

Increasing MBTA Ridership and Revenue with Company Commuter Benefit Programs

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Executive Summary

On April 8, 2015, the Governor's Special Panel to Review the MBTA released their findings and recommendations, citing "an unsustainable operating budget" that required an immediate plan of action. This plan included "urgently pursuing revenue opportunities" and identified increasing ridership as the first item on the agenda.

The thesis of this paper is that business-sponsored commuter benefit programs should play a major role in this effort and that the MBTA can augment efforts to promote their adoption, design, implementation, employee participation, and ultimately their success. These programs, which derive their tax advantaged status from the Deficit Reduction Act of 1984 and subsequent revisions, offer a number of benefits to employers, employees and cash-strapped public transit systems, all while contributing to a cleaner environment. Employers receive tax advantages and a more reliable channel to attract and retain employees. Employees get a tax incentive to commute by transit rather than drive with what can add up to significant savings. Through increased ridership, the MBTA would increase revenue and augment cash flow on a more predictable ongoing monthly basis. Fewer highway commuters would translate into less congestion and less carbon emissions being released into the atmosphere.

The Corporate Pass Program has been available to employers since 1974 and represented 29 percent of MBTA revenue in FY2017. It is estimated that only 45 percent of employees working for businesses within a half a mile of a transit station in Boston are offered the Corporate Pass Program, and of those only 33 percent are enrolled and commute via mass transit.

It is a key finding of this paper that a substantial MBTA commitment to vigorously market the program to employers and their employees, similar to efforts made by comparable transit systems around the country, can make a substantial difference in commuter benefit program participation. A 20 percent increase in employer and employee participation, and the resulting use of MBTA transit modes would increase annual revenue by approximately \$70 million in revenue derived from the Corporate Pass Program while reducing employees' transit expenses by up to 40 percent through the programs pretax salary reduction provisions. Increasing Corporate Pass Program revenue would likely reduce other MBTA revenue to some extent. Determining the impact on total revenue is beyond the scope of this paper.

Several cities around the country, including Washington D.C., New York and San Francisco, require all employers above a certain size offer a commuter benefit program or pay a modest fine. Whether this approach is considered or not, the

Governor, Secretary of Transportation and MBTA leadership could play an important role by coordinating with the metropolitan Boston business community to demonstrate that the cost of adopting and administering a commuter benefit program would be no different than supporting the annual United Way Campaign, which involves administrative costs, marketing, payroll reductions and adds little to businesses' bottom line, but does serve worthwhile community goals. Likewise, offering a tax-advantaged commuter benefit program will serve the important goals of encouraging the use of mass transit, reducing commuter driving and traffic congestion, cutting CO₂ emissions and helping stabilize MBTA finances.

I. Introduction

The Massachusetts Bay Transportation Authority (MBTA) is the agency responsible for running most of the public transportation in the greater Boston area. It is the nation's fifth largest mass transit system and serves a population of over 4,800,000 in 176 municipalities over an area of 3,249 square miles. The agency manages an extensive network of 183 bus routes, two of which are bus rapid transit lines, three rapid transit lines, five light rail routes, four trackless trolley lines and 13 commuter rail routes. Average daily ridership for the entire transit system is approximately 1,300,000.¹ The MBTA is also the largest consumer of electricity in Massachusetts, the second largest land owner, and operates parking facilities at 100 locations with a capacity of 44,000 automobiles. This makes it the largest owner of off-street paid parking spaces in New England.²

The MBTA has played an important role in the development of eastern Massachusetts for more than a century. As stated in the MBTA Review published in November 2009, the agency provides access to job markets for Massachusetts residents and a larger employment pool for the state's businesses. It contributes to transit-oriented commercial and residential development and encourages business growth, revitalization of urban neighborhoods and enhanced tax revenues for the cities and towns it serves.³ A fiscally sound MBTA that can carry out its transportation mission with the full trust and confidence of Massachusetts residents is essential for a prosperous economy and cleaner environment.

The MBTA's financial condition and the future viability of the agency have been central items of concern for policymakers and transportation officials for more than a decade. Discussions about the topic were propelled into the public spotlight during the historic winter storms of 2015, which caused considerable hardship for T riders and brought national attention to MBTA performance issues, including unreliable service

and regular problems with system failures. The events of early 2015 brought large segments of the MBTA to a halt due to lack of systems preparedness and insufficient winter resiliency plans. These chronic system failures led then-MBTA General Manager Beverly Scott to comment, “Quite candidly, if you don’t wind up having to use the service, that probably is a plus...I’m just going to be candid. I’ve never said that in my life, but I don’t want to wind up misleading anyone.”⁴ Unfortunately, most of the 1.3 million daily riders did not have the option of not using the MBTA. The critical breakdown in service during the winter of 2015 was in the making for decades due to an overaged MBTA fleet that required maintenance and replacement funding that was often not approved, incompetently applied, or spent on other priorities. Late or cancelled trains and buses contributed to a public image of incompetence, unreliability and poor customer service delivered by an organization seen as out of touch with the riders it served.⁵

In April 2015, the Governor’s Special Panel to Review the MBTA issued its report and identified a number of factors that contributed to a “pervasive structural failure”. The panel recognized the MBTA as being “in severe financial distress, lacking a viable maintenance plan, lacking a culture of performance management and accountability and being governed ineffectively”. The panel further observed that the MBTA has an ongoing unsustainable operating budget and recommended that the agency urgently pursue revenue opportunities. Beyond fares, these include advertising, real estate and parking.⁶ Since the panel’s deliberations, the MBTA and a number of research and advocacy groups have expressed the importance of increasing ridership as a way to generate new revenue. Currently only 33 percent of the MBTA’s operating revenue is derived from ridership fares. This is the lowest among peer transit systems, according to the Governor’s Special Panel. Although fares are capped by law, increasing ridership remains an outstanding opportunity.⁷

This paper examines whether MBTA ridership and revenue can be increased through a greater effort by the MBTA and private businesses in eastern Massachusetts to take full advantage of both federal and state tax incentives and offer commuter benefit plans that encourage employees to use the T rather than drive to work. Similar U.S. transit systems have seen ridership increase substantially through creative partnerships with businesses to set up commuter benefit plans and market them to employees. As Pioneer Institute has previously noted, boosting ridership on each of the five different MBTA surface transportation modes—light rail, heavy rail, regional rail, electric trolley buses and buses—to the maximum levels achieved between 2002 and 2016 could yield up to an additional \$100 million annually.⁸ The evidence from experiences of similar transit systems in Washington, D.C. and San Francisco indicate that an increase is entirely possible.

II. History and Definition of Commuter Benefit Programs

Until 1984, the IRS considered employer-provided parking a tax-free fringe benefit. At that time, many believed parking subsidies contributed to increased highway use as well as the air pollution that came with it. One study, cited by Donald Shoup in his book, “The High Cost of Free Parking”⁹ showed that 64 percent of those driving into Manhattan received some type of parking benefit. In the Deficit Reduction Act of 1984, Congress introduced a \$15 monthly transit benefit that employers could offer employees as a tax-free fringe benefit. In 1993, a new provision, section 132(f) of the IRS code, was enacted to consolidate all employer commuting tax benefits and expand benefits to van pooling and transit. A \$60 cap was placed on transit and qualified van use with a parking benefit limit of \$155 a month. Since the code only dealt with employer-paid benefits, in 1998 the tax code was expanded to include employee pretax financed benefits. The basic structure of section 132(f) has mostly remained the same with the exception of annual revisions to the dollar amount caps.¹⁰

In 2017, the IRS code allowed businesses to exclude from wages *de minimis* and qualified transportation benefits. A *de minimis* transportation benefit is any local transportation employer benefit with so little value that accounting for it would be unreasonable or administratively impractical. For example, a local fare provided to an employee working occasional overtime work would qualify, while local transportation fare provided on a regular basis would not qualify for the exclusion.¹¹ Qualified benefit exclusions apply to rides in a commuter highway vehicle, a transit pass, qualified parking, or qualified bicycle commuting. Any of the first three can be provided at the same time while the bicycling benefit is only available for a month in which an employee receives none of the first three.¹²

In 2017, an employer could exclude from wages \$255 per month for combined commuter highway vehicles and transit passes, an additional \$255 for qualified parking and \$20 for each qualified bicycle commuting month.¹³ For van and transit benefits, the employer can provide an employee a transit subsidy of \$255 per month, reduce the employee’s pretax pay by \$255 per month or do a combination of a subsidy and a pretax deduction not to exceed \$255 per month. The same applies to the separate parking benefit.¹⁴

For 2018, the Tax Cuts and Jobs Act signed into law on December 22, 2017 by President Trump eliminates the tax deductions for employer provided subsidies for transit, parking, van pooling and bicycle commuting. Employees who pay these expense themselves will continue to have a reduction in pre-tax income up to the 2018 monthly limit of \$260 for transit expenses and parking. Additionally, both employees and employers will continue to receive the benefit of not paying

FICA tax on the qualified commuting expenses deducted from gross wages.

The advantages of such commuter benefit programs are numerous for the employer, the employee, the transit system and for society as a whole. For the employer, any benefit provided as a subsidy in lieu of wages or deducted pretax from employee wages eliminates the payroll tax of 7.65 percent, as well as the unemployment tax that would normally be paid on these wages. Employers also benefit from gaining a competitive edge relative to other businesses by offering a benefits program that may attract prospective employees and help retain existing ones.

Studies have also shown that having a higher proportion of a company's employees commuting on mass transit eliminates the need for investing in additional parking lots or reserved parking and may contribute to a less stressed employee population. The Community Transportation Association of America's (CTAA) "Transportation to Work, Success Stories" toolkit highlights a number of successful employer-sponsored commuter programs that include ones from Apple Inc., Chevron and Best Buy's corporate offices. One notable example described in the toolkit is the 18 year-old Cornell University Commuter Benefit Program, which has reduced the employee parking requirement by 2200 spaces, saving on both construction and maintenance. Employees also drive approximately 10,000,000 miles less each year.¹⁵ Other surveys suggest similar successes among other commuter programs. Respondent data from a 2016 survey conducted by Best Workplaces for Commuters and the Association for Commuter Transportation showed 69 percent of those surveyed reported experiencing a reduction in parking usage due to commuter service programs offered to employees, and 53 percent reported reduced traffic congestion.¹⁶

For employees, the benefits of taking advantage of a pretax salary reduction commuter benefit program can eliminate taxes on the amount contributed, which can produce savings of up to 40 percent on commuting expenses. Commuting by mass transit may also provide the benefit of allowing commuters to use the time in productive ways that would be impossible if they drove.

Commuter benefit programs likewise offer advantages for the transit system. It is estimated that close to 30 percent of the MBTA's revenue is generated through the Corporate Pass Programs (CPP), the agency's principal tax-advantaged commuter benefit program offered through employers.¹⁷ Companies are in effect collecting fares for the MBTA, which contributes to less human traffic and incremental purchases at transit stations. Fewer transactions reduces administrative costs associated with transacting cash, making change and providing cards.

It is also estimated that those using fare cards and monthly

passes through the CPP do not use the cards to their full fare extent. For example, the MBTA derives a revenue benefit from an employee with a monthly pass who goes on vacation for a week and does not use commuter rail but has paid for it in advance.¹⁸ The T also benefits from employees who do not ride enough to justify purchasing a full-price pass every month, but are willing to sign up for the pretax pass through their employer because of some combination of convenience and/or tax treatment. These employees have lower average ridership than other pass holders, but the MBTA still collects the full pass price. A number of studies also show that a commitment to commuter benefit programs can substantially increase ridership on transit systems and thus boost transit revenue. Section V, "The MBTA Revenue Opportunity", will explore this revenue potential in more detail.

The benefits to society of offering and implementing a robust commuter benefit are predicated on the notion that offering these programs will motivate commuters to take a train or bus and will reduce the use of cars, reduce congestion on our urban roads and highways, and improve the quality of the environment for all.

III. Experience of Commuter Benefit Programs in Other Major U.S. Transit Systems

In the United States today, 6 percent of all private industry workers are covered by subsidized commuter benefit programs. Among government, state and local employees, the number rises to 11 percent. This might be due to governments being in fewer locations, more centrally located and therefore the target of campaigns and political persuasion to offer and use these programs. There also appears to be a regional disparity: whereas in New England, 8 percent of private sector and 4 percent of the public sector are covered, on the west coast, 11 percent of private sector and 26 percent of government workers are covered. In all regions, a substantial majority is not covered; although coverage in urban areas tends to be higher.¹⁹

A useful source of information on commuter benefits programs is the Transit Cooperative Research Program (TCRP)—a research group sponsored by the Federal Transit Administration (FTA). Since 1992, the TCRP has undertaken research and technical activities on behalf of transit service providers to assist in developing innovative solutions to transit challenges ranging from planning, equipment, operations, maintenance, policy and administrative practices. According to the 2005 TRCP Report 107, "Analyzing the Effectiveness of Commuter Benefit Programs", the positive effects of the programs are:

1. Commuter programs generally increase ridership. The surveys conducted by transit agencies and other organizations found notable increases in transit use, sometimes as much as double, though in some cases there was little change. Those showing little change were offered

in suburban areas where free parking was often plentiful.

2. Commuter benefits impact both commuter and non-commuter behavior. Surveys in New York and Philadelphia show that these programs foster use of transit systems for all types of trips. Thus the transit system presents benefits during both commuting and non-commuting hours.
3. Commuter benefit programs are helpful in inducing commuters who drive by themselves to use public transportation. The study showed that more than 90 percent of new transit users had previously driven alone.
4. Increased use of transit systems depends on transit availability at the workplace, employer subsidies and other programs. Employer subsidies are more likely to increase use than pretax programs paid for entirely by the employee.²⁰

The experience with commuter benefit programs also differs from one major transit system to another based on many factors, including local laws, support of the transit agencies, features of the plans offered, discounts and marketing support of both employers and employees.

Washington, D.C.

