



A better commuter benefit for your employees

A flexible commute benefit will offer freedom of choice to your employees, and improve health and morale

DC's new pre-tax commuter benefits law¹ requires employers with 20 or more employees to offer pre-tax or subsidized commuter benefits for transit to DC residents.

As an employer, you could make your employees' existing subsidized commuter benefit even better by offering flexibility to employees in how they spend their commute subsidy, and by equalizing the benefit across travel modes for employees who don't drive to work.

More flexible options to offer your employees

Rather than limiting an employer-provided commute benefit to a parking space, employers could offer equal-value alternatives to their employees:

- **Employer-paid tax-free transit benefit.** If the transit benefit is less than the value of the parking benefit, then the employee receives the balance in taxable cash up to the value of the parking benefit.
- **Employer-paid, tax-free bicycle commuting benefit** up to the federally-allowable \$20/month expense reimbursement, plus taxable cash up to the value of the parking benefit.
- **Taxable cash for employees walking to work**, equal to the value of the parking benefit.

Did you know?

Employees in DC are using a variety of travel modes to get to work. While one third of DC residents drive alone to work, most DC residents are commuting by riding transit, walking, and bicycling:

- 43% ride transit
- 18% walk and bicycle to work
- 38% of DC households don't own a car.



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Benefits for employers

- Employees will appreciate the fairness and the flexibility to choose their preferred commute option, enhancing morale and team spirit.
- Employees will have the option to choose a healthier commute, reducing employer health costs and boosting productivity.
- New taxable cash employee benefits would be paid for by reduced parking costs. Taxable cash benefits incur a small payroll tax cost, but this can be equalized by slightly reducing the employer subsidy to parking.
- Employers might even reduce costs if they choose to change a parking-only benefit to a broader all-modes benefit but at a somewhat lower dollar amount than the cost of parking.
- Reduced employee demand for parking will allow the employer to save on parking costs. For leased parking, the employer could shed unneeded spaces at lease renewal or sublet spaces in the interim. Employer-owned spaces could be sold or leased to another user, with the recouped costs applied to the broader commuter benefits program.

Benefits for employees

- Employees will appreciate the fairness and the flexibility to choose their preferred commute option.
- Employees who choose to drive and park at work will keep doing so without interruption.
- Employees who choose to commute by transit, bicycling, or walking are incentivized to improve their health and productivity. Walkers, bicyclists and transit-riders have all been shown to have lower rates of obesity and stress, and enjoy their commutes more.²

Benefits for DC and the region

- Studies show a 10-12% decrease in drive-alone commute trips and related vehicle-miles traveled, where employers have offered flexible commute benefits.³
- DC workers who are only offered free parking are 63% more likely to drive alone than those who are offered no subsidy.⁴ But if employers equalize the commuter benefit, it would encourage more DC employees to use transit, walking and bicycling.
- Fewer trips in single-occupant vehicles will help reduce traffic, improve air quality, decrease greenhouse gas emissions, and reduce traffic crashes which are directly correlated to the amount of driving.⁵

¹ See goDCgo.com for DC commuter benefits law.

² Eric Jaffe, Sep 21, 2015, "Drivers Have the Most Stressful Commutes." CityLab. <http://www.citylab.com/commute/2015/09/drivers-have-the-most-stressful-commutes/406429/>; Flint E, & Cummins S., Mar 16, 2016, "Active commuting and obesity in mid-life: cross-sectional, observational evidence from UK Biobank." *Lancet Diabetes Endocrinol.* 2016 May;4(5):420-35. doi: 10.1016/S2213-8587(16)00053-X. Epub. <https://www.ncbi.nlm.nih.gov/pubmed/26995106>

³ Donald Shoup, 1997, "Evaluating the Effects of California's Parking Cash-out Law: Eight Case Studies," *Transport Policy*, Vol. 4, No. 4, 1997, pp. 201-216. <http://shoup.bol.ucla.edu/Parking%20Cash%20Out%20Report.pdf>

⁴ Calculations by Andrea Hamre, Virginia Tech University, using the 2007/2008 DC Household Travel Survey, <https://www.mwco.org/transportation/data-and-tools/household-travel-survey/>

⁵ Tim Shepherd and Marcia Ways, 2009. "Vehicle Miles Traveled" and Air Pollution in Maryland," Maryland Department of Environment, Air and Radiation Management Administration. <http://www.mde.state.md.us/programs/ResearchCenter/ReportsandPublications/Pages/ResearchCenter/publications/general/emde/vol4no2/vmt.aspx>; Upstream Public Health, May 2009. "Policies Reducing Vehicle Miles Traveled in Oregon Metropolitan Areas.," UCLA Health Impact Assessment (UCLA-HIA) Project. <http://www.upstreampublichealth.org/sites/default/files/HIA%20VMT%20Reduction.pdf>