



At a Glance

Why We Did This Review

We performed this review to evaluate the U.S. Environmental Protection Agency's (EPA's) assessment and collection of accreditation and certification fees for its lead-based paint program. Our objectives were to determine whether EPA is recovering its costs of administering the lead-based paint program, and whether EPA has effective internal controls over the assessment and collection of fees.

The Toxic Substances Control Act (TSCA) directs EPA to address the general public's risk of exposure to lead-based paint hazards. EPA's Office of Pollution Prevention and Toxics (OPPT) administers the national training and certification systems for lead abatement and renovation activities. TSCA authorizes EPA to establish fees to recover the costs of administering and enforcing the standards and requirements applicable to lead-based paint training programs and contractors.

This report addresses the following EPA Goal or Cross-Cutting Strategy

- *Strengthening EPA's workforce and capabilities.*

For further information, contact our Office of Congressional and Public Affairs at (202) 566-2391.

The full report is at:
www.epa.gov/oig/reports/2013/20130220-13-P-0163.pdf

EPA Is Not Recovering All Its Costs of the Lead-Based Paint Fees Program

What We Found

EPA is not recovering all its costs of administering the lead-based paint program. Our analysis, based on the Agency's rough cost estimates, showed unrecovered costs of \$16.4 million for fiscal years (FY) 2010 through 2014 combined. Although collections exceeded costs by \$8.9 million in FY 2010, for FYs 2011 through 2014 costs exceeded collections by \$25.3 million, thus the net difference of \$16.4 million. In a 2009 final rule, EPA established a fee schedule under the authority of TSCA to recover the program costs incurred over a 5-year certification cycle. However, EPA is not recovering all its costs because:

- Renovation, Repair, and Painting firm participation is lower than projected.
- EPA has not conducted a biennial cost review to determine its actual costs and decide whether it needs to adjust fees to reflect changes in costs.
- The fees structure does not take into account all indirect costs needed to recover the full cost of administering the lead-based paint program.

By not recovering all of its program costs, the federal government did not collect funds that otherwise could have been available to offset the federal budget deficit. A fees rule update could result in additional revenue of up to \$16.4 million per 5-year cycle.

EPA's internal controls over the assessment and collection of fees are generally effective.

Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Chemical Safety and Pollution Prevention update the March 2009 fees rule to reflect the amount of fees necessary to recover the program costs, and apply indirect cost rates to all applicable direct costs to obtain the full cost of the program (the Chief Financial Officer has agreed to develop the indirect cost rates). We also recommend that the Chief Financial Officer conduct biennial cost reviews of the lead-based paint fee collections and the full cost of operating the program to determine whether EPA is recovering its costs, and determine the appropriate Agency indirect cost rates to be used for EPA's user fee programs.

EPA agreed with all our recommendations. EPA said it will update the 2009 fees rule, modify cost analysis procedures as appropriate, conduct biennial cost reviews, and develop appropriate indirect cost rates for user fee programs. The two recommendations to the Assistant Administrator for Chemical Safety and Pollution Prevention are unresolved pending receipt of estimated completion dates.