Washington, D.C. offers programs that have been quite successful. According to the American Public Transportation Association (APTA), D.C. has the fourth highest transit volume in the nation and the area ranks eighth in population.²¹ The Washington Metropolitan Area Transit Authority (WMATA), the area's main transportation agency, has the fourth highest ridership nation of all U.S. transit agencies.²² Until recently, two programs were offered through WMATA: METROCheck and SmartBenefits, with the latter being most similar to the MBTA's Corporate Pass Program. METROCheck, a voucher program, was recently discontinued and has been incorporated into SmartBenefits. The program is web based, which allows employers to assign monetary value to employee transit cards without the need for employees to do so manually. Thirty percent of all transit system revenue comes from the employer pass programs, which is roughly equivalent to the MBTA. As of 2003, 208,000 employees used the program—or, approximately a quarter of all riders. Transit managers estimate that it costs \$500,000 to run the program, which includes a staff of four and \$300,000 for marketing.²³

The program's success can be partially attributed to a 15-year-old requirement that all federal government agencies support and subsidize their employees. There is also a substantial effort to help employers with implementation, including the design and analysis of employee surveys prior to offering a program and conducting seminars to pique employer interest. The SmartBenefits program is free, not including internal administrative expense, although use of a third-party administrator (TPA) is optional. A third-party administrator allows a

business to outsource commuter benefit program operations to the administrator for a monthly fee. Per a Commuter Benefit Ordinance included in the Sustainable D.C. Act of 2014, which went into effect January 1, 2016, all businesses with more than 20 employees are required to offer a pretax or subsidized program.²⁴⁽²⁵⁾

San Francisco

The San Francisco–Oakland Bay area ranks fifth in the U.S. in transit travel when measured by ridership and 13th in population.²⁶ The principal transit agency for the area, the Bay Area Rapid Transit District (BART), ranks 10th among in terms of ridership. Importantly, BART differs from Washington, D.C. and the MBTA in that employers are required to hire a TPA rather than use a free transit provided service offered by the transit agency. Several years ago, San Francisco passed a law requiring all employers with more than 50 employees to offer a pretax or employer subsidized plan. The ordinance, authorized by California Government Code section 65081, was established to reduce carbon emissions, improve air quality and mitigate local traffic congestion. The Department of Environment, which runs the program, works closely with employers to determine what plan is best and to assist with implementation. They also produce a Commuter Benefits Program Annual Report that summarizes data provided by companies in their annual compliance submittals. In 2011, they reported that 40 percent of employers submitted a compliance report and the 79 percent offered a pretax plan. With respect to positive results, they claimed that carbon emissions had been reduced by 255,000 metric tons since the previous year.²⁷

Philadelphia

Philadelphia has the fifth largest ridership of urban areas nationwide with the fifth largest metropolitan population, while ridership on its main transit system, the Southeastern Pennsylvania Transportation Authority (SEPTA), ranks sixth among U.S. transit agencies.²⁸ Unlike Washington and San Francisco, marketing of the corporate benefit programs is limited. SEPTA offers two options under its Commuter Choice Program. ComPass, the principal program offered through SEPTA, provides companies with monthly passes at a 5 percent discount, which companies must match for a total employee subsidy of 10 percent. The remaining cost is deducted pretax from employee salaries, which produces savings of up to 40 percent. The second corporate program is 'RIDEeco', which is provided by the Delaware Valley Commission and is included under SEPTA's Commuter Choice options. The program allows for voucher and card purchases by employees on a pretax basis. The RIDEeco program does not have a subsidy.²⁹

Seattle

Seattle ranks eighth in transit ridership among all urban areas

in the U.S. and 14th in population. Its main transit system, King County Department of Transportation, ranks 12th in ridership among U.S. transit agencies as of 2014.³⁰ The key feature of their corporate plan is the “One Regional Card for All” (ORCA). The card is accepted by all seven transit systems in the greater Seattle area, including Community Transit, Everett Transit, King County Metro Transit, Kitsap Transit, Sound Transit and the Washington Ferry System. This differs from the MBTA’s Corporate Pass Program, which can only be used on the T. Two different types of ORCA cards are offered: BusinessChoice, which employees opt into, and BusinessPassport, which is universal in nature and provided to all employees. Currently, about 100,000 employees use the program, which is 20 percent of all riders in the system. Thirty-five-to-40 percent of all transit revenue comes from this corporate plan, compared to 30–35 percent for the MBTA. Seattle also has a substantial \$360,000 annual marketing budget and dedicates five to six employees to the effort.³¹

IV. The MBTA and the Corporate Pass Program

The MBTA, the fifth largest transit agency by ridership nationwide, runs by far the most extensive and heavily used transit system in New England. Also available to Massachusetts residents outside the greater metropolitan Boston area are 15 regional transit authorities (RTAs) that operate from Nantucket and Cape Cod to Berkshire County. The Boston metropolitan area is the fifth largest U.S. urban area in terms of transit ridership, and 13th in terms of overall population.³² The MBTA and SEPTA are the only transit systems that operate at least five modes of public transit vehicles. For the MBTA, these include heavy rail (Blue, Orange and Red lines), light rail (Ashmont-Mattapan and Green lines), regional rail (Commuter Rail), trolley buses and rapid bus (Silver line) and conventional motorbuses.³³ As mentioned previously, this accounts for 1.3 million passengers daily.

The Corporate Pass Program (CPP) was created in 1974 with the expectation that a subscription service (employees purchasing fares through employers, who in turn purchase fares through the MBTA) would lead to increased ridership, consistent use, and fewer transactions and costs at MBTA stations. The officials behind its design also envisioned possible corporate subsidies to encourage employees who drive to work to switch to mass transit and possible revenue protection when fares are rise since employees are committed to a payment and commuting routine. That an estimated 29 percent of MBTA revenue is derived from the program is a strong indication of its success. If similar programs run by third-party administrators are included, this percentage could be as high as 35 percent.³⁴

As discussed earlier, the increased use of programs such as

the CPP are in the best interests of employers, employees, the environment and the transit system, which stands to increase ridership and revenue while reducing the cost of selling and transacting fares at the transit stations. One unintended benefit reaped by the MBTA is the revenue that it gets to keep from lack of full use of the fare cards by participating employees. A significant number of CPP users are subsidized by their employers and receive a sizeable tax benefit for monthly contributions.³⁵ It is still too early to determine the impact the 2017 Tax Cut and Jobs Act will have on corporate employers offering subsidized plans.

One of the most comprehensive studies of the MBTA’s Corporate Pass Program was published in 2013 through MIT’s Department of Civil and Environmental Engineering. Dianne Kamfonik’s “Quantifying the Current and Future Impacts of the MBTA Corporate Pass Program” offers a number of valuable insights on the state of commuter benefits at the T. Among the results presented in the study, Kamfonik identifies current usage patterns, the successes of the Corporate Pass Program since it was established, potential for growth, and initiatives the MBTA might undertake to increase both ridership and revenue.

A survey Kamfonik conducted in 2012 of all Corporate Pass Program employers showed that one-third are within half a mile of Government Center station and that the vast majority are within half a mile of a subway station. Of participating employees, 60 percent work in health care business. Education, information technology and professional services are also heavily represented.³⁶

The survey revealed that 57 percent of the largest 25 companies offer the CPP and 85 percent of the employees of these companies are offered pretax or subsidized benefits. Although a large portion of employees have access to tax advantaged plans, only 33 percent have signed up for and use the benefit. The 33 percent represents an estimated 99,760 users within a half mile of a subway station, which implies that 201,326 have access to a program but are not users. Further, the “Infogroup” business location database—one of many subscription-based business data service providers with valuable information on potential new prospects—reveals that there are a total of 33,096 employers with 658,000 employees within a half-mile of a metro area subway station. A simple calculation reveals the following:

Employees using CPP	99,760 /
Employees offered CPP	301,086
	<hr/>
	= 33 %
Employees offered CPP	301,086 /
Employees within half mile of subway station	658,000
	<hr/>
	= 45 %

These numbers reveal that 55 percent, or more than 350,000 employees within a half-mile of a subway station are not offered a CPP program. These numbers represent a huge prospect universe for the MBTA that could reasonably be expected to increase ridership and revenue. The prospect universe becomes substantially larger if the 25,000 employers with 500,000 employees who are located more than a half mile from a subway station but within a quarter mile of a bus station are included. CPP use among these employers is very limited.³⁷

The MIT study identifies many factors that lead to increasing the numbers of employers who offer the CPP and employees who choose to participate. First, the closer the employer is to downtown or a transit station, the greater the chance that a program will be offered and that employees will use it. Second, employers who offer a subsidy or a pretax deduction plan will see higher participation than those that do not. The ideal subsidy is higher than 25 percent, although any subsidy helps.³⁸

Other factors that influence commuter transport mode choice must be considered when pursuing the goal of increasing transportation benefits participation, and augmenting mass transit use more broadly. There is a significant body of literature exploring the challenges of bringing higher volumes of commuters onto rail, bus and other public transportation modes. There is likewise robust material on what criteria must be assessed in determining the appropriate policy levers to encourage increased transit usage. Population density, prevalence of automobile ownership by neighborhood, average commuting distance and fare structure are all factors that can potentially influence one's travel behavior and are thus areas of interest to transportation officials. A comprehensive review of all these factors is beyond the scope of this paper. They are, however, important areas for the MBTA to investigate thoroughly before committing to a substantial marketing effort to promote future commuter benefits offerings.

Investigation of the forces that might drive commuters to fixed route transit over other modes have largely centered on automobile-based commuting habits. Boston is ranked fifth in transit use among all U.S. urban areas and is home to some of the most extensive public transportation infrastructure in the country, but the percentage of residents who commute by personal vehicle exceeds the percentage who use transit. Approximately a third of commuters in the City of Boston take public transportation, compared to approximately 45 percent who commute by car, truck or van, ~15 percent who walk and ~2 percent who use a bicycle, according to 2011–2015 Census data.³⁹ Some research has pointed to the relative inflexibility of commuters who choose the automobile as their means of transportation and their lack of consideration of alternative means once they have established regular habits.⁴⁰ Commuter

benefits, and their influence on commuter travel mode use, continue to be discussed as a carrot to realize higher ridership numbers. Recent research on the New York–New Jersey transportation system, for example, found that commuter benefits can significantly influence consumer modal choice selection and that promoting benefits programs can have significant impact.⁴¹ And while realizing significant changes in travel behavior is difficult, the payoff from prompting even a small percentage of commuters to take transit via commuter benefits participation would be impactful.

The Corporate Pass Program, the most promising channel to steer more riders onto transit, has been very successful at creating a sustainable revenue stream for the MBTA and motivating employees to forego driving to work in favor of mass transit. There is, however, room to augment usage of the program. A more robust marketing campaign, targeted at the employers of the 55 percent of all Boston employees who are located reasonably close to a subway station and are not offering the CPP program, may increase transit use. This is especially true as the driving commute in Greater Boston has worsened in recent decades. While publicly available traffic data is limited, the MassDOT website includes annual traffic and highway revenue information through 2013 for some of the Commonwealth's principal corridors. There is variability by artery, but several thoroughfares saw significant increases in traffic over the last decade for which data is available. On the Boston Extension portion of I-90—the 12-mile stretch of the Turnpike between 128/I-95 and the I-90/I-93 interchange—traffic increased 7 percent from 2003 to 2013.⁴² Over the same period, traffic in the two sections of the Ted Williams Tunnel combined increased by 31.5 percent.⁴³

Public perception of congestion as an issue is also a useful signal of whether traffic has gotten worse. In a WBUR poll conducted by MassINC in April 2016, 57 percent of the 503 respondents shared that traffic congestion in the Boston region had gotten worse over the prior five years, and 50 percent said traffic had gotten worse in Boston proper.⁴⁴ Boston had the highest average congestion rate—an unweighted average of multiple traffic measures that include peak periods inside and outside a city and daytime travel within a city—of all major U.S. cities in 2016, according to INRIX Research's Global Traffic Scorecard.⁴⁵

It also appears that usage at large employers that offer the CPP is not as high as it is among smaller employers. Participation at companies with less than 25 employees is 55 percent while it is only 32 percent for companies with greater than 1000 employees. Working directly with larger employers could help the MBTA generate more awareness and usage through onsite events, targeted emails and creative marketing to non-participating employees.⁴⁶

The MIT Example

In recent years, MIT has played a leading role in designing an innovative approach for employers that offer a commuter benefit program to their employees. MIT employees now receive “free use of transit” as a standard employee benefit. After several years of research, the positive results of this initiative have been confirmed through allocating funds saved by not having to build new parking garages, as employees choose to use mass transit rather than drive, as well as from increased revenue garnered by MIT due to raising the price of existing parking spaces to about 60 percent of market levels. This move essentially reduced MIT’s subsidy for parking and driving to work to make the use of “free” mass transit more appealing. The key breakthrough in being able to offer this program was the MBTA’s cooperation in embedding a CharlieCard microchip in the MIT employee badge. By introducing this feature, MIT is only charged when an employee actually uses mass transit. This allowed MIT to cover the full cost of transit for all its employees (universal coverage) without paying full price for many partially used or unused passes. (Prior to the embedded chip, MIT provided a 50 percent subsidy to employees choosing to purchase full priced monthly passes.) The MIT identification card now serves as a “mobility pass” that can be used for parking or mass transit. This innovative approach may serve as a model for increasing corporate sponsorship of commuter benefit programs.⁴⁷

V. MBTA Revenue Opportunity

In its action plan to transform the MBTA, the Governor’s Special Panel stated that despite fare caps, increasing ridership remains an outstanding opportunity to increase revenue. One promising channel to achieve this is through more aggressive marketing.

A proactive MBTA marketing campaign aimed at both employers and employees that reside within a half a mile of downtown or a subway or transit station could boost ridership and produce significantly more revenue. As discussed earlier in this report, increasing revenue through the Corporate Pass Program also reduces transaction costs at MBTA stations. Greater use of the pass program would likewise lead to a windfall if participating employees do not use the full monthly fare. Since the subscription is prepaid, this service also provides some protection from fare increases.

Table A shows usage levels and revenue from the Corporate Pass Program. Currently, annual MBTA revenue from the program is \$162 million. The second and third columns show the effects of embarking on a modest marketing program that would concentrate on employees at existing CPP companies. Assuming that fares remain the same and the average fare paid by a participant remains \$115 per month, the gross increase in corporate revenue to the MBTA would be approximately

Table A.

