampling errors for different responses for the various employee groups discussed in our report.

Table IV.1: Sampling Errors of Employee Estimates

	Sampling error		
Where responses were:	Participating employees	Nonparticipating employees	All respondents
2.5 or 97.5 percent	1.6	1.1	0.9
5.0 or 95.0 percent	2.2	1.6	1.3
10.0 or 90.0 percent	3.1	2.2	1.7
20.0 or 80.0 percent	4.1	2.9	2.3
30.0 or 70.0 percent	4.7	3.3	2.6
40.0 or 60.0 percent	5.1	3.5	2.8
50 percent	5.2	3.6	2.9

In some instances, we examined subgroups of participating or nonparticipating employees. In these cases, the sampling errors were higher because smaller samples of employees were used, and table IV.1 does not apply. Table IV.2 shows the estimates and sampling errors for figures used in this report when we examined subgroups of participating or nonparticipating employees.

Table IV.2: Sampling Error for Subgroups of Participating or Nonparticipating Employees

Subgroup	Estimate (percent)	Sampling error (percent)
Participating employees: Previous commuting mode of employees who switched their primary mode to public transportation because of the availability of a transit benefit		
Drove alone	59.7	11.1
Carpool or vanpool	15.6	8.1
Shared ride with one other person	19.5	8.8
Other means	5.2	5.0
Participating employees who used public transportation before, and reported using public transportation somewhat more or much more now because of the availability of a transit benefit	17.3	4.5
Participation of participating employees by family income		
Less than $25,000	44.7	10.1
$25,000 to $50,000	39.0	5.6
$50,000 to $75,000	32.0	5.3
$75,000 to $100,000	25.3	6.1
Over $100,000	23.6	6.6
Participation of participating employees by grade level		
Less than GS-4	48.1	13.3
GS-5 through GS-8	41.1	7.3
GS-9 through GS-11	27.1	6.0
GS-12 through GS-14	32.8	4.3
GS-15 and above	26.3	6.5
Nonparticipating employees who receive parking from their agency		
Those who receive free parking	71.2	4.5
Those who disagree that free agency-provided parking is one of the reasons they do not use public transportation	46.5	5.9

Compliance With Clean Air Act Air Quality Standards and Traffic Congestion Levels Among the 25 Largest U.S. Metropolitan Areas

25 Largest metropolitan areas	Pollution level for ozone[a]	Employer trip reduction ordinance required?	Traffic congestion level[b]
Atlanta	Serious	No	Serious
Baltimore	Severe-15	Yes	Not reported
Boston	Serious	No	Serious
Chicago	Severe-17	Yes	Serious
Cincinnati	Moderate	No	Not reported
Cleveland	Moderate	No	Not reported
Dallas/Fort Worth	Moderate	No	Serious
Denver		No	Serious
Detroit	Moderate	No	Serious
Houston	Severe-17	Yes	Severe
Kansas City	Marginal	No	Not reported
Los Angeles	Extreme	Yes	Severe
Miami	Moderate	No	Serious
Milwaukee	Severe-17	Yes	Serious
Minneapolis/St. Paul		No	Not reported
New York	Severe-17	Yes	Severe
Philadelphia	Severe-15	Yes	Serious
Phoenix	Moderate	No	Not reported
Pittsburgh	Moderate	No	Serious
San Diego	Severe-15	Yes	Not reported
San Francisco	Moderate	No	Serious
Seattle	Marginal	No	Serious
St. Louis	Marginal	No	Serious
Tampa	Marginal	No	Serious
Washington, D.C.	Serious	No	Serious

[a]Source: Environmental Protection Agency. Nonattainment status for ozone is separated into the following categories ranging from very unhealthy to moderately unhealthy respectively: extreme, severe-17, severe-15, severe, serious, moderate, and marginal. Denver and Minneapolis/St. Paul are in compliance with standards for ozone.

[b]Source: Traffic Congestion: Activities to Reduce Travel Demand and Air Pollution Are Not Widely Implemented (GAO/PEMD-93-2, Nov. 6, 1992).

Analysis of the Effect of Parking Charges in Selected Nonparticipating Federal Agencies

We examined parking practices at 10 federal departments and agencies in Washington, D.C., that do not currently participate in transit benefit programs: the Department of Agriculture (USDA), the Department of Defense (DOD) (Pentagon location), the Department of Education, the Department of the Interior (DOI), the Environmental Protection Agency (EPA), the Federal Deposit Insurance Corporation (FDIC), the General Accounting Office (GAO), the General Services Administration (GSA), the Government Printing Office (GPO), and the Occupational Safety and Health Review Commission (OSHRC). On the basis of their responses to our survey, we calculated the revenue that would be generated if these agencies charged parking fees representing 50 percent, 75 percent, and 100 percent of the estimated fair market value to carpool, vanpool, and single-occupant vehicles that use agency parking facilities. We did not include parking spaces agencies identified as being for the handicapped.

