



Commuter Choice® Leadership Initiative Phone Forum Commuter Benefits at Large Employers April 9, 2003

Available exclusively to Commuter Choice® Employers, phone forums provide cutting edge information on a range of topics related to commuter benefits. Moderated by the U.S. Environmental Protection Agency (EPA), these forums feature experts on key topic areas.

On April 9, 2003, the Commuter Choice® Leadership Initiative held a phone forum focusing on the commuter benefit programs of large employers. Steve Offutt, EPA forum moderator, opened the call by welcoming the participants and thanking the featured speakers for their involvement. Mr. Offutt also took a moment before the forum to speak about the Best Workplaces for CommutersSM concept, which was extremely successful in the San Francisco Bay Area and is being implemented by EPA in several other areas. He also mentioned that EPA is targeting Fortune 500 companies and asked for suggestions on working with them. Finally, he announced that EPA is interested in hearing about local transportation events employers are involved in, so that if an EPA official is in the area for other reasons, he or she might be able to attend.

Featured Participant Presentations

Cormac Gilligan, Hewlett-Packard Company
As the environmental health and safety consultant for Hewlett-Packard Company (HP), Cormac Gilligan oversees the commute alternatives program for 14,000 employees at 22 locations in Northern California. Jamie Jarvis of Commute Smart, a commuter benefits consultancy (see <www.commutersmart.com> for details), provides help with program implementation and day-to-day operations.

HP's program is comprised of nine key elements: (1) EcoPasses that are purchased annually for all employees and provide free bus and light rail service in Santa Clara county; (2) Commuter Checks® of up to \$40 per month, which can be used for transit services not covered by the EcoPass (e.g., Caltrain and BART); (3) shuttle buses to local transit stations; (4) carpool/vanpool services, including ridesharing services and Commuter Checks® for vanpoolers; (5) facilities for bikers and walkers, including showers, lockers, and storage racks; (6) electric vehicle charging stations; (7) telecommuting support; (8) commuter information Web sites, which are helpful for marketing the program and managing employee requests for information and assistance; and (9) emergency ride home service.

Mr. Gilligan explained that HP's program is designed to link employees to the Bay Area's strong public transit system. The company's shuttle service is key to making that link—without it, many employees would not use alternative transit, despite the subsidies. Mr. Gilligan also noted that telecommuting is particularly successful because it suits certain types of employees, such as the salesforce staff, and also reduces the demand for office space.

HP's commuter benefits program is under pressure to compete for funding, but has benefited from the support of the company's employee sustainability network. Senior management has also appreciated the high levels of positive publicity and recognition garnered by the program, particularly through HP's placement on the Bay Area's Best Workplaces for CommutersSM list.

Ron Gonzales, Raytheon Missile Systems
Ron Gonzales manages Raytheon Missile Systems' commuter services program, which covers 12,000 employees at four different locations in the Tucson area. In addition to many of the elements included in HP's program, Raytheon operates two shuttles that run hourly between the company's worksites, which allow employees who must travel between offices to avoid driving to work. Through a partnership with the City of Tucson, Raytheon also provides bus service to the airport and other locations in the city. At one site that does not have transit service, Raytheon provides up to \$50 per month for the cost of vanpools, and is also seeking to establish a park-and-ride bus service. Raytheon employees are also able to purchase pre-tax transit passes online. The costs are deducted from employees' paychecks and passes are mailed directly to their homes.

To implement the system, Mr. Gonzales first identified the alternative commuters at several worksites and assessed their spending and mode usage. He then worked with the company's flex-spending provider and payroll staff to determine how to handle employee deductions. With that understanding, Mr. Gonzales made a presentation to the company's worklife department, which in turn sold the concept to the vice president for human resources. The next challenge was meeting management's request that the program be common to all employees. Mr. Gonzales found that was not possible because of the varying levels of transit service at different sites, and Raytheon is instead implementing pilot programs at several sites.