	Current use	Increase Participation by 10 percent	Increase Participation by 20 percent
Companies	1335	1335	1335
Eligible Employees	350,000	350,000	350,000
Participants	117,000	128,700	140,400
Average fare per month	\$115	\$115	\$115
Gross revenue per month	\$13.5M*	\$14.8M	\$16.1M
Gross revenue per year	\$162M	\$177.6M	\$193.7M

* Komfonik estimates \$11.5m revenue in 2013. The \$13.5 revenue number reflects fare increases of 5 percent in 2014 and 9 percent in 2016.

* These projections do no account for any revenue losses incurred through cannibalization of other areas of commuter fare revenue. A complete picture of the net benefit the MBTA stands to gain from higher usage of the Corporate Pass Program will require further analysis of which revenue stream reductions might offset financial gains from augmented commuter benefits use.

Table B.

	Increase employers 10 percent	Increase employers 10 percent and participants 10 percent	Increase employers 10 percent and participants 20 percent
Companies	1469	1469	1469
Eligible Employees	385,000	385,000	385,000
Participants	128,700	141,570	154,440
Average fare per month	\$115.00	\$115.00	\$115.00
Gross revenue per month	\$14.8M	\$16.3M	\$17.7M
Gross revenue per year	\$177.6M	\$195.3M	\$213.1M
Gross revenue above current level	\$15.6M	\$33.3M	\$51.1M

* These projections do no account for any revenue losses incurred through cannibalization of other areas of commuter fare revenue. A complete picture of the net benefit the MBTA stands to gain from higher usage of the Corporate Pass Program will require further analysis of which revenue stream reductions might offset the financial gains from augmented commuter benefits use.

Table C.*

	Increase employers 20 percent*	Increase employers by 20 percent and participants 10 percent	Increase employers 20 percent and participant 20 percent
Companies	1,602	1,602	1,602
Eligible Employees	420,000	420,000	420,000
Participants	140,280	154,308	168,300
Average fare per month	115	115	115
Gross revenue per month	16.1M	17.7M	19.3M
Gross revenue per year	193.6M	212.9M	232.2M
Gross revenue above current level	\$31.5M	\$50.9M	\$70.3M

*These projections do not account for any revenue losses incurred through cannibalization of other areas of commuter fare revenue. A complete picture of the net benefit the MBTA stands to gain from higher usage of the Corporate Pass Program will require further analysis of which revenue stream reductions might offset the financial gains from augmented commuter benefits use.

\$15.6 million with a 10 percent increase in participation and \$31.7 million with a 20 percent increase.

As mentioned in Kamfonik’s study, Infogroup data shows that there are 33,096 employers within half a mile of a subway station and 25,000 employers within a quarter mile of a bus station. It can be inferred that a large number of downtown Boston employers are not offering commuter benefits to their employees. Table B shows the gross corporate revenue increase to the MBTA by increasing employer participation in the CPP by 10 percent, assuming that employee participation remains at 33.4 percent. This represents a \$15 million increase over current corporate revenue. If we assume 10 percent employer growth and 10 percent or 20 percent growth in participation then gross annual revenue increases by \$33.3 million and \$50.1 million, respectively.

In Table C, based on a 20 percent growth in employer participation and either 10 percent or 20 percent growth in employee participation, gross corporate CPP revenue soars to \$50.9 million to \$70.3 million above current collections.

This suggests that a robust marketing effort aimed at both companies and employees would pay huge dividends to the MBTA. It should be noted, however, that all projected revenue increases in this section do not take into account that many employees who choose to take advantage of the tax benefits offered in the CPP may already be transit users who buy a fare card at a station. Therefore some of the gains in CPP revenue may be lost to another MBTA revenue account. This may be partially offset by infrequent users who become regular users with the CPP and those whose monthly CPP pass expires with unused fare remaining. It is also likely that those using the CPP will be less apt to react negatively to future fare increases. Like with other salary reduction programs, such as a 401K retirement plan, once an employee starts having the funds electronically deducted from their pay it becomes routine and they are less apt to take the time and make an effort

to change the amount. Because of employee tax savings on the deductions of up to 40 percent, a 6 percent fare hike would translate to less than 4 percent for the employee. In any case, the MBTA or a third-party group should explore this revenue tradeoff with additional analysis that would help determine the net benefit of changes to the Corporate Pass Program, accounting for any potential revenue loss from the cannibalization mentioned above.

VI. Setting Up Company Commuter Benefit Programs

Based on a comprehensive review of literature and materials on employer-sponsored commuter programs at various transit agencies, transit employers should follow these six steps in creating and implementing a successful commuter benefit program. For several of these items, the transit agency itself can play an important role in assisting the employer. The steps are:

1. Appoint a coordinator or project team

Depending on the size of the company, a coordinator or project team should be assigned responsibility for evaluating, recommending and implementing the program. As with any benefit plan, be it a retirement plan or a section 125 Cafeteria Plan, there are many options, strategies, costs and complexities to be analyzed. The team should include a representative from human resources, technology, payroll, marketing and accounting.

2. Conduct an employee commuter survey

The survey is designed to give the employer information about current commuting behavior and interests so an effective commuter benefits plan can be designed. Surveys can be one page and ask such questions as:

- How did you travel day to day to work last week?

- If carpooling, how many are in the van?
- If you drive alone, why do you drive?
- If you drive, what would encourage you to commute by another means?

Knowing an employee's home zip code is helpful. To provide an adequate sample, at least 75 percent of employees should respond. The transit agencies in Washington, D.C., San Francisco and Portland, Oregon, among others, provide critical assistance in these areas by providing sample surveys, helping to analyze the data and to create an optimal commuter benefit plan. This does not appear to be the case with the MBTA. The MBTA should also be proactive with corporate employers that offer transit subsidies in order to mitigate any disruption that may result from the 2017 Tax Cuts and Jobs Act, which eliminated subsidies as ordinary business expenses.

3. Based on the survey and business considerations, determine what commuter benefits plan should be offered

The employer might subsidize transit fares, parking, vanpooling and bicycle expenses. Rather than subsidize, the employer could put a system in place to allow employees to use pretax income to pay for transit fares, parking or vanpooling costs. The employer may choose to subsidize some amount while giving the employee the ability to use pretax dollars to pay the rest, up to the legal limit of \$260 per month.

4. Should the program be administered in-house or outsourced to a third-party administrator (TPA)?

Depending on the complexity of the program proposed and whether pretax payroll deductions will be offered, in-house administration may require additional staff time. This is needed to handle questions and enrollments, as well as marketing the program to employees. Transit systems such as the MBTA and the WMATA offer free online support where enrollments, CharlieTicket and CharlieCards purchases can be made and ACH payments serviced on websites. Third-party administrators are available in most cities. Using a TPA has the advantage of requiring less internal staff time; the disadvantage is TPA fees.

5. Implementation

An implementation plan needs to be created that lays out tasks, responsibilities and timing. An important component of this would be a summary plan description providing details to all employees concerning important dates, deadlines, contact and account information and procedures.

6. Promote and Market the Plan

The Washington, D.C. "Employers Tool Kit" recommends including an email announcement to all employees and staff, notices in employee paychecks and the intranet site, posting

flyers in break rooms, cafeterias and communal areas, the updating of the employee handbook, conducting staff meetings to present the program and including the commuter benefits information in new hire orientation as part of the program rollout. Staff meetings should include the distribution of enrollment forms as well as reviewing specific examples of how having payroll dollars deducted pretax saves the employee both income and payroll taxes while providing a commuting benefit. Enrollment may take place at these meetings. Reminder communications to employees should continue in order to maximize participation.

The MBTA provides two documents to assist employees with the Corporate Pass Program: the administrator's guide and the user guide. The administrator's guide offers a pass price list and provides answers to questions about ordering passes, pass delivery, returning passes and payment. It also provides a brief review of the IRS code 132(f) and possible options. The user guide provides answers to questions about how to order CharlieCards and CharlieTickets, activating CharlieCards, program maintenance, and payment and account management.

In summary, the MBTA's Corporate Pass Program has been successful in a number of ways; but there is significant room for improvement. The MBTA provides a free website application that employers can use to set up accounts, order and pay for passes. It appears that the MBTA offers employers little assistance with surveys, program design or marketing the plan to employees. As the six steps described above make clear, when setting up a program, employers need to do considerable upfront work to determine if a commuter benefits program is feasible, whether it's a good fit for the employee population and what would be the best method of administration. Deciding whether to subsidize a public transit benefit and by how much is not unlike considering whether to offer a 401k retirement plan with an employer match. The implementation and marketing of the program to employees may determine its long-term success. It seems that a more proactive approach by the MBTA to work with employers to set up programs may boost employer and employee participation, and lead to an increase in revenue for the T.

VII. Summary and Recommendations

Since the early 1990s, when federal tax incentives were enacted, commuter benefit programs have played an important role in encouraging employees to forego driving to work by themselves and instead commute via vanpool, mass transit or bicycle. Employers have enjoyed tax benefits as well as heightened employee loyalty and productivity thanks to a less stressful commute. With the Tax Cuts and Jobs Act of December 2017,

employers will lose the tax benefits for their transit subsidies but maintain them for employee pretax salary reduction contributions. Employees have benefited from saving up to 40 percent on commuting costs through subsidies and reduced taxes. With the changes in the federal tax rates, the total tax benefit for employees will be reduced to 36 percent. The environment is cleaner, with less carbon emissions, and transit systems are benefiting from higher ridership, increased revenues, less fare transactions at transit stations and a modest revenue windfall from collecting monthly fare pass subscriptions that employees don't fully use.

The MBTA's Corporate Pass Program has largely been successful, providing 29 percent of annual T revenue, and 30–35 percent when two third-party administered programs are included. Employer participation in this program, however, could be significantly augmented. Commuter Pass Program benefits are currently offered to over 45 percent of employees with a half-mile of a transit station and about a third of eligible employees participate in the program. There is a large revenue opportunity for the MBTA— up to \$70 million a year—if more employers can be induced or convinced to offer the program and a higher percentage of employees can be convinced to enroll and use public transportation. Based on the experiences of other U.S. transit systems, as well as what is currently in place at the MBTA, the following recommendations and considerations are offered.

1. Create a plan to target companies that currently do not offer their employees a commuter benefit program.

The plan should target not only companies with a half a mile of a transit station in Boston but those in the greater Boston area that are within several miles of a transit station. The plan should include professional sales and direct calls to corporate decision makers, and present commuter benefit plan benefits and options. Email campaigns and an enhanced web site for prospective employers could also be useful. The plan should incorporate what Washington, San Francisco and other transit agencies currently offer in supporting the creation of employee surveys and analyzing survey results. The MBTA website could offer employer tool kits and guides (see appendix 4) and sample surveys (see appendix 1,2,3) as other transit systems currently do.

2. The MBTA should work closely with current corporate pass program-enrolled companies to increase participation.

The 2013 MIT study by Dianne Kamfonik documented how large businesses have lower CPP employee participation than small businesses do. She suggested that the MBTA should make a greater effort to help large corporate users increase enrollment.⁴⁸ This may include targeted email

campaigns and marketing materials for employees, as well as onsite appearances and seminars by MBTA staff that feature step-by-step examples of the tax benefits and savings the program offers⁴⁹ One idea might be to offer employees that sign up a free monthly pass if they commit to the program for one year. The MBTA should also be proactive with corporate employers that offer transit subsidies to mitigate any disruption that may result from the 2017 Tax Cut and Jobs Act, which eliminated subsidies as ordinary business expenses.

3. Consider implementing the Philadelphia SEPTA plan of a 5 percent MBTA subsidy and a required matching 5 percent employer subsidy.

Philadelphia's SEPTA Corporate Plan is offered to all businesses at a 5 percent discount, provided the company matches the discount. Surveys, such as those featured in Kamfonik's 2013 work, have shown that the employee subsidy is the single biggest factor in encouraging enrollment.⁵⁰ Companies can offer a larger subsidy but can also just provide a pretax deduction option that the employee can use to pay for the remaining fare. The MBTA does not currently offer any discount in the Corporate Pass Program. This could be offered to signal a renewed commitment to the program, though there are important cost implications to consider in assessing the value of such an initiative. A cost-benefit analysis would help determine if this would increase revenue.

4. Extend the corporate pass program to other local systems, such as regional transit authorities, the Longwood Medical Area Shuttle, EZRide, and the Logan Express.

The benefits of CPP programs are applicable to other public and private transit systems. One success of the Seattle ORCA Corporate Plan is that the card can be used on seven different transit systems. Possible technical limitations with current face-card technology will need to be explored, especially in light of the introduction of a new fare collection system in AFC 2.0, which is scheduled for full service in 2021.⁵¹

5. Outsource marketing of the corporate pass program.

If the MBTA does not feel it can take on the additional cost of a professional sales and marketing effort as previously described, one option would be to consider a Request for Proposal process that would evaluate private proposals to market and support the CPP program at an elite level that would include a commitment to the revenue goals discussed in the MBTA Revenue Opportunity chapter.

6. Further research the MIT “free transit program” and its use of the CharlieCard microchip for use by employers generally.

The embedding of a CharlieCard microchip onto employee ID cards—an innovation described earlier that has been successfully implemented by MIT—opens up an enormous opportunity to convince companies of the cost effectiveness of offering employees free transit ridership while at the same time reducing any subsidies for employee parking. With the embedded chip, the employer only pays when the employee uses the transit system. This approach may prove most effective for employers faced with inadequate employee parking availability.

7. Consider a campaign by the MBTA with the support of the current administration to urge all businesses above a certain size to offer a commuter benefit program as a commitment to sound corporate citizenship

Some cities, including San Francisco, Washington, D.C. and New York, now require businesses above a certain size—in some cases just 10 employees and in others 20—to offer a program and file an annual compliance statement. A modest fine is levied if a program is not offered to employees in a given year. The Massachusetts Department of Environmental Protection currently has a “soft” requirement

that companies with over 1000 employees offer transit benefits, but the agency has no enforcement mechanism. The MBTA should review the experience and outcomes of these programs in peer transit agencies and consider whether a similar approach would make sense here. One compromise enforcement solution short of a compliance fine would be to promote the program as a benefit companies should take on as good corporate citizens. The initiative would provide several benefits:

- Reduced traffic congestion
- Better air quality
- Shorter employee commutes
- Fiscal benefits for the MBTA

The full support of the Governor would likewise help make voluntary compliance a reality.