We did not make this analysis to suggest that these particular agencies should charge their employees for parking; we made it to show that the capability of different agencies to recoup revenues from parking varies. Fair market values for parking were estimates provided by the Metropolitan Washington Council of Governments. According to a Council official, parking rates are estimates—actual prices will vary, even in the same area, depending on the type of parking provided. For example, rates are affected by whether a parking facility is outdoors or indoors, or whether patrons have ready access to their vehicles.

Two additional assumptions were made in this analysis. First, while federal agencies may use parking charges to offset operations and maintenance costs, some do and some do not. Four of the 10 agencies we selected charge between $17.50 and $40.00 a month for parking at some locations and use those funds to cover operations and maintenance costs. However, in order to show the capability of federal agencies to raise revenues from parking charges on a consistent basis, we did not deduct the existing revenues. Second, we assumed that the number of people who currently use agency parking facilities will decline if parking charges are implemented. Although this decline cannot be precisely determined, we deducted 20 percent from our revenue estimate. On the basis of the expected revenues, we then determined the number of monthly employee transit benefits that could be funded at the $21 and $60 benefit levels. Our analysis is shown in table VI.1.

Table VI.1: Analysis of Prospective Revenues From Parking at Selected Nonparticipating Federal Agencies

Agency[a]	Number of employees	Number of parking spaces	Monthly market parking rates [At 50 percent][b]	Monthly revenues [At 50 percent][c]	Number of $21 monthly transit benefits that could be funded [At 50 percent]	Number of $60 monthly transit benefits that could be funded [At 50 percent]
USDA	11,000	638	$139 [70]	$70,946 [35,473]	3,378 [1,689]	1,182 [591]
Dept of Education	3,306	258	$139 [70]	$28,690 [14,345]	1,366 [683]	478 [239]
EPA	6,000	811[d]	$97 [49]	$62,934 [31,467]	2,997 [1,498]	1,049 [524]
GPO	4,100	2,289	$117 [59]	$214,250 [107,125]	10,202 [5,101]	3,571 [1,785]
DOI	2,600	733	$163 [82]	$95,583 [47,792]	4,552 [2,276]	1,593 [797]
GAO	3,375	716[e]	$130 [65]	$74,464 [37,232]	3,546 [1,773]	1,241 [621]
OSHRC	48	14	$154 [77]	$1,725 [862]	82 [41]	29 [14]
DOD	27,000	8,779	$66 [33][f]	$463,531 [231,766]	22,073 [11,036]	7,726 [3,863]
GSA	7,024	219	[g]	$26,926 [13,463]	1,282 [641]	449 [224]
FDIC	2,200	918	[h]	$77,862 [38,931]	3,708 [1,854]	1,298 [649]

[a]Four of the 10 federal agencies shown below—USDA, the Department of Education, EPA, and GPO—charge $17.50, $28, $30 and $40 per month respectively for parking to recoup operations and maintenance costs. However, in order to show the capability of federal agencies to raise revenues from parking charges on a consistent basis, we did not deduct the existing revenues.

[b]Monthly market parking rates are estimates by the Metropolitan Washington Council of Governments for several locations in the Washington, D.C. metropolitan area based on the purchase of a monthly contract. Actual parking rates may vary depending on the specific location and the type of parking provided—for example, whether parking is indoors or outdoors, and whether patrons have ready access to their vehicles.

[c]Twenty percent has been deducted from these estimates to account for the drop in demand that might result from the imposition of parking charges.

[d]Includes parking at EPA's headquarters location only.

[e]Includes parking at GAO's headquarters location only.

[f]The Metropolitan Washington Council of Governments did not estimate a market parking rate for the Pentagon. Market rate shown is for the adjacent Pentagon City office complex.

[g]GSA data includes parking available at GSA's headquarters and Washington Regional office locations only, where estimated monthly market parking rates are $163 and $139 respectively.

[h]FDIC data includes 3 locations where monthly market parking rates are $165, $163, and $75 respectively.

As table VI.1 shows, the ability of federal agencies to generate funds from parking charges varies. This ability is contingent upon a number of factors, such as how much an agency can charge (market prices) and how many parking spaces it has relative to the number of people it employs. For example, market parking rates at USDA's headquarters are higher than those at GPO. However, GPO could fund benefits for many more of its employees than USDA could because USDA has limited parking relative to the number of employees. With 11,000 employees and only 638 parking spaces, USDA has one parking space for every 17.2 employees. GPO on the other hand, with 4,100 employees and 2,289 parking spaces, has 1 space for every 1.8 employees.

