Expand Your Commuter Benefits Program

Tools and Guidance for Employers
Administered 12/6/2018
Purpose of Webinar

- To provide employers with guidance on developing or enhancing their commuter benefits program. From this webinar you will learn about:
  - Explain commuter benefits and advantages
  - Assistance with the Maryland Commuter Tax Credit
  - Apply strategies that encourage employee participation in offerings
  - Assistance with program implementation
  - On-going support
Agenda

- Commuter Choice Maryland
- Commuter Benefit Options
- Maryland Commuter Tax Credit
- Strategies to Boost Your Program
- Next Steps
- Additional Tools and Resources
Poll

What are you most interested in learning more about in this training?

1. Maryland Tax Credit
2. Expanding Commuter Benefits
3. Pre-tax option
4. Other
What is Commuter Choice Maryland?

- The Maryland Department of Transportation’s (MDOT), Travel Demand Management (TDM) Program

- Vision: to increase the use of public transportation, ridesharing, walking, biking, teleworking, and alternative work schedules, to enhance the quality of life of Maryland residents

- Enables MDOT to address key goals, objectives and strategies to maximize traveler choice and deliver transportation solutions and services to reduce congestion, conserve the environment, and facilitate economic opportunity

MISSION STATEMENT
“The Maryland Department of Transportation is a customer-driven leader that delivers safe, sustainable, intelligent, and exceptional transportation solutions in order to connect our customers to life’s opportunities.”
Program Services

○ For Employers
  ○ Provide on-going support
  ○ Webinars on a range of transportation topics
  ○ Provide up-to-date information on commuter benefit options and the commuter tax credit
  ○ Provide marketing materials and information on employee commute options

○ For Commuters
  ○ Provide online and printed resources on transportation options
  ○ Promote the use of Guaranteed Ride Home (where applicable)
  ○ Provide information to commuters to increase their knowledge and comfort-level with using transportation options
Poll Question

How did you travel to work today?
- Carpool/Vanpool
- Drove Alone
- Transit (Rail or Bus)
- Biked
- Walked
- Other
Commuter Benefits

Understanding Qualified Transportation Benefits
What are Commuter Benefits?

Commuter Benefits are transportation fringe benefits regulated under Section 132(f) of the IRS Tax Code.

As of January 2018, federal law allows employers to offer employees up to $260 per month as a pre-tax deduction or tax-free subsidy for use on transit, vanpools or parking.

Commuter benefits result in savings for both the employer and the employee. Below is an example of employee savings by deducting pre-tax benefits from their salary.

The example below is based on an employee who receives the maximum transit benefit of $260 per month for an entire year, **$3,120**.

<table>
<thead>
<tr>
<th>Employee Savings</th>
<th>Transit ($260/Month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Income Tax 22.00%</td>
<td>(686)</td>
</tr>
<tr>
<td>FICA: Social Security 6.20%</td>
<td>(194)</td>
</tr>
<tr>
<td>FICA: Medicare 1.45%</td>
<td>(45)</td>
</tr>
<tr>
<td>State Income Tax 4.75%</td>
<td>(148)</td>
</tr>
<tr>
<td><strong>Employee Tax Savings</strong></td>
<td><strong>$(1,073)</strong></td>
</tr>
<tr>
<td>Net Cost to Employees</td>
<td><strong>$ 2,047</strong></td>
</tr>
</tbody>
</table>
Why offer Commuter Benefits?

There are many great results from offering commuter benefits to employees including:

- Reduced bottom line costs
- Increased quality of work and productivity
- Recruitment and retention
- Improved morale and work life balance
- Reduced parking demand
- Improved organization desirability
- Sustainability goals
- Tax incentives
Option 1a: Employer Support Option

- An employer provides an employee up to $260 per month in tax-free commuter benefits
- The employee rides transit all month for low or no cost
- As of January 2018, employers are no longer allowed to deduct expenses tied to providing transit subsidies
- Employers continue to NOT have to pay payroll taxes on employer provided benefits
Option 1b: Employee Pre-Tax

- An employee purchases a transit pass using a pre-tax salary deduction
- The employee’s federal, state and FICA taxes are reduced because of the lowered taxable wages
- Employee can ride transit all month for less than a full fare
- The employer saves on payroll taxes
Option 1c: Combination

- An employer pays for a portion of an employee’s transit costs
- The employee pays for the remaining costs using a pre-tax salary deduction
- Employers are no longer allowed to deduct expenses tied to providing transit subsidies
Poll Question

What benefits do you currently offer?

