



Kansas RTAP Fact Sheet

A Service of The University of Kansas Transportation Center for Rural Transit Providers

Working on Transit

by John Elias

Transportation strategies to support employment



With today's uncertain financial climate, businesses and workers alike must tighten their belts and investigate every possibility to help the pocketbook as well as the bottom line. Transit agencies already serving the community have an opportunity to reach out to commuters and businesses to grow ridership and serve more people. The Community Transportation Association of America (CTAA) developed its Transportation to Work Toolkit to help educate employers about the benefits of transit. The toolkit details a variety of inexpensive and tax-deductible ways businesses can increase employee satisfaction, retention, and company profits, all while promoting "green" solutions and developing a reputation as innovative employers. Transit agencies looking to expand service and add commuters can use the toolkit to help bring businesses on board. Here is a look at some of the ideas in the toolkit.

Partnering with businesses

Proactive transit agencies may seek out large businesses in the area to establish partnerships or leverage already-existing relationships with business

leaders. Transit providers could package current monthly passes and multiple fare discounts together to serve job-access commuting.

Chatham Area Transit (CAT) in Georgia recently partnered with the City of Savannah to create the Half Off Transit (HOT) Program. Through the HOT program the City pays half of the cost of monthly CAT bus passes for participating employees. The remaining cost of the pass is deducted pre-tax from the employee's paycheck. Passes can also be used for non-work trips.

Agencies might also seek out individual solutions through meetings with businesses to brainstorm about employer-specific transit solutions. Transit experts could survey management and employees to determine employees' transportation needs and develop solutions that work for both the employer and the transit provider. Both parties could investigate ways to optimize work schedules and bus schedules to best utilize each other's resources. The employer may take advantage of tax incentives to purchase reduced fare passes for her employees. Or the transit provider may see an opportunity to design bus routes specific to the employer's locations.

How to get it done

With myriad options and employers unfamiliar with transit, agencies may need to take an initial lead in hosting discussion sessions before developing a cooperative relationship.

To facilitate coordination on a day-to-day basis, a business may wish to designate one employee to function as a transportation liaison with the transit agency. The business's liaison would work with the transit agency as a point of contact for changes in service or interruptions and would function as a valuable resource in the office for questions about transit. Liaisons typically post and update route maps and schedules around the work site, educate employees about options and make transit agencies aware of any changes in service necessary to



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better serve commuters. The transit agency could even allow liaisons to sell bus passes and tickets. Involving the transportation liaison in the early brainstorming sessions also provides an employee perspective during decision making and encourages employee participation in the program.

Ideas for saving money

In addition to promoting solutions to provide transportation for employers, the Transportation to Work Toolkit contains a wealth of information for employers and employees to save money. Through the IRS Qualified Transportation Fringe Benefit Program (see article on page 6: “Helping Businesses Help Commuters”), employers can reduce employment taxes by providing direct benefits or before-tax set-asides to employees who take advantage of transit and other transportation options. Encouraging alternative transportation solutions in this program can truly be a win-win solution for businesses and commuters.

In addition to working to create transit solutions, employers and employees who promote or take advantage of ride-sharing are eligible for tax incentives.

Guaranteeing a ride home

One often-cited question that discourages transit use is “What would I do in case of emergency?” Many commuters won’t consider traveling to work via transit due to concerns about getting a ride in the emergency situations or fears about staying too late for bus service.

Guaranteed Ride Home (GRH) services can eliminate these fears. GRH programs ensure that commuters can get home with just a phone call.

Some GRH services use transit agencies or taxi cab companies and require cash payment for the ride, then reimburse after the fact. Other programs provide employees with vouchers to pay for service and alleviate the need for cash payment at the time. Some employers choose to pay transit agencies a small base rate to provide GRH services. Each program sets its own rider policies, hours and allowable destinations.

The single greatest incentive for using commuter transit may be provision of a GRH service. Transit agencies can encourage employers and commuters to support and use transit through creation or maintenance of such programs.

Some employers may choose to coordinate vanpool services themselves, taking advantage of the tax benefits or utilizing their existing fleet of vehicles to serve seven to fifteen riders on work commutes. Many others look toward local transit agencies to provide vanpool services for a fee that covers administration, promotion, and maintenance. Transportation liaisons at businesses may also help in coordination and education about vanpools. Both transit providers and liaisons also provide resources about carpool options or ride matching services to link people together.