If federal agencies were to use parking proceeds to fund transit benefits, the demand for transit benefits cannot be precisely estimated—agency parking charges might tend to increase demand. However, in our survey, around 33 percent of the employees in agencies participating at the $21-per-month level received transit benefits. At DOT in Washington, employee demand for the $60-per-month benefit is 44 percent. DOT might not be representative of other federal agencies. Figures VI.1 and VI.2 show, based on the number of monthly transit benefits that the agencies could fund and the number of employees they have, what percentage of each agency's workforce could receive transit benefits at the $21- and $60-per-month level.

Figure VI.1: Percentage of Employees at Selected Federal Agencies for Whom $21-Per-Month Transit Benefits Could Be Funded From Parking Charges

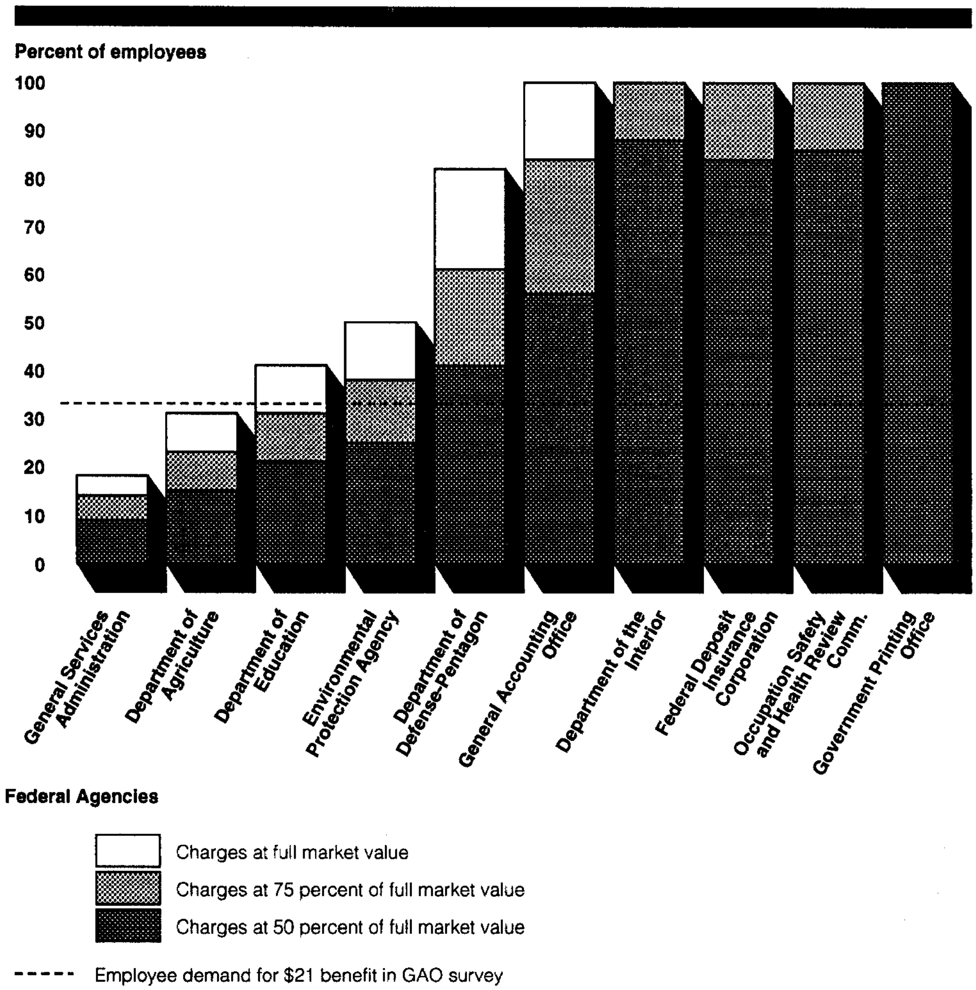
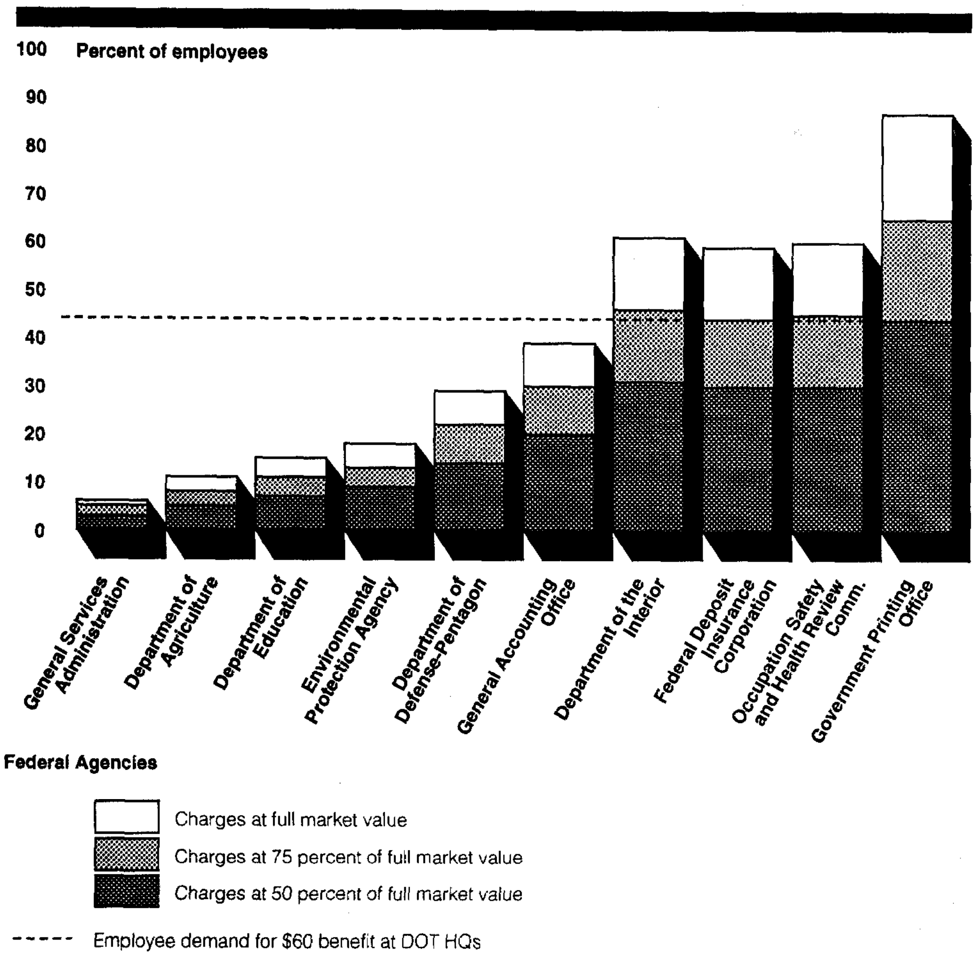


