

Commuter Benefits: Employers Get Green Light

by Connie Ruth



Employers are finding a new way to get their employees out of a jam—commuter benefits.

Emerging across the country in response to thicker traffic and longer commutes, commuter benefit packages give employers a way to retain and attract talented employees coping with a long trip to work. And now, they can also help employers land tax breaks and win recognition for helping their communities reduce air pollution, traffic and U.S. dependence on foreign oil.

Commuter benefits, such as a compressed workweek, telecommuting, transit subsidies and bike lockers are not yet part of most employment packages. But a significant number of large companies have turned to these types of benefits to help employees get to work. Two of the most popular commuter benefits—the compressed workweek and permission to telecommute at least part time—are now offered at 44% of the nation's larger employers, according to a 2001 survey by the Society for Hu-

man Resource Management (SHRM) that covered a sample of its membership. Transit subsidies, where the employers underwrite at least part of the cost of a public transit commute, were offered by 14% of the large employers in the SHRM survey.

Those employers whose commuter benefit packages meet a voluntary national standard of excellence set by the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Transportation (DOT) can get public recognition and a designation showing they offer the gold standard in commuter benefits.

Under a program called the Commuter Choice Leadership Initiative launched by EPA and DOT, companies that meet the standard can earn the designation of "Commuter ChoiceSM Employer," a national standard of excellence for commuter and environmental efforts. Commuter ChoiceSM Employers also benefit from EPA-provided training, forums and tools to help implement

or improve their commuter benefits programs.

Growing Demand

The program's launch coincides with increasing worker demand for commuter benefits. A survey in the *Xylo Report* in April 2001 found that 86% of workers think that commuter benefits are useful. Another recent survey of U.S. workers by CareerBuilder reported that 36% of respondents would be willing to take a pay cut of 10% or more in exchange for a shorter commute. And a September 2002 survey conducted by the Academy for Educational Development found that more than 50% of workers are likely or very likely to ask their employers for some type of commuter benefit.

EPA estimates that workers now spend more than \$60 billion a year on gasoline commuting to and from work. And according to a 2002 Texas Transportation Institute study, Americans spend an average of 62 hours a year sitting delayed in rush-hour traffic—double the time spent three years ago.

A long and difficult commute extends the workday, and addressing that can be a powerful recruiting tool. Employers are discovering that offering generous commuter benefits makes them more competitive in both recruiting and retaining the best-qualified employees—and saves them money on turnover expenses and recruiting time.

Employers' Edge

Diana Kotler, transportation program coordinator for the city of Anaheim, California, said, "We're starting to see job-seekers really take into account commuter benefits and transportation options as ma-

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major factors in both their employment and place-of-residence decisions.” She said the city’s commuter benefits package has had a significant impact on its employee recruiting and retention.

At least a third of the employees at Genencor International, a biotechnology company and Commuter ChoiceSM Employer in Palo Alto, California, use commuter benefits. The firm credits its comprehensive program with helping it attain one of the lowest turnover rates in the biotechnology industry (8.5% versus a 22% industry average).

A typical worker who switches from driving alone to using commuter benefits for mass transit, a vanpool or telecommuting saves more than \$800 a year in transportation costs, such as gas, wear and tear and maintenance, and avoids driving 3,300 miles per year—the distance from Miami to Seattle.

Unlike with a salary raise or many other perks, companies can cover their employees’ commuting expenses tax free up to a monthly limit. Once a commuting subsidy is in place, both the employer and employee end up paying less in federal taxes each month.

The amount that employers can offer their employees in benefits for using public mass transit and vanpools increased in 2002 to \$100 from \$65 per month. A number of states, such as Maryland, are also beginning to provide employers with tax credits for offering commuter benefits.

Participating Employers

Since the program was launched in May 2001, more than 1,300 employers, representing more than half a million employees, have become Commuter ChoiceSM Employers. They come from every business sector and region of the country and range from large multinational corporations with thousands of employees (such as Nike, Apple Computer and Chevron) to small, local businesses (such as Boulder,

Colorado’s Silver Wave Records and PEH Architects) with fewer than ten workers.

Beyond improving employee satisfaction, many companies have found tangible, bottom-line benefits to the program. Having the incentive to use public transit, a vanpool or the option to telecommute can cut down on employee stress, reduce the risk of an auto-related injury and increase job satisfaction—all of which increase productivity in the workplace.

“For us, increasing productivity is really the important reason for having a commuter choice program,” said Dan McCoy, commuter programs manager for Pixar Animation Studios in Emeryville, California. “It’s a cost-effective way to improve the quality of life of our employees, while contributing to the environment in the Bay Area.”

Other Commuter ChoiceSM Employers have found that commuter benefits programs reduced the need for additional parking structures and lots, saving money. As a direct result of its commuter benefits program, the Walt Disney Co., for instance, was able to avoid spending \$2 million to create new parking for its employees.