Green benefits

While businesses recognize the tax and employee benefits to transit, they can also capitalize on the environmental benefits. Developing a partnership with transit providers allows the company to market itself as an innovative partner in the community and a

Sources

- CTA *Transportation to Work Toolkit*: <http://web1.ctaa.org/webmodules/webarticles//anviewer.asp?a=1442&z=5>
- Accor Services: Tax and Environmental Benefits Calculator: www.accorservicesusa.com/

The single greatest incentive for using commuter transit may be the provision of a guaranteed ride home.

business devoted to environmental sustainability. In addition to promoting “Transit First” with employees through a designated liaison or simpler promotion and employee information packages, employers can promote the number of gallons of oil saved or pollution avoided through their commuter incentives. Environmentally-conscious efforts increase employee retention and community support. Marketing itself as a “Transportation Green” company can cultivate the company’s image as a forward-thinking, responsible member of the community.

Increasingly, due to high fuel costs or financial concerns, workers are turning to transit solutions for commuting. Transit agencies can increase ridership and widen service areas by partnering with businesses to design the best transportation solutions for commuters and create Guaranteed Ride Home Programs to alleviate worker’s fears about being stranded (see sidebar). Transit agencies can use the tools developed by the CTAA Transportation to Work Toolkit to interact with businesses and outline benefits, develop those partnerships and increase the economic well-being of the community.

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Helping Businesses Help Commuters

By John Elias



Employers have a variety of methods to provide a qualified transportation fringe benefit that can cover transit costs up to \$230 per month per employee.

Difficult economic times cause people and businesses to adjust priorities. A tenuous or uncertain employment outlook combined with fluctuating gas prices leaves many workers with little or no margin for error in spending their incomes. Having options for access to employment become even more important to commuters. Coupled with that, employers want to sustain their businesses by keeping their valued employees and attracting new employees.

The Federal Tax Code offers valuable fringe-benefit tax incentives for transit. Making local business leaders aware that your agency can become a partner in attracting good workers and keeping the workers they have can increase ridership while helping the economic strength of the community.

Employer tax credit options

The Qualified Transportation Fringe Benefit, Section 132[f] of the IRS Code, encourages employers to provide

Savings Example:

Under the Qualified Transportation Fringe Benefit Program, employees are encouraged to use transit at reduced rates while also saving gas and wear and tear on their vehicles. Employers who encourage participation in the program not only provide a fringe benefit to attract workers but also reduce their payroll taxes. A typical worker and company could experience the following savings:

1. An employee could:
 - Save \$20+ per month over an auto commute.
2. An employee making under \$30,000 per year could:
 - Save an additional \$29 per month (\$343 per year) due to tax benefits.
 - Save wear and tear on his or her automobile.
3. A company could:
 - Save \$26 per year per employee in payroll taxes.
 - See improved employee attendance.
 - Adjust compensation to include benefit.
 - Increase employee retention/satisfaction.
 - Market itself as an environmentally-friendly company.

You can calculate transit tax benefits for specific organizations at www.accorservicesusa.com/.

Sources

Transportation Toolkit for the Business Community – Fact Sheet #1. *Employee Commuter Benefits: A Boost to Your Bottom Line*. <http://web1.ctaa.org/webmodules/webarticles/articlefiles/jlfactsheet1.pdf>

Transportation Toolkit for the Business Community – Fact Sheet #6. *Tax Incentive for Businesses: A Direct Dividend of Commuter Benefit Program*. <http://web1.ctaa.org/webmodules/webarticles/articlefiles/jlfactsheet6.pdf>

Transportation Toolkit for the Business Community – Resource Sheet #1. *Commuter Tax Benefit Program: Calculate the Savings for Your Business* <http://web1.ctaa.org/webmodules/webarticles/articlefiles/jlresource.pdf>

transit through tax incentives. Currently 7.6 million American workers take advantage of the program with a great many different modes of transportation, including:

- Bus
- Paratransit
- Shuttle
- Subscription buses
- Vanpools serving seven or more people
- Parking costs (on-site or at park-and-ride lots)
- Just added: Bicycle-related expenses (annual benefit)

Transit agencies can create partnerships with employers and describe the ins and outs of the Fringe Benefit option to alleviate fears some may have dealing with tax code.

Employers have a variety of methods to provide the benefit that can cover transit costs up to \$230 per month per employee. In the Direct Purchase option a business may purchase transit passes for their employees and choose to recoup those costs on the company tax return. Or the business could make available a Pre-tax Set-Aside to the employees. Set-asides reduce employment taxes in the total amount of the benefit. Employers can also choose to combine direct and pre-tax benefits together to tailor a program for the needs of their employees.

Savings all around

The Fringe Benefit offers three types of savings. A typical 20-mile commute trip costs over \$100 per month (assuming \$2.50/gal). Switching to transit with \$2 one-way fares would cost only \$80 for the same commute (Savings #1). Under the Qualified Transportation Fringe Benefit, employers can deliver that fare to commuters at before-tax rates (Savings #2) while reducing the company's payroll tax burden (Savings #3).

By reaching out to businesses and providing educational support, transit agencies provide expertise to coordinate a program benefiting riders and employers, create an important link with businesses in the community, and increase ridership to serve the community and strengthen the economy.

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