In April 2015, the Governor’s Special Panel wrote that MBTA “ridership while increasing, was unevenly measured and received insufficient emphasis as a means of increasing fare revenue”. By adopting some of these recommendations, the MBTA could take an important step toward increasing ridership and revenue in an impactful way.

Appendix 1: TRIMET Sample Employer Survey

Survey data form

Please complete both sides of this worksheet for each worksite and return it with the surveys for that site.

Worksite information

Company name: _____

Site name: _____

Site address: _____

City: _____ Zip code: _____

Coordinator information

Transportation Coordinator: _____

Title: _____

Phone: _____ Fax: _____

Email: _____

Survey information

Date survey was distributed: _____

Date of deadline for employees to return surveys: _____

What is the purpose of your survey?

ECO rules compliance only

TriMet programs / Universal only

Both ECO and TriMet programs

Returning your surveys

Who is your TriMet marketing representative?

Employee counts

Please complete the appropriate sections below.

Total number of employees at your worksite 1. _____

If surveying for ECO rules compliance

If surveying for ECO rules compliance, you must survey:

- **All** employees on or expected to be on the payroll for at least six months who work 80 hours or more in a 28-day period.

Exceptions are:

- Volunteers
- Persons working a non-scheduled work week
- Field personnel required to use a personal vehicle as a condition of employment

Number of ECO affected employees 2. _____

If surveying for TriMet Universal Pass Program

To receive a quote for Universal, you must survey **all** employees who will be included in the Universal program. Usually, this means surveying all ECO affected employees (see above), but you have the option to include some groups of employees that are exempted in the ECO requirements. For more information about these specific groups of employees, see the Universal program requirements or speak with your TriMet marketing representative.

Note: If surveying for both ECO rules compliance and Universal, it is necessary to identify those groups of employees that may differ. Your TriMet marketing representative can help you with the survey process.

Number of employees included in Universal 3. _____

If you have more than 400 employees

If you have more than 400 employees, you may survey a randomly chosen sample of your employees. If you wish to do so, please refer to the survey instructions or speak with your TriMet marketing representative.

Random sample size (if applicable) 4. _____

All surveys

Total number of surveys distributed 5. _____

Total number of surveys returned 6. _____

Survey response rate (returned ÷ distributed)* 7. _____

*Must be 75% or greater.



(continued on other side)

Side 2 The following questions are about this worksite.

Employee parking

YES NO

- 1. Is free parking available on the street at this location (i.e., no meters, permits, or other parking restrictions requiring payment)? YES NO
- 2. How many parking spaces does your company own or lease for this worksite? # _____
- How many of these parking spaces are designated for carpools or vanpools? # _____
- How much is the monthly out-of-pocket expense for the majority of employees who park in these company owned or leased spaces? \$ _____

Transportation information available

- Does your company provide any of the following information resources about TriMet services at your site? YES NO
- Transportation information provided during new employee orientation YES NO
 - TriMet "New Employee Kits" YES NO
 - Up-to-date transportation information bulletin board YES NO
 - Transit coordinator who assists with trip planning YES NO
 - Transportation newsletter YES NO
 - Other _____

Programs and services

Does your company provide any of the following transportation programs or services? Mark only those items that your company actively promotes and/or informs employees about.

Bike/walk

YES NO

- Secure bike lockers or racks YES NO
- Showers for bike riders or those walking to work YES NO
- Incentives for bike riders or walkers YES NO
- What is the incentive? _____
- _____
- _____

Bus/MAX/Streetcar (answer only for programs currently in place)

YES NO

- 1. Does your company make transit stickers, passes and/or tickets available to employees? YES NO
- 2. Does your company pay for a portion of the cost of transit stickers, passes and/or tickets? YES NO
- If yes, what percent or how much does the employer pay? _____
- 3. Is this amount offered for (select all that apply):

 - Annual passes YES NO
 - Monthly passes YES NO

- 3. Does your company provide employees the option of using pre-tax payroll deduction for purchasing transit stickers, passes and/or tickets? YES NO
- 4. Please describe any promotions or non-financial incentives your company offers to encourage transit use (bus pass, raffle, free lunch for frequent riders, gift certificates, etc.): _____

Carpool/Vanpool

YES NO

- Incentives for carpools (parking discount/ reimbursement, gift certificates, free lunches, etc.) YES NO
- What is the incentive? _____
- IF FINANCIAL: What is the incentive amount per employee per month? \$ _____

- Assistance matching carpool or vanpool participants YES NO
- Van is provided for vanpool YES NO

Work scheduling alternatives

YES NO

- Are any of the following scheduling alternatives available to employees at your worksite?
- Flex-time (employees may choose their schedule to accommodate alternative commuting methods) YES NO
- Compressed work week (40-hour week worked in less than five days; e.g., four 10-hour days) YES NO
- Telecommuting YES NO

Miscellaneous

YES NO

- Guaranteed ride home (company provides ride home for personal emergencies) or TriMet Emergency Ride Home (ERH) YES NO
- Company car(s) available for work-related travel YES NO

Thank you!

Return this form with the site's completed surveys to: TriMet Marketing Sales, 4012 SE 17th Ave., Portland, OR 97202

Appendix 2: Employee Commute Options Survey 1

EMPLOYEE COMMUTE OPTIONS SURVEY

DEAR EMPLOYEE: Please take a few minutes to fill out this questionnaire and return it as instructed. Mark your answers in each box like this:

1) **HOW DID YOU TRAVEL TO WORK DURING THE LAST WEEK YOU WORKED?** If you used more than one method, mark the one in which you traveled the **farthest**. (All days should have only **ONE** answer marked.)

	S	M	T	W	T	F	S	
	↓	↓	↓	↓	↓	↓	↓	17-23
DROVE ALONE (or motorcycled).....1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
RODE THE BUS, MAX or STREETCAR.....2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
CARPOOLED or VANPOOLED3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
BICYCLED4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
WALKED5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
TELECOMMUTED6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
TOOK DAY OFF FOR:								
COMPRESSED WORK WEEK7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
OTHER REASON (regular day off, etc.)8	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

DEFINITIONS:
Carpool or Vanpool: Two or more persons in a car or van traveling to work or school.
Telecommute: Work done at home during regular work hours (rather than at your usual work site).
Compressed Work Week: A day off work because you work a full-time schedule in less than 5 days per week, e.g., four 10-hour days.

2) **IF YOU CARPOOLED OR VANPOOLED** to work in your answer above, how many people were in the car or van? (Include yourself; mark the best ONE.) 25-26

2	3	4	5	6	7	8	9	10	11	12	13	14	15
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3) **IF YOU DRIVE ALONE TO WORK:** Mark up to three reasons for using the commute method you use. 28-47

<input type="checkbox"/> 1 Need car for errands	<input type="checkbox"/> 5 No one to carpool with	<input type="checkbox"/> 9 No bus/MAX where I live
<input type="checkbox"/> 2 Saves time	<input type="checkbox"/> 6 Saves money	<input type="checkbox"/> 10 No bus/MAX where I work
<input type="checkbox"/> 3 Irregular work schedule	<input type="checkbox"/> 7 Need car for work	<input type="checkbox"/> 11 Buses don't run during hours
<input type="checkbox"/> 4 Want car for emergencies	<input type="checkbox"/> 8 Drop off children	I commute to/from work

4) **IF YOU DRIVE ALONE TO WORK:** What benefit would encourage you to try an alternative to driving alone to work? (Mark as many as apply.)

<input type="checkbox"/> 1 Reserved parking for carpools or vanpools	<input type="checkbox"/> 9 Compressed work week	50-81
<input type="checkbox"/> 2 Guaranteed ride home for personal emergencies	(for example: 4 ten-hour days)	
<input type="checkbox"/> 3 Incentives for carpools or vanpool (for example: free lunch, discount coupons, etc.)	<input type="checkbox"/> 10 Flex-time (employee chooses schedule)	
<input type="checkbox"/> 4 Help finding carpool or vanpool partners	<input type="checkbox"/> 11 Telecommuting (work at home part of week)	
<input type="checkbox"/> 5 Secure bike lockers or racks	<input type="checkbox"/> 12 Company car available for work travel	
<input type="checkbox"/> 6 Showers for bike riders or walkers	<input type="checkbox"/> 13 Orientation and personal bus/MAX trip planning	
<input type="checkbox"/> 7 Employer pays part of cost of a TriMet pass	<input type="checkbox"/> 14 Transportation bulletin board	
<input type="checkbox"/> 8 TriMet passes sold at work	<input type="checkbox"/> 15 Express bus from park & ride lot to work	
	<input type="checkbox"/> 16 Employer provided van for vanpool	

5a) During the past **month**, how many trips did you make on a TriMet bus or MAX for **any purpose**? 82-83
 (Count each direction as a separate trip) _____ (If none, skip to 6)

5b) How many of your TriMet trips in Question 5a (above) were for travel to or from work? 84-85
 (Count each direction as a separate trip) _____

6) What is your home zip code? _____ 87-91

THANK YOU!!

Appendix 3: Employee Commute Options Survey 2

Employee Commute Options Survey

Instructions for Baseline and Follow-Up Data Collection

Conducting an employee commute options survey will give you a feel for your employees' current commuting behaviors and interests, so you can develop a focused, effective employer transportation program.

Employee Commute Options (ECO) Rule

If your company falls under the ECO Rule, this survey is required. For details on the Department of Environmental Quality's (DEQ) ECO program, please visit the DEQ website, www.deq.state.or.us/nwr/ECO/eco.htm or call the DEQ at 503-229-6154.

Getting Started

TriMet and the DEQ have developed two standardized employee survey forms—one to establish baseline commuter data, and another to gather follow-up information. Both of these surveys are just a page long and take only a few minutes to complete. Use the instructions inside this folder for guidance on administering the proper form. For faster processing, you may be able to complete your survey online. Please contact your TriMet marketing representative for assistance.

- **A 75% response rate**

Useful survey results should reflect your employees' actual commute methods as accurately as possible. A minimum response rate of 75% will ensure the accuracy of your results, and it's required for compliance with the ECO program. TriMet also requires at least a 75% response rate for free survey processing and analysis, as well as participation in the TriMet Universal Pass program.

- **Achieve a great response**

Many companies achieve survey response rates well over 75%. Inside are some of their tips to help you conduct a successful survey.

- **We're here to help**

If you have any questions, please contact TriMet at 503-962-7670 or employerprograms@trimet.org.



See where it takes you.

Survey Success Strategies

Before starting the survey:

- Determine if you are surveying for both DEQ's ECO program and the Universal Pass program.
- For the Universal Pass Program, please review the survey guidelines regarding which employees are to be included or exempted.
- If you have any questions about surveying, please contact TriMet at 503-962-7670 or *employerprograms@trimet.org*.

Here are some creative ways companies can improve survey response rates:

- Survey online to track the response rate and who has responded.
- Distribute surveys at staff meetings—and ask that they be completed on the spot.
- Include surveys with paychecks.
- Have one or more staff members hand-deliver surveys and wait for employees to complete them.
- DON'T distribute surveys with newsletters or on bulletin boards.
- Include a memo or cover letter explaining the survey's benefits (see sample below).
- Demonstrate a strong, positive attitude from top management.
- Give managers direct responsibility for employees' survey participation.
- Follow up with employees who don't complete the survey.
- Offer a reward for completing the survey, such as coffee coupons, cookies and so on.

Sample survey cover memo

Date: 0/0/00
To: All Staff
From: Company Executive
Subject: Commute Method Survey

We will be conducting a commute survey this week among all employees. The purpose of the survey is to find out 1) how we all currently get to work and 2) which commute alternatives interest you the most. The results of the survey will be used to design a transportation program that reflects the needs and desires of all (company name) employees.

Please take two or three minutes to complete the survey. We need to have everyone participate in the survey for it to be useful. If you complete it right away, it will be done and off your desk immediately, and you'll be helping us put together a transportation program designed to meet your needs.

The survey will be distributed with paychecks on (day/date). They must be returned to our Transportation Coordinator at (company address), by (day/date).

We will share the survey results with you in the employee newsletter when they are completed.

Thanks in advance for your participation,
 (Company Executive)

Survey Instructions

Here are instructions for completing the survey forms

- Please use the included standard survey form.
- If you need to change the form, work with your TriMet representative to make sure it still meets our processing requirements.
- Please make copies from the original survey form to ensure readability during processing.

How to conduct the survey

- Determine which employees are eligible to participate in the survey.
- Develop a plan to achieve the required 75% response rate.
- Conduct the survey when few employees are scheduled to be out of the office.
- Distribute one survey form directly to each employee—and don't forget management!
- Give employees a short window of time to complete the survey—one week is ideal.
- Keep surveys separated by site, and record information for each site on a separate Survey Data Form.

After the survey

- Determine if you've achieved the required 75% response rate per worksite.
- If your response rate is less than 75%, you'll need to collect more surveys.
- Complete the information on both sides of the Survey Data Form and forward it with your completed surveys to your TriMet representative. You'll find the address on the Survey Data Form.

Universal Pass Program Survey Guidelines

Qualified Employees

Participating employers must purchase a pass for each qualified employee (100% participation) at each participating worksite regardless of whether the employee uses transit at the time of purchase.

- A "Universal qualified" employee is any person on, or expected to be on, the employer's payroll, full- or part-time, for at least six consecutive months, including business owners, associates, partners, and partners classified as professional corporations. Part-time is defined as 80 or more hours per 28-day period.
- An employee who works at multiple worksites is considered a qualified employee at the worksite of his/her cost center. A cost center is the department through which the employee's salary is paid.
- Contract employees, per-diem employees, and/or temporary employees are considered qualified employees if they are covered under the employer's benefits package and have been included in the survey. Otherwise they are excluded from the count of Universal qualified employees for that employer.