1. Option 1a, Employer Supported
2. Option 1b, Employee Pre-Tax
3. Option 1c, Combination
4. Not sure/need assistance
Maryland Commuter Tax Credit

Additional Tax Savings for Maryland Employers
What is the Maryland Commuter Tax Credit?

Employers may claim a tax credit for 50 percent of the eligible costs of providing commuter benefits up to a maximum of $100.00 per participating employee per month.

The tax credit can be taken against the state personal income tax, corporate income tax or the insurance premium tax.

Photo Credit: mindbodygreen.com
Useful Tool: Commuter Benefit Tax Savings Calculator

Using the commuter benefit tax savings calculator on the Commuter Choice Maryland Employer page can help you see how much you and your employee can save.

You will be able to navigate the commuter benefit options explained using the “Employer Contribution” drop down to calculate the difference in benefit choices.

http://www.mdot.maryland.gov/newMDOT/Commuter/Employers
Qualifying for the Tax Credit

Requirements

- Must be a Maryland employer, including 501(c)(3) or (4) organizations
- Employers must pay a portion of the cost of an employee’s travel between the employee’s home and workplace, including the purchase of transit instruments
- A business may also qualify for a credit for a portion of the amount paid to provide their employees a Guaranteed Ride Home and/or parking “Cash-Out” program

Qualifying expenses:

- The credit is applicable to the following expenses:
  - MTA passes, fare cards, smart cards or vouchers used by employees to ride publicly or privately-owned transit systems except taxis
  - Local Transit
  - WMATA system instruments
  - Company vanpool program
  - Guaranteed Ride Home program
  - Cash in Lieu of Parking program
How to Register for the Maryland Commuter Tax Credit

Complete the **commuter tax credit registration form**: 

- The registration form must be completed each time a business applies for the Commuter Tax Credit.
- The online registration form can be accessed at CommuterChoicemaryland.com or directly at [https://www.research.net/r/MDTAXCREDIT](https://www.research.net/r/MDTAXCREDIT)

Paper forms are no longer being accepted.
How to Obtain the Maryland Commuter Tax Credit

- Complete form 500CR or 508CR for submission with your Maryland State Taxes
  - 501(c)(3) & (4) complete 508CR attached to form MW508
- All other businesses file 500CR
Poll Question

Would you like assistance with the Maryland Commuter Tax Credit?

A. Yes
B. No
Boost your Commuter Benefits Program

Strategies to Boost Participation in Commuter Benefits
Financial Incentives

- Use our financial calculator to examine the true cost of commuting and the savings based on commuter benefit offerings.

- Through financial incentives you can:
  - Reduce parking demand
    - Lower parking rates for carpools and vanpools
    - Offering cash in lieu of free parking
  - Transit subsidies
    - Provide free or subsidized transit passes, vanpool vehicles or shuttle services from transit hubs
    - Pre-tax benefits, allowing employees to use the salary deduction option to use towards their monthly commuting costs
Facilities and Services

- Using the following tactics will make non-SOV commute options more appealing and viable
  - Bike parking and/or storage
  - Showers and lockers
  - Preferred parking for carpool and vanpool vehicles
  - Provide free shuttles, car share membership so employees are less inclined to use their own vehicle
  - Provide a guaranteed ride home benefit

If your organization is leasing in a building, talk with the building owner to negotiate the installation of these amenities or offer to share the cost of installation.
Telecommute/Alternative Work Schedules

