

Employees Give Commuter Benefits

The Green Light

By Patrice Thornton, U.S. Environmental Protection Agency

Commuter benefits can help pull traffic-stressed employees out of gridlock and into the office.

With commuters in major American cities spending more than an entire workweek delayed in traffic every year, getting to work is a leading frustration for employees. Even in smaller urban areas, commuting is more of a hassle than ever before and, as traffic congestion increases, so does its effect on the quality of life, roads and the environment.

Many employers don't realize that workers perceive their workdays as starting when they leave home in the morning and ending when they pull back into the driveway. Commute time is considered part of the daily grind, and one reason why employees change jobs. Interestingly, many employers spend substantial time thinking about how to improve time spent on the job, but frequently overlook this aspect of employees' lives.

A growing number of U.S. employers are giving serious consideration to the way their employees get to and from work by offering commuter benefits such as vanpools, transit passes and telecommuting and carpool incentives. Companies offering commuter benefits have a positive

QUICK LOOK

- ⇒ Some employees change jobs to reduce their travel time to and from work.
- ⇒ Many employees feel their commute time is part of their workday.
- ⇒ Commuter benefits have a positive effect on job satisfaction and help companies achieve a higher employee retention rate.
- ⇒ Commuter benefits provide tax breaks by allowing employers to reduce payroll and FICA taxes.

effect on job satisfaction and achieve a higher employee retention rate. In fact, studies show that employees who work for employers that minimize the stress and expense of commuting find their companies to be more attractive places to work.

An April 2001 Xylo Report found that 86 percent of American workers think that commuter benefits, such as discount transit passes, ride sharing boards or parking benefits, are beneficial and useful. Alix MacGregor, a ChevronTexaco employee and vanpool rider in Concord, Calif., thinks highly of his company's commuting options. "Having the opportunity to be a vanpool rider supports ChevronTexaco's dedication to environmental protection and safety. Our commuter program also reinforces that the company is aware of the types of benefits that matter to many current or prospective employees.

"In today's fast-paced work and home environments, it's a pleasure not to have to be concerned with ever-increasing traffic," he said. "I leave that to our trained and experienced vanpool drivers."

While the majority of workers like the idea of commuter benefits, the Xylo Report found that only 17 percent of employees have access to such assistance through their employers.

Getting Around the Roadblocks

To recognize companies that take a leadership role in offering commuter benefits, the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Transportation (DOT) have started a voluntary program called the Commuter Choice Leadership Initiative. Participating companies earn

the title of "Commuter Choice Employer," a mark of excellence for commuter and environmental friendliness.

Commuter Choice Employers represent all types of businesses in all regions of the

What's in It for Commuter Choice Employers?

Public Recognition. Commuter Choice Employers receive national recognition for their environmental stewardship through news articles, media events, Web site postings and other ways. They also receive the exclusive right to the trademarked term "Commuter Choice Employer" in their marketing, advertising and recruitment materials.

Training. The American Management Association, in cooperation with the EPA, DOT and the Association for Commuter Transportation, provides a training course to help benefit managers implement commuter benefits.

Technical Briefs. The EPA has developed eight briefs covering the ins and outs of specific commuter benefits such as Guaranteed Ride Home, carpooling, telecommuting and transit/ vanpool benefits. These briefs also cover tax benefits and provide tips for marketing commuter benefits internally and externally.

Business Benefits Calculator. The EPA has developed a Web-based tool that allows employers to calculate the overall financial, environmental and traffic impacts of joining the initiative.

Forums. To help Commuter Choice Employers leverage their commuter benefits, the EPA provides forums, which provide participants with access to experts in a wide array of fields including human resources, transportation, public relations and more.

country. A sampling of Commuter Choice Employers includes companies such as Apple Computer, Northwest Airlines, Geico Direct, Parsons Brinckerhoff and many others. (See "What's in It for

Commuter Choice Employers?") Margo Oge, director of the EPA's Office of Transportation and Air Quality, says the effects of commuter incentive programs can be dramatic.

"If just half of all U.S. employees were covered under these commuter benefits, traffic and air pollution could be cut by the equivalent of taking 15 million cars off the road every year, saving American workers about \$12 billion in fuel costs," she said. "That's both cleaner air and real savings for families."

Los Angeles World Airports, a Commuter Choice Employer, has documented the impacts of its program, which includes 60 vanpools. Annually, the program saves more than 4.8 million commuting miles, thousands of dollars in insurance and vehicle depreciation costs, about 350,000 gallons of gas and countless hours spent on Southern California's overburdened freeways.

Driving Down an Inviting Road

Beyond helping the environment and improving quality of life, a participating company can realize many direct and positive benefits to its bottom line. Walt Disney Co., for example, credits its program with eliminating the need for \$2 million in new parking. According to the EPA's Business Benefits Calculator, a company with 1,000 workers can save participating employees \$13,000 in taxes and \$160,000 in gas, parking and vehicle costs each year.