Exempted Employees

Employees who meet any of the following criteria are excluded from the count of Universal qualified employees:

- Part-time volunteers (defined as less than 80 hours per 28-day period)
- Full-time volunteers (defined as 80 or more hours per 28-day period)
- Employees working less than part-time (less than 80 hours per 28-day period)
- Employees working a non-scheduled work week
- Field personnel required to use their personal vehicle as a condition of their job
- Employees whose regular work commute has either a start or end time outside TriMet's service hours (service hours are generally 5 a.m. through 1 a.m.)
- Employees whose permanent residence is located 20 or more miles outside the TriMet service district boundary
- Independent contractors
- Temporary or seasonal employees hired for a term of less than six months
- Employees exempted by the Department of Environmental Quality (DEQ) for Employee Commute Option (ECO) rule purposes
- Employees who have an annual transit pass from another source

For alternative formats

Contact us at:

customerservice@trimet.org

TTY 503-238-5811

Appendix 4: Bay Area Commuter Benefits Employer Guide



Bay Area Commuter Benefits Program

EMPLOYER GUIDE
January 4, 2016

The Bay Area Commuter Benefits Program is a partnership led by the Metropolitan Transportation Commission and the Bay Area Air Quality Management District. (January 4, 2016)



METROPOLITAN
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For online information about the Bay Area Commuter Benefits Program, visit 511.org.





Bay Area Commuter Benefits Program

Find a better way to work!

INTRODUCTION AND BACKGROUND

This guide describes the [Bay Area Commuter Benefits Program](#), a program to promote the use of alternative commute modes such as transit, ridesharing, bicycling, and walking. The Program will decrease motor vehicle travel and traffic congestion, and reduce emissions of greenhouse gases and other air pollutants, thus protecting public health and the climate. Commuter benefits also provide potential tax savings for both employers and their employees.

[Senate Bill 1339](#), codified in [California Government Code section 65081](#), authorizes the Bay Area Air Quality Management District (Air District) and the Metropolitan Transportation Commission (MTC) to adopt and implement a [regional commuter benefits ordinance](#) on a pilot basis effective through December 2016.

Pursuant to SB 1339, the Air District and MTC worked together to develop a new rule: [Regulation 14: Mobile Source Emission Control Measures, Rule 1: Bay Area Commuter Benefits Program](#). The rule was approved by the governing boards of both agencies and became effective on March 26, 2014. The rule establishes the basic framework of the Bay Area Commuter Benefits Program (Program).

The Program requires employers with 50 or more full-time employees within the [jurisdiction of the Air District](#) to choose one (or more) of the following commuter benefit options to offer to their employees by September 30, 2014:

Option 1: Pre-Tax Benefit: The employer allows employees to exclude their transit or vanpool costs from taxable income, to the maximum extent permitted by federal law (currently a maximum of \$255 per month).

This option can reduce payroll and/or income taxes for both employers and employees.

Option 2: Employer-provided Subsidy: The employer provides a transit or vanpool subsidy to cover or reduce the employee's monthly transit or vanpool costs, to a maximum of \$75 per month.

Option 3: Employer-provided Transit: The employer provides a free or low-cost bus, shuttle, or vanpool service for employees.

Option 4: Alternative Commuter Benefit: The employer provides an alternative commuter benefit that is as effective as the other options in reducing single-occupant vehicle trips (and/or vehicle emissions).

The Program is modeled on local ordinances that have been established in recent years in several Bay Area cities, including the City of San Francisco, the City of Richmond, the City of Berkeley, and the San Francisco International Airport. The Air District and MTC are working with these entities to coordinate implementation of this regional Program with these local ordinances, as described in the section entitled "[Coordination with Local Commuter Benefit Ordinances](#)".

The Program has been designed to provide flexibility for employers and to minimize administrative and reporting requirements. The Program simply requires employers to make commuter benefits available. Employers are not required to achieve any performance standard or target, nor are any employees required to change commute mode.

This employer guide is provided to assist Bay Area employers in implementing an effective commuter benefit program for their employees. The steps laid out

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in this guide are intended to help employers comply with the Program, and to select an option that best fits with the company’s budget and employee needs.

For more detailed information on the Program, federal commuter tax benefits, potential tax savings to Bay Area employers and employees, and more, see the [Bay Area Commuter Benefits Program Staff Report](#) and the [Frequently Asked Questions](#) guide.

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PURPOSE OF THE COMMUTER BENEFITS PROGRAM

Transportation is the largest source of air pollution in the Bay Area, and commute travel accounts for nearly half of total motor vehicle travel on an average weekday. The Program will decrease motor vehicle travel and traffic congestion, and reduce emissions of greenhouse gases and other air pollutants, thus protecting public health and the climate by

encouraging the use of alternative commute modes such as transit, vanpool, carpool, bicycling, and walking. In addition, when employers offer commuter benefits, they may take advantage of tax savings that exist for commuter benefits in the federal tax code.

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WHAT ARE THE ADVANTAGES?

- **Reduced Costs and Tax Savings to Employers and Employees**
 - Employers can save money on payroll (FICA) taxes and/or their corporate taxes (see summary of “Potential Tax Savings for the Four Commuter Benefit Options”).
 - Employees will save money on their transit, vanpool, or bicycling costs.
- **Enhanced Employee Recruitment and Retention**
 - Employer-provided commuter benefits have proven to be a cost-effective tool for increasing job satisfaction and helping recruit and retain valuable employees.
- **Enhanced Employee Productivity**
 - Employees who use alternative commute modes arrive at work more relaxed, less stressed from traffic congestion, and ready to be productive.
 - Employees who bike or walk to work are healthier, potentially reducing health insurance claims and sick leave.
- **Better air quality reduces health care costs**
 - By decreasing motor vehicle emissions, commuter benefit programs can improve air quality, helping



- to protect public health for all Bay Area residents.
- **Decreased emissions of greenhouse gases can help achieve climate protection targets and reduce the impacts of climate change.**
 - Reduced traffic congestion decreases goods movement costs for business
- **Save money on parking**
 - Reduced demand for parking can save employers money or free up land that can be put to better use.

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BAY AREA COMMUTER BENEFIT PROGRAM: PROVISIONS AND REQUIREMENTS

Effective **March 26, 2014**, the [Bay Area Commuter Benefits Program](#) requires employers with 50 or more full-time employees to offer a commuter benefit to their employees by **September 30, 2014**¹.

In addition to offering a commuter benefit, employers must:

- Designate a commuter benefits coordinator (typically an employee already handling payroll/benefits)
- Submit an [online registration form](#) to the Air District/MTC and update their registration information on an annual basis
- Notify employees of the commuter benefit option and make that option available
- Maintain records to document implementation of the commuter benefit

Employers may also be asked to provide information requested by the Air District/MTC for program evaluation purposes.

Applicability

The Program applies to employers with 50 or more full-time employees² within [the jurisdiction of the Air District](#). The Program is mandatory for all employers as described.

Key Definitions

Employer: For the purpose of this Program, the term “employer” is defined as any private, public or non-profit entity with 50 or more full-time employees in the nine-county San Francisco Bay Area. The employee count is based on all Bay Area worksites combined. For example, if an employer has ten employees at one worksite and 45 at another worksite for a combined total of 55 employees, the employer would be required to participate. Likewise, an employer with 20 employees at each of three Bay Area worksites, for a total of 60 full-time employees, would also be subject to the Program.

Employee: Employee is defined as anyone who receives a federal W-2 form for income tax purposes.

Full-time employee: A “full-time employee” is defined as an employee who normally works at least 30 hours per week, with the exception of a field employee as defined below. The employee count is based on the average number of full-time employees on the payroll over the course of the most recent three-month period. (Seasonal or temporary employees who work 120 days or less per year are not included).

Covered Employee: A covered employee is anyone who works at least 20 hours per week, with the exception of a field employee as defined below. Employers subject to the Program (i.e., with at least 50 full-time employees in the San Francisco Bay Area) must provide a commuter benefit to all covered employees. (Note: An employer may choose to offer its commuter benefit to all employees, including those who work less than 20 hours per week.)

Seasonal/temporary employee: An employee who works 120 or fewer days per year. (Seasonal/ temporary employees who work 120 or fewer days per year are not covered by the Program, unless the employer voluntarily chooses to include them.)

Field Employee: An employee whose primary job responsibilities are at temporary job site(s), and who does not report to the employer’s home office or other permanent job location. ([See the “Field Employee” Compliance Advisory.](#))

Multi-Site Employers

The Program applies to any employer with 50 or more full-time employees in the Bay Area at all Bay Area worksites combined (even if the employer does not have 50 or more employees at any single site). Many employers will have

¹ In the event that an employer reaches the 50 or more full-time employee threshold after the Program goes into effect, the employer will have six months from the date that it becomes subject to the Program, to register, select a commuter benefit option and comply with the Program.

²Employers with fewer than 50 full-time employees in the Bay Area are not required to comply with the Bay Area Program. However, employers with worksites in Berkeley, Richmond, San Francisco, or San Francisco International Airport must comply with the local ordinance if they exceed the applicable threshold in the local ordinance, as described in the appendix entitled “Coordination with Local Commuter Benefit Ordinances”.

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multiple offices, branches, or sites that are subject to the Program. Multi-site employers with 50 or more full-time employees in the Bay Area must provide commuter benefits at all their Bay Area worksites. Multi-site employers have flexibility in terms of how to administer their commuter benefits. In most cases a multi-site employer will probably choose to offer the same commuter benefit to employees at all its Bay Area worksites. However, the employer can choose to provide different benefits at different sites in order to provide benefits that are most appropriate to the context at each site (depending on workforce demographics, business needs, etc.)

Employers Already Offering Commuter Benefits

Many employers already offer commuter benefits that are consistent with one (or more) of the four commuter benefit options for the Program. These employers will simply need to register in order to comply. Some employers may need to modify or enhance their existing commuter benefits in order to achieve consistency with one (or more) of the four commuter benefit options. If your company already offers some type of commuter benefits, compare your benefit to the four options to see if you will need to make any changes to your company's current commuter benefits.

Select a Commuter Benefit Option

The first step in complying with the Program is to evaluate and choose a commuter benefit option to offer to your

employees. Detailed information on the four options is available below, including potential savings to employers. A brief [transportation survey](#) of employees to determine what type of commuter benefit employees are most interested in may be helpful. Factors to consider in deciding which commuter benefit to offer include:

- [potential tax savings](#)
- budget and available resources
- business needs
- worksite location(s)
- employee home locations
- available transportation options
- employee preferences

A summary of [potential tax savings](#) to employers and employees for the various commuter benefit options is available; **however, employers should consult with their tax advisor.**

If you have additional questions on choosing a commuter benefit option, you may find the [frequently asked questions](#) document helpful. The [511 Regional Rideshare Program staff](#) or [local county employer outreach staff](#) are also available to help employers set up a commuter benefits program.

Click the Get Started tab under the commuter benefit of your choice for a step-by-step guide in complying with the Program.

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³Employers that do not pay Social Security taxes, such as some public agencies in California, would still save by not paying Medicare taxes, but these employers would not experience the full payroll tax savings described above. Click here for more information in the IRS's "[Federal, State and Local Government Fringe Benefit Guide](#)."

OPTION 1: PRE-TAX BENEFIT

The employer allows employees to exclude their transit or vanpooling expenses from their taxable income, to the maximum amount allowed by federal law.

The maximum amount that employees can set aside for transit or vanpool costs is currently \$130 per month. The Pre-Tax Benefit is similar to the Flexible Spending Account (FSA) which allows employees to set aside dollars on a pre-tax basis to pay for qualified medical expenses. For most employers, Option 1 should be the most economical of the four options, as explained below.

Potential tax savings for Option 1: Employers save approximately 8% on payroll taxes, because they do not pay FICA taxes (Social Security and Medicare) on the money that employees use for transit or vanpooling.³ Depending on their tax bracket, employees can save as much as 40% on their transit or vanpool.

For example, as shown below, if an employee elects to set aside the current maximum allowed by the IRS of \$130 per month on a pre-tax basis to cover transit or vanpool costs, the employee will save \$50 per month or \$600 per year (assuming 25% federal income tax bracket, 7.35% state/local income tax, and 7.65% of employee share of FICA), as shown in this chart. The employer will realize approximately \$11.70 per month or \$140 per year in payroll tax savings for this employee (assuming 7.65% FICA).

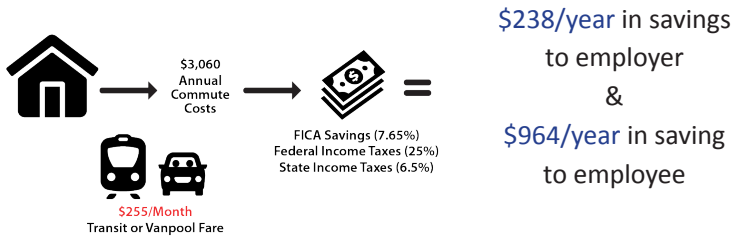
[Frequently asked questions: Option 1](#)

[Click here to Get started with Option 1.](#)

SAVINGS TO EMPLOYERS & EMPLOYEES

Option 1: By allowing use of pre-tax \$\$ for transit & vanpool

- Employers: can save ~8% (or more) in payroll tax savings
- Employees: can save on average 40% (or more) on their (after-tax) commute costs



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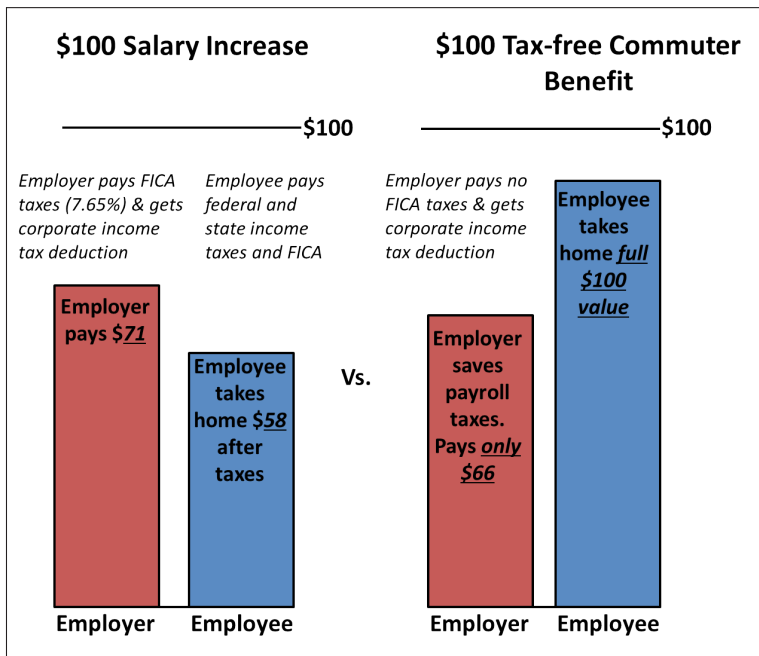
OPTION 2: EMPLOYER-PROVIDED SUBSIDY

The employer provides a transit or vanpool subsidy to cover or reduce the employee's monthly transit or vanpool costs to a maximum of \$75 per month.