- Telework and flexible scheduling enhances a commuter benefits program by:
  - Reducing commute time by avoiding rush hour traffic
  - Less commute stress leading to more productive employees
  - Less traffic congestion during peak hours
  - Increased flexibility
  - Financial savings
  - Increase job satisfaction
  - Decreased absenteeism

- The following options are low/no cost commute solutions:
  - Teleworking
  - Telecommuting
  - Alternative Work Schedules
    - Compressed Work Week
    - Flextime
    - Staggered Shifts
How it Works

- Telecommuting: flexible arrangement that allows an employee to work from home or an alternate workplace
- Telework: A more permanent situation where the employee is working from home and has no scheduled time in the office
- Compressed Work Week: Allows employees to work a traditional work week in less than the traditional number of days (e.g. 9/80, 4/40)
- Flextime: Offers flexibility in arrival and departure times to avoid the peak commute hours
- Staggered Shifts: shifts that start at different times of the day
Carpooling

- Carpooling is a form of ridesharing that many employees are willing to try.
- Incentivize carpoolers by providing preferential or low-cost parking.
- Rideshare coordinators can help find matches for employees.
- Carshare memberships are also popular solutions to reducing solo driving to work.

Vanpooling

- Rideshare Coordinators can connect you with vanpool leasing companies that can assist with vehicle leasing, pricing, ridematching and start-up incentives.
- Vanpool companies are available to set-up formation meetings at the employer location to get employees started.
- If your organization chooses to provide an employer-paid vanpool program, the vanpool company will work directly with you to set up a fleet of vans for your worksite.
Getting Started

Next Steps for Getting Started Today
Initial Steps

- Schedule a meeting with a Rideshare Coordinator
- Discuss any concerns and/or barriers during the meeting
- The Rideshare Coordinator will help you set achievable goals and determine a plan of action
Select an employee to be the Employer Transportation Coordinator (ETC) this will ensure that all the necessary steps are taken to determine, develop and set-up a commuter benefits program.

Some common ETC’s include: Senior Employee, Human Resources Representative, Sustainability or Facility Manager.

The ETC will serve as a liaison to staff in the workplace to implement, promote and administer the worksites’ commuter benefits program.

Depending on the size of the organization it may be beneficial to put together a team of enthusiastic employees to support the ETC’s efforts. For example an employee bike group or sustainability steering committee.
Conduct an Employee Commute Survey

Survey tips:
○ To understand employees commute needs, transportation needs and employee interest, conducting a survey will help understand the travel behavior, barriers, and interest in other alternative options or benefits
○ Your Commuter Choice Maryland Rideshare Coordinator can provide a thorough analysis of survey results and help develop a transportation plan to provide the most effective commuter benefits options for their work site and employees

Sample survey questions:
○ How do you usually get to work?
○ How much do you spend on commute expenses?
○ How far do you live from your workplace?
○ Are you aware of the transit options around your workplace?
○ Are you a full-time or part-time employee?
○ What transportation options do you want to learn more about?
○ Are you interested in commuter benefits?
Decide How to Administer

- Will the program be administered in-house?
- Interested in hiring an outside vendor?
- Consider the following:
  - Time it takes to administer benefits
  - Up-front funding
  - Lead times
  - Cost
Create a Commuter Benefits Policy

Create a commuter benefits policy so employees can understand:

- Who can qualify for commuter benefits
- What benefits are available
- Probationary period, if required
- When to enroll
- How and when can they cancel benefits
- Who to contact with any issues or questions
Promoting the Program

- Create a benefits enrollment form
- Send out an e-communications to staff
  - Post of the company intranet
- Include information in employee paychecks
- Post flyers in shared spaces (break room, HR, etc.)
- Update employee handbook to reflect new transit benefits and policies
- Include commuter benefits information in new-hire orientation
- Have a Rideshare Coordinator present at a lunch and learn
- Host a Commuter or Benefits Fair
- Encourage employees to sign up!!
We are always here to help!

Connect with a Rideshare Coordinator
Reach Out Today!

www.commuterchoicemaryland.com

410-865-1100

commuterchoice@mdot.state.md.us