"Driving home from downtown Chicago can take more than two hours when you battle the congestion and stop-and-go traffic but, because we offer commuter benefits, more employees are taking the train and using that time to

read, catch up on work or even nap,” said Lisa Provenzano, a public affairs director for Midwest Generation. The company’s corporate office has an 89 percent participation rate in its commuter program, she said.

“If employees need to travel to one of our other locations, they can use our fleet vehicles instead of their own cars,” she said. “Offering commuter benefits saves employees money, eases commuting headaches and reduces car emissions and smog by simply taking cars off the roads. From everyone’s perspective, commuter benefits are a big winner.”

Many Paths from Which to Choose

Every employer has a different situation depending on its location, work force, line of business and other considerations. In suburban office parks, for example, many employers offer benefits such as telecommuting and lunchtime shuttles. Some companies offer the use of daytime fleet vehicles. The mechanics of how commuter benefits are offered vary, as well. In some locations, companies rely on local rideshare or transit agencies to provide vanpool services. Other companies develop their own vanpool services – complete with a catchy name and promotional materials – as a mechanism for internal marketing.

Georgia Power/Southern Company, a Commuter Choice Employer in Atlanta, offers carpooling, telecommuting, compressed work schedules and electric vehicles for employees. The University

of Washington, a Commuter Choice Employer in Seattle, provides a night shuttle that drops off staff, students and faculty right at the front doors. Participants also receive discounts of up to 25 percent at local merchants. Since its inception, the program has reduced trips to campus by 26 percent. Paul Tinkerhess, owner of Fourth

How Can Your Company Qualify as a Commuter Choice Employer?

Commuter Choice Employers agree to:

- Offer employees a comprehensive set of commuter benefits
- Meet or exceed a minimum level of employee participation
- Designate a central point of contact for information about commuter benefits
- Centralize commuter benefit information so it is easy for employees to find and use
- Promote the availability of commuter benefits to employees
- Provide employees access to a Guaranteed Ride Home, if they need emergency transport home due to special circumstances.

Avenue Birkenstock, a shoe store in Ann Arbor, Mich., said the store offers employees \$2 per day for arriving to work via some way other than driving.

“We are a small company, so we were pleased to find that the Commuter Choice Leadership Initiative offers employers a lot of flexibility regarding the types of commuter benefits you must offer in order to qualify,” he said.

Like Fourth Avenue Birkenstock, many Commuter Choice Employers boost program participation through creative incentives. Aetna US Healthcare in San Ramon, Calif., allows employees to earn up to five days of paid time off each year for participating in its rideshare program. Nike Inc. offers prizes ranging in value from \$20 to \$400 for employees who do not drive alone to work. Prizes include

gift certificates, AAA Plus annual memberships, maid service for a day and weekend getaways for two at a nearby beach or ski resort.

One benefit that all Commuter Choice Employers have in common is their provision of a Guaranteed Ride Home (GRH). GRH programs often are administered by outside organizations such as transportation management associations or metropolitan planning organizations, although some employers run their own programs. GRH programs are surprisingly inexpensive in terms of direct (taxi or rental car payments) and indirect (staff time) costs. One Commuter Choice Employer, located in a suburban office park, found its GRH program to cost only 25 cents per month, per employ-

ee. (See “How Can Your Company Qualify as a Commuter Choice Employer?”)

More Tax Breaks Available

The 2001 tax code allowed tax-free fringe benefits of up to \$65 per month for transit or vanpool expenses and up to \$180 per month for parking. For tax year 2002, the tax-free limit for transit or vanpool benefits increased to \$100 per month, enabling commuters to save even more money when they use these employer-provided benefits. By taking advantage of these tax breaks, employers can reduce payroll and FICA taxes and employees may be able to reduce their income taxes.

Tax-free benefits are just one of the many ways that employers provide an

incentive for employees to take advantage of commuting options and through which both parties can realize financial savings. Although many employers “get their feet wet” with tax-free commuter benefits, the Commuter Choice Leadership Initiative is geared toward employers who offer an outstanding package of benefits, such as employer-paid transit/vanpool benefits.

Getting Started

If you think that commuter benefits may be right for your company and

your employees, the best way to get started is to assess your situation. Are your employees experiencing traffic and congestion? Do they currently have access to a variety of commuting choices? If you currently offer comprehensive commuter benefits, you may already qualify as a Commuter Choice Employer and are entitled access to the federal initiative’s benefits. The next step is to sign the voluntary agreement available at www.commuterchoice.gov. If you do not currently offer these ben-

efits, but think that you should, call the toll-free hotline below to receive more information or to hear from program experts about the best packages to offer given the unique commuting needs of your work force. 

ABOUT THE AUTHOR

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Commuter Choice Leadership Initiative

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