The required amount of the subsidy is up to \$75 per month for purposes of complying with the Program. However, an employer may choose to offer a higher subsidy amount on a voluntary basis.

Potential tax savings for Option 2: Employers do not pay payroll taxes, and employees do not pay income taxes or payroll taxes, on the amount of the subsidy, up to the IRS limit (currently \$255 per month). If an employer provides a subsidy that exceeds this limit, the portion of the subsidy amount above the pre-tax limit (\$255 per month) is subject to taxation. Note: the federal tax code {IRS Section 132(f)} also allows the employer to provide a subsidy of up to

\$20 per month for eligible bicycle commuting expenses on a tax-free basis. For purposes of complying with the Program, an employer may choose to provide a subsidy for employees who commute by bicycle as an enhancement to Option 2, in addition to providing a subsidy for transit and vanpooling. (Note: According to IRS guidelines, an employee can receive either a tax-free subsidy for transit or vanpool, or a tax-free bicycle subsidy, but not both). The employer may also elect to offer a subsidy or incentive for employees who use other types of alternative commute modes, such as carpooling or walking. However, the federal commuter tax benefits only apply to transit, vanpooling, and bicycling.



The cost to implement Option 2 will be higher than Option 1, since the subsidy represents an out-of-pocket cost to the employer. However, Option 2 provides a very tax-efficient way, from the standpoint of both the employer and the employee, to improve an employee compensation package. Providing a transit/vanpool subsidy is more cost-effective than providing a salary increase of the same amount. As shown in the figure, comparing the after-tax value of a \$100 per month transit subsidy versus a \$100 per month pay increase, the employer and the employee both come out well ahead with the transit subsidy.

It should be noted that Option 2 provides a very tax efficient way, from the standpoint of both the employer and the employee, to improve an employee compensation package. As shown in the figure below, comparing the after tax value of \$100 per month transit subsidy versus a \$100 per month pay increase, the employer and the employee both come out well ahead with a transit subsidy.

[Frequently asked questions: Option 2](#)

[Click here to Get started with Option 2 \(page 12\).](#)

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OPTION 3: EMPLOYER-PROVIDED TRANSIT

The employer provides free or low-cost transportation for its employees (via service operated by or for the employer).



Employers who select Option 3 can choose to provide transportation from the employee's home community to the worksite in buses or vans, or a shuttle service from one or more transit stations to the worksite. Providing transportation for employees can be an expensive proposition. However, for employers who are willing to make the financial commitment, Option 3 can be a highly effective means to attract and retain employees, and to reduce vehicle trips to the worksite.

Potential tax savings for Option 3: For tax purposes, employers may be able to deduct the costs of employer-provided transportation as a business expense. Employers should consult with their tax adviser to determine potential tax savings. Per IRS Code Section 132(f), employer-provided transportation in a "commuter highway vehicle" (such as a bus, shuttle vehicle, or vanpool) is treated as a "qualified transportation fringe benefit." This means that the employee does not pay taxes on the value of the employer-provided transportation, nor does the employer have to pay payroll taxes on the value of this benefit.

Employers may be able to reduce their costs by providing a shared bus or shuttle service in collaboration with other nearby businesses, or by purchasing seats for their employees on an existing transportation service. In addition, employers that select Option 3 could recoup a

portion of their costs by charging employees a modest user fee to employees who use the bus or shuttle, provided that the fee does not exceed the "low-cost" threshold defined below.

Definition of "low cost": Employers may charge a fare to their employees, provided that the fare is "low cost". The Air District and MTC define "low cost" as follows:

Short-distance transportation: For short-distance transportation, such as a shuttle from a nearby transit station to the worksite, the employer may charge a maximum of \$2.00 per employee for a one-way trip.

Long-distance transportation: For long-distance transportation, such as buses or van service from the employee's home community to the worksite, the employer may charge a one-way fare of no more than \$0.20 per mile times the one-way trip distance. For example, in the case of an employer providing a bus service for a 30-mile trip from the employee's home to the worksite, the "low-cost" threshold for the purpose of the Program means that the employer could charge the employee a maximum of \$6.00 per one-way trip.

Note: Available information indicates that among employers who currently provide bus or shuttle service for their employees, very few currently charge a fee to users. If an employer wants to charge a user fare that exceeds "low cost" as defined here, then the employer could not use Option 3 to comply with the Program. The employer would need to comply with the Program by means of one of the other options.

[Frequently asked questions: Option 3](#)

[Click here to Get started with Option 3 \(page 14\).](#)

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OPTION 4: ALTERNATIVE COMMUTER BENEFIT

The employer may propose an alternative commuter benefit that would be as effective in reducing single-occupancy commute trips (or vehicle emissions) as any of the three options outlined above.



The Air District must evaluate and approve any alternative commuter benefit proposed by the employer. Option 4 may be most appropriate for employers located in areas that are not well served by transit. Option 4 provides a means to promote the use of alternative commute modes that are not directly addressed in Options 1, 2 or 3, such as carpooling, walking, telecommuting, compressed work week schedules, or promoting the use of electric vehicles by employees.

To help employers develop alternative benefits for purposes of Option 4, the Air District and MTC have defined a menu of possible measures that employers can choose from to submit a “pre-approved” alternative. The measures are categorized as “Primary Measures” and “Secondary Measures.”

Two menu-style options are described below: Option 4A and Option 4B.

Option 4A: Employer selects one Primary Measure plus at least two Secondary Measures from the list of measures in Table 1.

Option 4B: Employer selects at least four Secondary Measures from the list of measures in Table 1.

Option 4C: In addition to this menu approach, employers may propose their own alternative commuter benefit. For Option 4C, the Air District must evaluate the proposed alternative benefit to determine that it would be as effective as Options 1, 2 or 3 in reducing single-occupant vehicle trips (and/or vehicle emissions) to the work site. During the registration process, an employer

Table 1 - Option 4 Measures

Primary Measures	Secondary Measures
<input type="checkbox"/> Carpool Subsidy (\$3/day that employee carpools) <input type="checkbox"/> Bicycle Subsidy (\$20/month) <input type="checkbox"/> Telecommute Schedule <input type="checkbox"/> Compressed Workweek <input type="checkbox"/> Parking Cash-Out (for employer’s who are subject to California’s statewide Parking Cash-Out law or if the employer opts to offer Parking Cash-Out even if it is not subject to the law). <input type="checkbox"/> Electric Vehicle Implementation (fleet changeover, EV car share, charging stations for employees, etc.)	<input type="checkbox"/> Preferred parking for carpools <input type="checkbox"/> Provide employer-specific carpool match service <input type="checkbox"/> Employer-provided membership in a car-sharing program <input type="checkbox"/> Participation in an emergency/guaranteed ride home program <input type="checkbox"/> Secure, on-site bicycle parking <input type="checkbox"/> Showers and bicycle lockers for employees <input type="checkbox"/> Employer-sponsored Bike Share Program <input type="checkbox"/> Employee commuting awards program (ex: bonus vacation day; free lunch; gift card; etc.) <input type="checkbox"/> On-site amenity (ATM; café; catered lunch; on-site child-care, dry cleaning, etc.) <input type="checkbox"/> Provision of a shared mechanism for viewing real time commuting info (ex: flat screen monitor in lobby) <input type="checkbox"/> Lunchtime shuttle

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selecting Option 4C must describe its proposed benefit and explain why the proposed alternative benefit would be appropriate and effective at its worksite(s).

Examples of potential alternative commuter benefit programs that are available:

- [Option 4A: Carpool Subsidy](#)
- [Option 4B: Carpool Promotion](#)
- [Option 4A: Bicycle Subsidy](#)

Potential tax savings for Option 4: The potential tax savings for Option 4 would depend upon which measures an employer chooses to implement. Employer-provided

subsidies for carpooling or walking are not included in the federal commuter tax benefits; therefore, the value of subsidies for these modes would be treated as taxable to both the employer and the employee. However, an employer may be able to deduct as a business expense the costs associated with implementation of measures included in Table 1. Employers should consult with their tax advisor regarding potential tax saving for implementation of measures pursuant to Option 4.

[Option 4 Guide](#)

[Click here to Get started with Option 4 \(page 16\).](#)

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GETTING STARTED: OPTION 1: PRE-TAX BENEFIT

The basic steps to comply with the Program can be summarized as follows:

Step 1. Choose an option:

Evaluate the four commuter benefit options and select one to offer to your employees. If you are here, you are selecting Option 1.

Step 2. Designate a Commuter Benefits Coordinator.

For purposes of the Program, this is simply the person who will complete the registration form and report to the 511 Regional Rideshare Program (511 RRP).

Most employers are expected to assign this role to an existing employee in their Human Resources department. However, this role can be assigned to anyone within the organization that the employer deems appropriate. An employer may also contract with a third party to serve as the Commuter Benefits Coordinator.⁴ In the case of employers who belong to a [Transportation Management Association \(TMA\)](#), the TMA may serve as the Commuter Benefits Coordinator.

Step 3. Go to the Program webpage and register.

Through 511.org, employers will be provided with easy access to a secure, online automated registration process. In order to complete the registration process, an employer will need the following information:

- Name and contact information for Reporting Commuter Benefits Coordinator
- Contact information for an alternative contact person
- Number of full-time employees and covered employees at each Bay Area worksite. (Please refer to Page 3).
- The commuter benefit option that the employer will provide
- Means used to notify employees about the commuter benefit and how to apply for the benefit

Employers will also be required to provide updates to their registration information on an annual basis. Employers will receive an annual follow-up notice requesting that the employer confirm (or update, as needed) the data provided in the original registration submittal.

**Step 4. Notify employees about the commuter benefit that your company will provide and how to take advantage of the benefit, and make the benefit available.**

Employee notification is one of the key requirements of the Program. Since the goal of the Program is to encourage employees to use alternative commute modes, it is essential that employers inform employees about the commuter benefit they offer, and how employees can take advantage of the benefit. Employee notification is required at the following times:

- When the commuter benefit is first made available
- At least once per year thereafter, in conjunction with the employer's annual registration update
- On an on-going basis, for newly-hired employees; as part of the explanation of employee benefits provided during new employee orientation

Employers must indicate the method(s) used to notify employees as part of the registration process. See the [Informational Materials for Employees](#) section below for examples of employee notification documents, including email, hard copy posters and notices, and more.

Step 4a. Making Option 1 available to employees:

Employers may choose to administer the pre-tax benefit in-house, or to use a payroll service or third-party vendor to administer the benefit. Employers who elect to administer the pre-tax benefit in-house should consult IRS guidelines to ensure that they are complying with IRS guidelines and record-keeping requirements. For employers administering Option 1 in-house, typical tasks include:

⁴Because some large, multi-site employers may have more than one employee who serves as a Commuter Benefits Coordinator (another term often used is "Employee Transportation Coordinator"), the registration process uses the term "Reporting Commuter Benefits Coordinator" to refer to the Commuter Benefits Coordinator who will serve as the primary contact for purposes of registering the various worksites.

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- Taking employee orders, making payroll deductions, purchasing the benefit from the vendor, distributing the benefit to employees, answering employee questions about the benefit.

For employers using a vendor to administer Option 1, typical tasks include:

- Selecting a vendor, coordinating with the vendor, and making payroll deductions.
- The vendor will take responsibility for the bulk of the tasks involved in offering a pre-tax commuter benefit
- Vendors generally charge fees to administer the benefit; the fees may vary based upon the number of employees who elect to participate, and the scope of services that the vendor provides.
- In most cases, the cost to administer Option 1 should be fully offset by the employer's payroll tax savings, and in many cases an employer should experience an overall net savings by offering Option 1 to their employees (even when using a vendor).

Step 4b. Set-up pre-tax deductions:

Work with your company's payroll administrator to set up a pre-tax deduction code. Consider how will you conduct the payroll deduction (e.g., do you need a new deductions code?); and when will the money for transit/vanpool be deducted from the employee's paycheck.

Step 4c. Enroll employees in the Program:

Distribute an [enrollment form](#) to collect orders. If working with a vendor, compile employee order information into the format specified by the vendor.

Step 4d. Distribute the benefit:

Distribute the benefit (e.g., Clipper Card, transit vouchers, etc.) to employees using the process you (and/or the vendor) have decided on.

Step 5. Keep records to document implementation of your commuter benefits program and make these records available in response to any request from the Air District.

The employer must retain the records for a period of three years, and must make records available to the Air District upon request. Employers should maintain documentation to demonstrate that:

- The commuter benefit selected by the employer has been implemented and made available to employees,
- Employees have been notified about the commuter benefit and how to request the benefit (1) at the time the benefit was initially made available and (2) as part of the "new employee orientation" process for newly hired employees.
- The employer participated in a pre-tax option as per Section 132(f) of the Internal Revenue Code. Note: If the employer is using ClipperDirect or a vendor, such as a payroll service or commuter benefits specialist, to administer Option 1, then the vendor should be able to maintain and provide the required documentation. [Click here](#) for a sample checklist of the steps to complete the registration process.

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GETTING STARTED: OPTION 2: EMPLOYER-PROVIDED SUBSIDY

The basic steps to comply with the Program can be summarized as follows:

Step 1. Choose an option:

Evaluate the four commuter benefit options and select one to offer to your employees. If you are here, you are selecting Option 2.

