

## Commuter Benefits Program

### **BACKGROUND**

The Bay Area Commuter Benefits Program (“Program”) requires all employers with 50 or more full-time employees in the Bay Area to provide commuter benefits to their employees. To comply with the Program, employers must select one (or more) of four commuter benefits options, notify employees about how to take advantage of the benefit, and register with the Program by September 30, 2014.

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 that option available
- Maintain records to document implementation of the commuter benefit

### **PROPOSED VENDOR FOR SERVICES**

Commuter Benefits Solutions is a federally approved vendor. Currently many districts are considering this vendor and implementing option 1 – Pre-tax Benefit. Commuter Benefits Solutions will be holding a Webinar on either September 8<sup>th</sup> or 9<sup>th</sup> for Marin County Districts to discuss the details of implementation.

### **SUMMARY OF OPTIONS**

The Program requires employers to choose one (or more) of the following commuter benefit options to offer to their employees by September 30, 2014:

Options	Description	Examples or Impacts of Measures
<b>Option 1 – Pre-tax Benefit</b>	<p>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 \$130 per month).</p> <p>This option can reduce payroll and/or income taxes for both employers and employees. Option 1 should be the most economical of the four options</p>	<p>If an employee elects to set to set aside the current maximum allowed on 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). The employer will</p>

	<p>since 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 for vanpooling.</p>	<p>realize approximately \$11.70 per month or \$140 per year in payroll tax savings for this employee (assuming 7.65% FICA).</p>
<p><b>Option 2 – Employer-provided Subsidy</b></p>	<p>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 employer may choose to offer a higher subsidy amount on a voluntary basis.</p>	<p>This option represents an out-of-pocket cost to the employer. Employer may be able to deduct the subsidy as a business expense.</p> <p>Option 2 provides a very tax-efficient way, from the standpoint of both the employer and the employee, to improve an employee compensation package.</p> <p>For example:          If an employee gets a salary increase of \$100, employer pays FICA taxes (at 7.65%) and pays \$71. The employee pays the federal and state income taxes and FICA, therefore takes home \$58 after taxes.</p> <p>vs.</p> <p>If any employer provides a \$100 tax-free commuter benefit, employer pays no FICA taxes and pays only \$66. The employee takes home the full \$100 value.</p>
<p><b>Option 3 – Employer-provided Transit</b></p>	<p>The employer provides a free or low-cost bus, shuttle, or vanpool service for employees.</p>	<p>For tax purposes, employers may be able to deduct the costs of employer-provided transportation as a business expense. This is a good</p>

		<p>option for employers who currently provide bus or shuttle service for their employees for a minimal fee or free. Example Google, Genetech, etc.</p>
<p><b>Option 4 – Alternative Commuter Benefit</b></p>	<p>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).</p>	<p>Option 4 may be most appropriate for employers located in areas that are not well served by transit. This option provides a means to promote alternative commute modes, such as carpooling, walking, telecommuting, compressed work week schedules, or promoting the use of electric vehicles by employees.</p> <p>There are two main menu-style options:</p> <p>Option 4A: Employer selects one Primary Measure plus at least two Secondary Measure from the list of measures in Table 1. (See table below)</p> <p>Option 4B: Employer selects at least four Secondary Measures from the list in Table 1.</p> <p>Option 4C: In addition to this menu approach, employers may propose their own alternative commuter benefit. This approach requires the Air District’s approval.</p>

**Table 1: Option 4 Measures**

<b>Primary Measures</b>	<b>Secondary Measures</b>
<ul style="list-style-type: none"><li>- Carpool Subsidy \$3/day per employee</li><li>- Bicycle Subsidy \$20/month</li><li>- Telecommute Schedule</li><li>- Compressed Workweek</li><li>- Parking Cash-Out</li><li>- Electronic Vehicle Implementation (fleet changeover, EV car share, charging stations for employees, etc.)</li></ul>	<ul style="list-style-type: none"><li>- Preferred parking for carpools</li><li>- Provide employer-specific carpool match service</li><li>- Employer-provided membership in a car-sharing program</li><li>- Participation in an emergency/guaranteed ride home program</li><li>- Secure, on-site bicycle parking</li><li>- Showers and bicycle lockers for employees</li><li>- Employer-sponsored Bike Share Program</li><li>- Employee commuting awards program (ex. Bonus vacation day, free lunch, gift card, etc.)</li><li>- On-site amenity (ATM, café, catered lunch, onsite child care, dry cleaning, etc.)</li><li>- Provision of a shared mechanism for viewing real time commuting info (ex. Flat screen monitor in lobby)</li><li>- Lunchtime shuttle</li></ul>