Figure VI.2: Percentage of Employees at Selected Federal Agencies for Whom $60-Per-Month Transit Benefits Could Be Funded From Parking Charges



Statement by the Honorable Barbara Mikulski of Maryland, United States Senate, Introducing S.2978, August 3, 1990

Mr. President, I rise today to introduce legislation to let federal agencies—and their employees—participate in state and local government programs encouraging the use of public transportation.

As our urban and suburban streets become increasingly congested and our air becomes increasingly polluted, federal, state and local governments, along with the private sector, have got to put our heads together. We've got to find ways to get people out of their cars and into trains, trolleys, buses, vanpools, and other forms of mass transit. That's just good common sense.

This legislation opens the door to that kind of cooperation by letting federal agencies participate in transit incentive programs to which a significant local commitment exists. I hope it will inspire local communities across the country to seek creative commuting alternatives.

Mr. President, I identify with the frustrations of commuters, because I am one myself. Every day, I travel back and forth along the Baltimore-Washington Parkway from my home in Fells Point, Baltimore, to Capitol Hill. And let me tell you, it is stressful. Backups, accidents, road construction delays—it's no wonder that families in my state ask me for help to make that commute easier. I want to help. I think this legislation will begin to help.

The idea for this legislation originated with a local government in my state—the government of Montgomery County, Maryland—which operates an innovative and highly successful program to encourage employees to ride public transportation, instead of driving to work.

Under Montgomery County's "Fare Share" program, the County and private employers cooperate to reduce the cost to workers of buying transit fares. For example, under the Fare Share Program, the County purchases a $21 Metrorail subway farecard, which it then sells to the employer for $15. The employer sells the farecard to the employee for just $10—cutting the employee's cost of taking public transportation in half.

The Fare Share program celebrated its 100th participating company in the fall of 1989. Some 3,000 employees receive discounted Metrorail, Metrobus, local "Ride-on" Bus, and Marc train passes under the program. Half of these are new transit riders.

Montgomery County has sought to expand this program to include federal government employees; but has run up against an obstacle: federal law prohibits federal employees whose pay is fixed by statute or regulation from receiving additional pay or benefits unless specifically authorized by law.

That's why my bill specifically authorizes agencies to participate in any program established by a state or local government that encourages employees to use public transportation, through discounted transit passes or other incentives.

This is the kind of common-sense program that the federal government should encourage and participate in. Getting employees out of their cars and onto public transportation is good public policy.

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