Step 2. Designate a Commuter Benefits Coordinator.

For purposes of the Program, this is simply the person who will complete the registration form and report to the 511 Regional Rideshare Program (511 RRP).

Most employers are expected to assign this role to an existing employee in their Human Resources department. However, this role can be assigned to anyone within the organization that the employer deems appropriate. An employer may also contract with a third party to serve as the Commuter Benefits Coordinator.⁵ In the case of employers who belong to a [Transportation Management Association \(TMA\)](#), the TMA may serve as the Commuter Benefits Coordinator.

Step 3. Go to the Program webpage and register.

Through 511.org, employers will be provided with easy access to a secure, online automated registration process. In order to complete the registration process, an employer will need the following information:

- Name and contact information for Reporting Commuter Benefits Coordinator
- Contact information for an alternative contact person
- Number of full-time employees and covered employees at each Bay Area worksite
- The commuter benefit option that the employer will provide
- Means used to notify employees about the commuter benefit and how to apply for the benefit

Employers will also be required to provide updates to their registration information on an annual basis. Employers will receive an annual follow-up notice requesting that the employer confirm (or update, as needed) the data provided in the original registration submittal.

**Step 4. Notify employees about the commuter benefit that your company will provide and how to take advantage of the benefit, and make the benefit available.**

Employee notification is one of the key requirements of the Program. Since the goal of the Program is to encourage employees to use alternative commute modes, it is essential that employers inform employees about the commuter benefit they offer, and how employees can take advantage of the benefit. Employee notification is required at the following times:

- When the commuter benefit is first made available
- At least once per year thereafter, in conjunction with the employer's annual registration update
- On an on-going basis, for newly-hired employees, as part of the explanation of employee benefits provided during new employee orientation

Employers must indicate the method(s) used to notify employees as part of the registration process. See the [Informational Materials for Employees](#) section below for examples of employee notification documents, including email, hard copy posters and notices, and more.

Step 4a. Making Option 2 available to employees:

An employer-paid subsidy can be provided through vouchers, debit/credit cards linked to a commuter account, or directly loaded on to a Clipper® card. The employer can administer a transit or vanpool subsidy much the same as the pre-tax benefit in Option 1, by either directly purchasing and providing the voucher or passes to employees, or by using a third-party vendor

⁵ Because some large, multi-site employers may have more than one employee who serves as a Commuter Benefits Coordinator (another term often used is "Employee Transportation Coordinator"), the registration process uses the term "Reporting Commuter Benefits Coordinator" to refer to the Commuter Benefits Coordinator who will serve as the primary contact for purposes of registering the various worksites.

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to administer this program. Employers who elect to administer the subsidy on their own should consult IRS guidelines to ensure that they are complying with IRS guidelines and record-keeping requirements. For employers administering Option 2 in-house, typical tasks include:

- Taking employee orders, making payroll deductions, distributing the subsidy to employees, answering employee questions about the subsidy

For employers using a vendor to administer Option 2, typical tasks include:

- Selecting a vendor, coordinating with the vendor, and providing the subsidy.
- With this option, the vendor will take responsibility for the bulk of the tasks involved in offering a (pre-tax) subsidy.
- Vendors generally charge fees to administer the benefit, which may vary based upon the number of employees who elect to participate, and the scope of services that the vendor provides.

Step 4b. Set up the subsidy distribution:

Work with your company's payroll administrator to set up the subsidy. Things to think about include: how will the subsidy be offered to employees; and who will administer the subsidy and/or coordinate with the vendor.

Step 4c. Enroll employees in the Program:

Distribute an [enrollment form](#) to collect orders. If working with a vendor, compile employee order information into the format specific by the vendor.

Step 5. Keep records to document implementation of your commuter benefits program and make these records available in response to any request from the Air District.

The employer must retain the records for a period of three years, and must make records available to the Air District upon request. Employers should maintain documentation to demonstrate that:

- The commuter benefit selected by the employer has been implemented and made available to employees,
- Employees have been notified about the commuter benefit and how to request the benefit (1) at the time the benefit was initially made available and (2) as part of the "new employee orientation" process for newly hired employees.
- The employer offered a subsidy to employees to offset the monthly cost of commuting via transit or by vanpool. For example, a company can maintain receipts for transit purchases for transit such as BART, Santa Clara VTA's EcoPass, or AC Transit's EasyPass. Note: If the employer is using ClipperDirect or a vendor, such as a payroll service or commuter benefits specialist, to administer Option 2, the vendor should be able to maintain and provide the required documentation. [Click here](#) for a sample checklist of the steps to complete the registration process.

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GETTING STARTED: OPTION 3: EMPLOYER-PROVIDED TRANSIT

The basic steps to comply with the Program can be summarized as follows:

Step 1. Choose an option:

Evaluate the four commuter benefit options and select one to offer to your employees. If you are here, you are selecting Option 3.

Step 2. Designate a Commuter Benefits Coordinator.

For purposes of the Program, this is simply the person who will complete the registration form and report to the 511 Regional Rideshare Program (511 RRP).

Most employers are expected to assign this role to an existing employee in their Human Resources department. However, this role can be assigned to anyone within the organization that the employer deems appropriate. An employer may also contract with a third party to serve as the Commuter Benefits Coordinator.⁶ In the case of employers who belong to a [Transportation Management Association \(TMA\)](#), the TMA may serve as the Commuter Benefits Coordinator.

Step 3. Go to the Program webpage and register.

Through 511.org, employers will be provided with easy access to a secure, online automated registration process. In order to complete the registration process, an employer will need the following information:

- Name and contact information for Reporting Commuter Benefits Coordinator
- Contact information for an alternative contact person
- Number of full-time employees and covered employees at each Bay Area worksite
- The commuter benefit option that the employer will provide
- Means used to notify employees about the commuter benefit and how to apply for the benefit

Employers will also be required to provide updates to their registration information on an annual basis. Employers will receive an annual follow-up notice requesting that the employer confirm (or update, as needed) the data provided in the original registration submittal.

**Step 4. Notify employees about the commuter benefit that your company will provide and how to take advantage of the benefit, and make the benefit available.**

Employee notification is one of the key requirements of the Program. Since the goal of the Program is to encourage employees to use alternative commute modes, it is essential that employers inform employees about the commuter benefit they offer, and how employees can take advantage of the benefit. Employee notification is required at the following times:

- When the commuter benefit is first made available
- At least once per year thereafter, in conjunction with the employer's annual registration update
- On an on-going basis, for newly-hired employees, as part of the explanation of employee benefits provided during new employee orientation

Employers must indicate the method(s) used to notify employees as part of the registration process. See the [Informational Materials for Employees](#) section below for examples of employee notification documents, including email, hard copy posters and notices, and more.

Step 4a. Determine what transportation providers are available for bus, shuttle, or vanpool service:

Go to [Transit Providers List](#) for more information or consult your local county employer outreach staff for free assistance and support, as shown in [Table 2](#).

⁶ Because some large, multi-site employers may have more than one employee who serves as a Commuter Benefits Coordinator (another term often used is "Employee Transportation Coordinator"), the registration process uses the term "Reporting Commuter Benefits Coordinator" to refer to the Commuter Benefits Coordinator who will serve as the primary contact for purposes of registering the various worksites.

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Step 4b. Map employee residential locations by utilizing the 511 Regional Rideshare Program GIS mapping service.

This free mapping service provides a transportation survey tool that can be administered to your employees to determine employee home zip codes, work schedules, and commute times.

Step 4c. Based on where your employees live and their work schedules,

analyze which transportation option(s) would be most viable, which employee home location areas would be best-suited as the point of origin (for bus or vanpool service), and the morning and evening commute times that would serve the greatest number of employees.

Step 4d. Employers who are interested in Option 3 may want to join forces with neighboring employers to share the costs of an employer-provided transportation program.

For an example of employer participation in “last mile” shuttle programs with neighboring employers go to: samtrans.com/schedulesandmaps/shuttles.html

Step 5. Keep records to document implementation of your commuter benefits program and make these records available in response to any request from the Air District.

The employer must retain the records for a period of three years, and must make records available to the Air District upon request. Employers should maintain documentation to demonstrate that:

- The commuter benefit selected by the employer has been implemented and made available to employees,
- Employees have been notified about the commuter benefit and how to request the benefit (1) at the time the benefit was initially made available and (2) as part of the “new employee orientation” process for newly hired employees.
- The employer is providing commuter transportation to employees by means of bus, shuttle, vanpool, or ferry service. Records should demonstrate that the employer either directly provided transit service to employees, contracted with a transportation company to provide such service, or contributed to the funding of such service through payments to a property manager or Transportation Management Association that provides such service. [Click here](#) for a sample checklist of the steps to complete the registration process.

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GETTING STARTED: OPTION 4: ALTERNATIVE COMMUTER BENEFIT

The basic steps to comply with the Program can be summarized as follows:

Step 1. Choose an option:

Evaluate the four commuter benefit options and select one to offer to your employees. If you are here, you are selecting Option 4.

Step 2. Designate a Commuter Benefits Coordinator.

For purposes of the Program, this is simply the person who will complete the registration form and report to the 511 Regional Rideshare Program (511 RRP).

Most employers are expected to assign this role to an existing employee in their Human Resources department. However, this role can be assigned to anyone within the organization that the employer deems appropriate. An employer may also contract with a third party to serve as the Commuter Benefits Coordinator.⁷ In the case of employers who belong to a [Transportation Management Association \(TMA\)](#), the TMA may serve as the Commuter Benefits Coordinator.

Step 3. Go to the Program webpage and register.

Through 511.org, employers will be provided with easy access to a secure, online automated registration process. In order to complete the registration process, an employer will need the following information:

- Name and contact information for Reporting Commuter Benefits Coordinator
- Contact information for an alternative contact person
- Number of full-time employees and covered employees at each Bay Area worksite
- The commuter benefit option that the employer will provide
- Means used to notify employees about the commuter benefit and how to apply for the benefit

Employers will also be required to provide updates to their registration information on an annual basis. Employers will receive an annual follow-up notice requesting that the employer confirm (or update, as needed) the data provided in the original registration submittal.

**Step 4. Notify employees about the commuter benefit that your company will provide and how to take advantage of the benefit, and make the benefit available.**

Employee notification is one of the key requirements of the Program. Since the goal of the Program is to encourage employees to use alternative commute modes, it is essential that employers inform employees about the commuter benefit they offer, and how employees can take advantage of the benefit. Employee notification is required at the following times:

- When the commuter benefit is first made available
- At least once per year thereafter, in conjunction with the employer's annual registration update
- On an on-going basis, for newly-hired employees, as part of the explanation of employee benefits provided during new employee orientation

Employers must indicate the method(s) used to notify employees as part of the registration process. See the [Informational Materials for Employees](#) section below for examples of employee notification documents, including email, hard copy posters and notices, and more.

Step 4a. Making Option 4 available to employees:

Employers can find out more information on carpools, biking, telework programs, and examples of employee award programs by reviewing [Option 4 Guide](#) and by reviewing [case studies](#), [frequently asked questions](#), and [informational materials for employees](#) provided later in this Employer Guide.

⁷ Because some large, multi-site employers may have more than one employee who serves as a Commuter Benefits Coordinator (another term often used is "Employee Transportation Coordinator"), the registration process uses the term "Reporting Commuter Benefits Coordinator" to refer to the Commuter Benefits Coordinator who will serve as the primary contact for purposes of registering the various worksites.

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There may be services, such as an Emergency (or Guaranteed) Ride Home Program, that employers can tap into as a component of a broader alternative commuter benefit program. To learn more about the Emergency Ride Home Program in your county, go to: <http://rideshare.511.org/benefits/county-rewards.aspx> or contact your 511 RRP or local employer outreach staff as shown in Table 2.



Step 5. Keep records to document implementation of your commuter benefits program and make these records available in response to any request from the Air District.

The employer must retain the records for a period of three years, and must make records available to the Air District upon request. Employers should maintain documentation to demonstrate that:

- The commuter benefit selected by the employer has been implemented and made available to employees,
- Employees have been notified about the commuter benefit and how to request the benefit (1) at the time the benefit was initially made available and (2) as part of the “new employee orientation” process for newly hired employees.
- The employer provided each of the Option 4 measures described in its registration form submittal. Record-keeping requirements for Option 4 will depend upon the specific commuter benefit(s) provided to employees. Please contact us for assistance regarding compliance with the record-keeping requirements under Option 4. [Click here](#) for a sample checklist of the steps to complete the registration process.

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EXAMPLES: OPTION 4

Carpool Subsidy Option: Pursuant to Option 4A, an employer could offer one Primary Measure and two Secondary Measures, with a focus on carpooling:

- Carpool Subsidy (\$3/day that employee carpools)
 - Preferred parking for carpools
- Plus one additional Secondary Measure of the employer's choice.*

Bicycle Option: Pursuant to Option 4A, an employer could offer one Primary Measure and two Secondary Measures, with a focus on bicycling:

- Bicycle Subsidy (\$20/month)
 - Secure, on-site bicycle parking
- Plus at least one additional Secondary Measure of the employer's choice.*

Carpool Promotion Option: Pursuant to Option 4B, an employer could offer four Secondary Measures, with a focus on carpooling:

- Preferred parking for carpools
 - Participation in an emergency/guaranteed ride home program
- Plus 2 additional Secondary Measures of the employer's choice.*

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EMPLOYER ASSISTANCE

Assistance to help employers comply with the Program is provided by MTC through the 511 Regional Rideshare Program (511 RRP). The 511 RRP offers free information and services to help employers develop commuter benefits programs to encourage the use of transit, carpooling, vanpooling, biking, walking, and telecommuting, ranging from basic information to help in developing customized worksite transportation programs.

The 511 RRP offers in-person and online employer assistance in four counties: Alameda, Marin, Sonoma, and Santa Clara. In the other five counties (Contra Costa, Napa, San Francisco, San Mateo, and Solano), staff of local employer outreach programs offer free in-person and online employer outreach assistance. For more information on the 511 RRP and the employer assistance services available in each county, see the table below.