Besides benefiting companies and their employees, employer-provided commuter benefits also make an important contribution to the environment. With more than 200 million vehicles on American highways, heavy commuter traffic is a principal cause behind several current challenges, including air pollution and global warming.

Right now, three-quarters of all trips made to and from work in the United States are made by one-occupant vehicles. And according to the 2002 Texas Transportation Institute Urban Mobility Study, Americans waste roughly 5.7 billion gallons of gasoline in traffic jams each year. The resulting emissions from traffic congestion diminish air quality, contribute to global warming and cause respiratory problems. Currently, 40% of the U.S. population lives in areas where it is unsafe to breathe the air during much of the summer because of ozone or smog pollution caused primarily by cars and other vehicles.

A single company with 1,000 employees that becomes a Commuter ChoiceSM Employer can take 175 cars off the road, save nearly 44,000 gallons of gasoline and reduce global warming emissions by 420 tons every year. In fact, if just half of all U.S. commuters worked for Commuter ChoiceSM Employers, traffic and air pollution would be cut by the equivalent of taking 15 million cars off the road.

Getting in Gear

EPA sees employer commuter benefits becoming a common workplace benefit similar to health plans and 401(k)s.

To qualify as a Commuter ChoiceSM Employer, companies need to offer their employees at least one primary benefit, such as tax-free public transit or vanpool passes, telecommuting, or parking cash-out, which allows workers to trade free-parking privileges for the equivalent in cash. They also need to offer three supporting commuter benefits by choosing from a broad list of more than a dozen options, such as discounted parking for carpools or vanpools, carpool matching, transit station shuttles or compressed workweeks. (Companies with fewer than 20 employees are offered a more simplified requirement.)

Some employees may be reluctant to leave their car at home or at the park-and-ride because they worry they might need it for an emergency. Commuter ChoiceSM Employers offer peace of mind to their employees by making certain they have access to a guaranteed-ride-home program. Guaranteed-ride-home programs provide employees with free transportation (by taxi, rental car or other means) in case they become ill, have a family emergency or need to work late. Regional ride-share programs or local governments often offer these. However, even when they don’t, Commuter ChoiceSM Employers have reported that the cost of providing a taxi or rental car for the rare emergency is not prohibitive.

The type of commuter benefit program an employer implements will de-

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pend upon a number of factors, such as size of the company, location and the type of business. Regardless of the conditions, however, commuter benefit programs can be designed to suit any type of company.

PepsiCo, Inc., with 1,600 employees at its office in Westchester, Connecticut, has a comprehensive commuter program that includes subsidized vanpools, carpool matching, telecommuting and a flexible work-hours program.

"Because this is a highly congested area, we needed to offer our employees as many transportation alternatives as possible and they take advantage of it," said Elaine Palmer, manager for corporate information at PepsiCo, Inc. "Right now, we have over 40% of our office utilizing some commute alternative."

Biotechnology company Genencor has assembled a broad commuter benefits package for its 275 employees in the San Francisco Bay area. It includes a program that makes automobiles available to employees during the workday for errands or emergencies and provides bicycles for

use during the day as well as on-site bike lockers and racks.

Some Commuter ChoiceSM Employers also offer incentives to their employees to generate continued interest and participation in their commuter benefits programs. Nike Inc., in Beaverton, Oregon, for example, holds monthly and quarterly prize drawings for employees who commute using modes of transportation other than driving alone. Pioneer Americas Inc., in Tacoma, Washington, allocates at least \$2,000 per year for its incentive program, which includes car washes, oil changes and cash prizes.

Some companies that currently offer commuter benefits will find that they already qualify to become a Commuter ChoiceSM Employer and receive access to the program's benefits. "When we found out about the Commuter Choice Leadership Initiative, we looked into the criteria to join and discovered that we virtually qualified for the program with the commuter benefits that we already offer our employees," said PepsiCo's Palmer. "To fully meet the initiative's requirements, we've recently added a guaranteed ride program to our list of benefits."

To join the program, companies sign and send to EPA the voluntary agreement located at www.commuterchoice.gov. Companies that do not currently offer commuter benefits, but are considering doing so, can call toll free (888) 856-3131 or e-mail at commuterchoice@epa.gov to receive information about the new initiative or to speak with a program expert who can make recommendations on the best type of commuter benefits package to offer. ♦



Connie Ruth is a manager for the Environmental Protection Agency's Commuter Choice Leadership Initiative and has

worked at the agency for more than 12 years. During her tenure, Ruth has been instrumental in establishing the voluntary National Standard of Excellence for Commuter Benefits, the Employer Trip Reduction program and EPA's Transportation Air Quality Center. She has a bachelor of science degree and a master of science degree from the University of Michigan's School of Natural Resources and the Environment.

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