Mr. Gonzales has also had to address tax and accounting issues that stemmed from employees commuting from different states. The company's payroll system could not handle this issue or the IRS tax deduction provision for commuter benefits. For now, Raytheon is working with Sodexo, their benefits provider, to manage tax issues on a one-to-one level at individual worksites.

Finally, union sites are not currently allowed to participate in the program, but Mr. Gonzales hopes to change that in the next contract renegotiation.

*Larry Filler, TransitCenter/
National Transit Benefits Association*

Larry Filler is the president and CEO of TransitCenter, a nonprofit organization that promotes the use of public transit systems in the New York metro area. In 1987, TransitCenter introduced TransitChek®, the nation's first transit voucher tax benefit program. Mr. Filler is also the president of the National Transit Benefits Association (NTBA), which promotes commuter benefits and assists employers interested in implementing commuter benefit programs.

Based on his experience, Mr. Filler believes the federal tax subsidy, which now allows for an exclusion of \$100 per month from gross income for transit and vanpooling costs, is a powerful tool for encouraging greater transit use. Whether provided pre-tax or as an employer subsidy, the provision is appreciated by employees and employers, although the actual cost of providing the subsidy limits the overall savings achieved by employers.

The types of benefit programs provided by employers are diverse. Some programs are centralized, while others are decentralized to individual sites. Employers also have different preferences regarding their level of involvement in program implementation, and state tax considerations vary widely. Correspondingly, one of the goals of the NTBA is to help employers with different needs implement successful commuter benefit programs.

The range of new technologies and service providers makes it easier than ever for employers to implement commuter benefit programs. Employers can purchase bulk vouchers, like TransitCheks®, or local fare cards. Employers that do not want to handle passes can also use electronic services that distribute passes directly to employees. A successful program can lead to produc-

tivity gains, and is especially helpful to employees because of the rise of transit costs in many areas.

For more information on TransitCenter or TransitChek®, visit <www.transitcenter.com>. For more information on NTBA, visit <www.ntba.info>.

Open Discussion

Following the featured speakers' presentations, other forum participants asked questions and provided additional information on some of the points discussed.

- Michele Wagner of CH2MHill asked about the cost of electric charging stations at HP. Ms. Jarvis explained that installation was the primary cost, at about \$2000 to \$5000 per station, and that ongoing consumption costs were minimal and were currently being rolled up into a higher budget level. Jane Franklin of the Southern Company noted that there is a \$2500 federal tax incentive for installation.
- Eleanor Price of the Washington State Department of Social and Health Services asked for guidance on accounting for benefits provided at different work sites, particularly with bonus vouchers that are not treated as income. Mr. Gilligan suggested that ISO 14000 might provide support, but that tracking can be difficult if a cross billing system is not in place. Ms. Jarvis noted that smart transit card technology could lead to easier tracking.
- David Cook of the University of Colorado, Boulder asked about the percentage of employees participating in pre-tax benefits. Ms. Jarvis explained that the percentage varies by location, depending on the level of services in place. In her experience, employer subsidies led to significant increases in employee participation, but pre-tax benefits generally only rewarded those already using alternative transit. Jeffra Rockwell of EPA noted a survey (see <www.xylo.com/press/pr042501.htm>

for details) by the worklife service provider Xylo, which found that employees with subsidies were eight times more likely to use an alternative commute mode. Mr. Filler said that his experience also showed that subsidies were significantly more effective than pre-tax benefits in raising participation.

- Steve Offutt, the EPA moderator, asked if there were any other ways of protecting programs that might be under cost-cutting pressure from management. Mr. Gonzales noted that it is hard to take benefits away once they are in place. Ms. Jarvis added that after four or five years benefits become part of the organizational culture, making it less likely for management to step in and remove them.

Closing

Steve Offutt closed by thanking the featured participants for their enlightening presentations and thanking all Commuter Choice® Employers for participating in the forum. He invited employers to provide suggestions and ideas for future forums and reminded them that the Commuter Choice® Leadership Initiative is available for assistance by contacting <commuterchoice@epa.gov> or calling the hotline at 888 856-3131.