Table 2 - Employer Assistance Services by County		
County	Employer Assistance Program	Contact
Alameda	511 RRP	LaShawn Martin: 510-273-3610 martin@rideshare.511.org
Contra Costa	511 Contra Costa	<u>Central/East Contra Costa</u> Leona Gee: 925-969-1084 LGee@511contracosta.org <u>West Contra Costa</u> Danelle Carey: 510-210-5932 dcarey@wcctac.org <u>Southwest Contra Costa</u> Darlene Amaral: 925-973-2655 damaral@sanramon.ca.gov
Marin	511 RRP	Christy Garland: 510-273-3628 garland@rideshare.511.org
Napa	Solano/Napa Commuter Information	Solano Napa Commuter Information Sean Hurley: 707-399-3218 shurley@sta.ca.gov
San Francisco	San Francisco Department of the Environment	San Francisco Department of the Environment Commute Smart Team: 415-355-3727 commutesmart@sfgov.org
San Mateo	Commute.org	Peninsula Traffic Congestion Relief Alliance Karen Sumner: 650-588-8170, ext. 104 karen@commute.org
Santa Clara	511 RRP	Linda Furnas: 408-321-5948 furnas@rideshare.511.org
Solano	Solano/Napa Commuter Information	Solano Napa Commuter Information Sean Hurley: 707-399-3218 shurley@sta.ca.gov
Sonoma	511 RRP	Christy Garland: 510-273-3628 garland@rideshare.511.org

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Free services available to employers through the 511 RRP include:

- Consultations – Employer outreach staff can consult with the organization regarding programs that save money, make employees happier and more productive, and make business “greener”.
- Worksite Events – Employer outreach staff can arrange for employees to speak directly with a 511 RRP transportation expert at health and benefits, environmental, or transportation fairs about commute options.
- Employee Surveys – Using survey data, employer outreach staff can help the organization design an effective transportation program and greener worksite.
- Density Maps – Employer outreach staff can provide large-scale, color maps that display where clusters of employees live. Density maps can help to determine which measures would be most effective in promoting the use of alternative commutes modes.
- Relocation Assistance – Moving or considering a site change? Employer outreach staff can facilitate a smooth transition for businesses and employees.
- Ridematching – The 511 RideMatch Service is an interactive, on-demand system that helps people find carpools, vanpools, or bicycle partners. The 511 RideMatch Service can be customized, free of charge, to match the look and feel of a company’s website. This allows employees to access the RideMatch Service with the added confidence of knowing that their employer supports ridesharing. Registrants have the option to limit their match results to company-only employees, or to expand their search to all regional commuters.
- Vanpool Formation and Support – Employer outreach staff can help employers form and maintain vanpools. Employees who join vanpools can save money and reduce their commute stress. Employers who promote vanpooling can save on payroll taxes (see Option 1), reduce the space needed for employee parking, and attract and retain productive employees. Visit rideshare.511.org/vanpool/ for more information.
- Rewards – Employees using alternatives to driving alone can qualify for local and regional rewards. Visit <http://rideshare.511.org/benefits/county-rewards.aspx> for the latest information.
- Employer Referrals – What are other companies doing about transportation issues? Employer outreach staff can connect employers with other companies that share program advice.

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ENFORCEMENT

Employers subject to the Commuter Benefits Program must comply with its requirements. The Air District and MTC will focus on providing information and assistance to help employers understand the Program and comply with its requirements. However, the Air District does have authority to enforce its regulations, including the Commuter Benefits Program (Regulation 14, Rule 1) pursuant to the California

Health & Safety Code. The Air District enforcement program typically utilizes a cooperative working relationship with the regulated entities, in conjunction with graduated levels of enforcement actions, in order to maintain compliance with air quality regulations. In most cases, an enforcement action can be settled by taking prompt corrective actions and paying a monetary penalty.

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PROGRAM EVALUATION

The Air District and MTC must submit a report to the California State Legislature by July 1, 2016 to describe the effectiveness of the Bay Area Commuter Benefits Program in reducing motor vehicle trips and emissions. Much of the necessary information should be available through the

employer registration process. However, employers and/or their employees may be required to participate in a survey to determine the number of employees who changed their commute mode in response to the Program.

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COORDINATION WITH LOCAL COMMUTER BENEFIT ORDINANCES

The Bay Area Commuter Benefits Program is modeled on local ordinances that have been established in recent years in several Bay Area cities, including the city of San Francisco, the city of Richmond, the city of Berkeley, and the San Francisco International Airport, as shown below. The substantive provisions of these local ordinances are

very similar to the requirements of the regional Program. However, the local ordinances have a more stringent applicability threshold. These local ordinances apply to employers with either 10 or more or 20 or more employees nationwide that have a worksite in the relevant city.

Commuter Benefits Ordinances Adopted by Bay Area Cities		
Jurisdiction	Applicability Threshold	Effective Date of Ordinance
City & County of San Francisco	20 or more employees nationwide	January 19, 2009
San Francisco International Airport	20 or more employees nationwide	July 7, 2009
City of Berkeley	10 or more employees nationwide	December 2009
City of Richmond	10 or more employees nationwide	December 8, 2009

To avoid duplication of effort, the four local jurisdictions shown above have agreed that all employers that are subject to the Bay Area Program (i.e., employers with 50 or more full-time employees in the Bay Area) should report to the Bay Area Program. To avoid the need for employers in these

cities to report to multiple entities, the Bay Area Program will verify employer compliance and provide information to the local jurisdictions on how the employers in their area are complying with the Bay Area Program.

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ROLE OF TRANSPORTATION MANAGEMENT ASSOCIATIONS

Pursuant to SB 1339, the Program provides that, if an employer participates in a Transportation Management Association (TMA) which provides a commuter benefit consistent with Program requirements, the TMA may represent the employer for purposes of the Program. The Air District and MTC have been working with TMAs to

define their role. Employers who are served by a TMA are encouraged to contact their TMA to determine what role, if any, the TMA will play in helping its member employers comply with the Program. The following is a list of Bay Area TMAs as of March 2014.

Bishop Ranch Transportation Management Association One Annabel Lane, Suite 201 San Ramon, CA 94583 bishopranch.com/about-br/transportation brtc@bishopranch.com	Emeryville TMA 1300 67th Street Emeryville, CA 94608 emerygoround.com info@emerygoround.com	Mission Bay TMA 255 Channel Street San Francisco, CA 94107 missionbaytma.org transit@missionbaytma.org	San Mateo Rail Corridor Association TMA commute.org john@commute.org
Contra Costa Centre Transit Village 1350 Treat Boulevard, Suite 180 Walnut Creek, CA 94597 contracostacentre.com/transit.html cca@contracostacentre.com	Hacienda Business Park 4473 Willow Road, Suite 105 Pleasanton, CA 94588 hacienda.org/amenities-employees-residents/commute-solutions info@hacienda.org	Moffett Business Park TMA P.O. Box 60995 Sunnyvale, CA 94088 mpbta.org kerryh@mpbta.org	TMA of San Francisco 180 Montgomery Street, Suite 2360 San Francisco, CA 94104 tmasfconnects.org kmartinson@tmasfconnects.org

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POTENTIAL TAX SAVINGS FOR THE FOUR COMMUTER BENEFIT OPTIONS

Potential tax savings to employer and employees for the various commuter benefit options are summarized in the table below. Employers should consult with their tax advisor regarding potential tax savings related to their commuter benefit program.

OPTION	Employer Tax Benefit	Employee Tax Benefit
OPTION 1: Pre-Tax: Employer allows employee to exclude transit or vanpool fare from taxable income (up to \$255 per month)	Employer saves on payroll taxes: 7.79% on employee’s transit/vanpool costs ⁸ . Employer saves up to \$238 per employee per year.	Employee saves on federal and State income taxes, and the Social Security and Medicare taxes (7.65%), yielding average savings of 40% or more on transit/vanpool costs per year. Depending on tax bracket, employee can save up to \$964 per year.
OPTION 2: Employer Provides Subsidy: to cover or reduce the employee’s transit or vanpool fare, to max of \$75 per month	Employer does not pay payroll taxes on subsidy for transit or vanpool (up to \$255 per month). Employers may also deduct the subsidy as a business expense.	Employer-provided subsidy is tax-free to employee (up to \$255 per month). Employee takes home the entire value of the subsidy (saving on federal and State income taxes, and FICA taxes).
OPTION 3: Employer provides transportation for employees in bus, shuttle or van	Employer may be able to deduct cost of transportation such as a bus, shuttle or vanpool service as a business expense.	The value of the employer-provided transportation is treated as a tax- free fringe benefit by the IRS. In addition, if employee pays part of the cost, the employee share can be excluded from taxable wages , per Option 1, thus saving on federal and State income taxes, and FICA taxes.
OPTION 4: Alternative Commuter Benefit	Bicycle Subsidy- Employers can provide up to \$20 per month for qualified bicycle expenses. The subsidy is not subject to payroll taxes . Employers may also deduct the subsidy as a business expense. Employer may be able to deduct as a business expense costs associated with implementation of various measures outlined in Option 4a and Option 4b. Note: If employer provides a subsidy for carpooling or walking, the value of this subsidy is taxable to both the employer and the employee.	Bicycle Subsidy- Employee receives up to \$20 per month for qualified bicycling expenses tax-free , saving on federal and State income taxes, and FICA taxes. Note: If employer provides a subsidy for carpooling or walking, the value of this subsidy is taxable to both the employer and the employee.

Besides the free, in-person assistance available to employers, written materials are available online to assist employers in selecting one of the four options to comply with the Bay Area Commuter Benefits Program: commuterbenefits.511.org

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⁸ The FICA tax consists of the Social Security (6.2 percent) and Medicare (1.45 percent) taxes. Social Security: Employers and employees each pay 6.2 percent of employee’s income up to \$117,000 in 2014. Medicare: Employers and employees each pay 1.45 percent of employee’s income, with no limit in 2014. Page 21

CHECKLIST FOR EMPLOYERS

(This checklist is intended as a tool to help employers document their compliance with the Program. Employers are not required to fill out this form.)

The Bay Area Air Quality Management District Board of Directors adopted Regulation 14, Rule 1: Bay Area Commuter Benefits Program, in collaboration with the Metropolitan Transportation Commission, in March 2014. The Program requires employers with 50 or more full-time employees within the Air District's jurisdiction to select one (or more) of four commuter benefit options to offer their employees. Employers that are subject to the Program must register and comply with Program requirements by September 30, 2014 (or within six months of becoming subject to the Program). If you have questions regarding this Program, please go to 511.org, click on Bay Area Commuter Benefits Program then "Needs Assistance" to find the local contact in your county or call 511 and ask for "Commuter Benefits".

Program Checklist

1. **Designate a commuter benefits coordinator**
2. **Select a commuter benefit:** Choose one (or more) of the commuter benefit options to offer to employees:
 - Option 1: Allow employees to exclude their transit or vanpool costs from taxable income, to the maximum amount, as allowed by federal law.
 - Option 2: Employer-provided transit or vanpool subsidy up to \$75 per month.
 - Option 3: Employer-provided free or low cost bus, shuttle or vanpool service operated by or for the employer.
 - Option 4: An alternative employer-provided commuter benefit that is as effective as in reducing single occupant vehicles as Options 1-3.
 - Enter the date the selected commuter benefit option was made available to employees: ___/___/___
 - Maintain records to document that the commuter benefit(s) has been provided. See the Commuter Benefit Program Employer Guide for additional information on record-keeping requirements.
 - Keep track of the number of employees participating in or receiving the commuter benefit.
3. **Employee Notification:**
 - Notify employees of the commuter benefit(s) and how to take advantage of it.
 - Maintain records to document how and when employees were notified about the commuter benefit(s).
4. **Employer Registration:** Register by going to 511.org and clicking on "Commuter Benefits Program". Complete the on-line registration process by providing the following information:
 - contact information for the commuter benefits coordinator
 - an alternate contact person
 - all Bay Area worksites and the number of employees per worksite; the commuter benefit(s) offered to employees
 - If the commuter benefit was offered prior to Program adoption (March 26, 2014) provide the date and number of employees who are already using this commuter benefit.
 - the means used to notify employees about the benefit

Note: At the time of registration, we recommend that employers print a copy of the summary page (screen 4) and print the message acknowledging their registration.
5. **Annual registration update:** Employers who complete the initial registration will be notified when it is time to submit an annual registration update.
 - Notice will be provided by means of an email addressed to the commuter benefits coordinator.
6. **Record-keeping:** Maintain records to document compliance for a period of three years, as described above. Provide records to the Air District upon request.

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FREQUENTLY ASKED QUESTIONS

Frequently Asked Questions (FAQs) and answers have been compiled based on those received during the public outreach process. [Click here for Frequently Asked Questions.](#)

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LIST OF COMMUTER BENEFIT PROVIDERS

A comprehensive list of vendors providing commuter benefit services for employers to contact directly. [Click here for a list of Commuter Benefit Providers.](#)

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CASE STUDIES

Examples of various sized employers successfully launching commuter benefit programs for their employees are provided. [Click here for examples of employer commuter benefit programs.](#)

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PROGRAM OVERVIEW

A summary outline of this Employer Guide to use as a reference tool and to utilize internally at an employer worksite is available. [Click here for the Program Overview.](#)

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INFORMATIONAL MATERIALS FOR EMPLOYEES

The success of the Bay Area Commuter Benefits Program ultimately depends upon employees changing their commute mode in response to the commuter benefits your company provides. Therefore, outreach to employees is critical. Materials to inform employees about the Program and to help them understand how they can benefit are provided on the Program website. Materials directed at employees include the following:

Fact Sheet for Employees: The fact sheet provides a brief overview of the Program, the reasons to consider using an alternative commute mode, and the amount of money that

the employee can potentially save. [Click here.](#)

Program Poster: In order to promote the Commuter Benefit Option the employer has chosen for its employees, informational program posters are available to post at employer worksites. [Click here](#) for the program posters.

Company Intranet Email: To assist employers in promoting the Commuter Benefit Option the employer has chosen for its employees, an example email to promote the program has been created and is available by clicking [here](#).

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Endnotes

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