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**MAJORITY OF COMPANIES CONCERNED THEY'LL NEED TO RAISE SALARIES TO
OFFSET RISE IN COMMUTER GAS EXPENSES, FINDS TRANSITCENTER STUDY**

**TransitCenter Issues Call to Action for More Federal Funding of Mass Transit to Ease the
Burden on Businesses and Employees**

New York, October 6, 2008 – While it's no secret that gas prices and rising transportation costs are straining employee pocketbooks, they are also causing a new kind of worry for employers, finds the *2008 TransitCenter Commuter Impact Survey*: the need to pay higher salaries to relieve workers' financial burden as well as keep them from jumping ship. The survey also finds that many corporations are missing a significant opportunity available to help employees save money -- a tax-free commuter benefit program.

The third annual report, sponsored by TransitCenter, Inc., a nonprofit that promotes mass transit use in order to reduce traffic congestion and improve air quality, finds that two-thirds of employers feel they should be leading the effort to help ease employees' commute cost burden. However, a majority (62 percent) of employers are concerned that by doing so, they'll need to boost their employees' salaries to make up for increasing commute costs. A significant number (43 percent) of employers directly link rising commuting costs to employee retention issues.

“Employees everywhere are feeling the financial pinch from high fuel prices, prompting corporate America to act,” said Larry Filler, president and CEO of TransitCenter. “The good news is that pre-tax commuter benefits can save each employee hundreds of dollars a year, lowering the amount that employers would have to pay to offset higher gas - and transit - prices.”

Since 1993, the Internal Revenue Service has allowed workers to set aside a portion of their gross income, up to \$115 per month, to pay for transit and vanpool commuting costs. Employees who participate can achieve tax savings equivalent to 30 to 40 percent of their out-of-pocket commuting expenses. Offering a commuter benefits program can also help employers lower their payroll taxes. This benefit, which can only be offered to workers through their employers, is typically delivered via a debit card, transit pass or payment voucher on a monthly or quarterly basis.

However, the survey found that barely a majority of employers (53 percent) are aware of tax-free commuter benefits, and of those aware only 46 percent offer the benefit to their employees with 14 percent planning to add it to their overall benefits packages.

One troubling factor emerging from the survey is that while employees are eager to participate in a tax-free commuter benefit program, the availability of sufficient mass transit is lacking. According to Mr. Filler, "It's clear that when educated about the benefit, employees are eager to take advantage of it. However, even if every company signed up to deliver the benefit today, there isn't enough mass transit capacity to let workers take full advantage. That needs to change, and we ask companies across the country to join us in supporting the expansion of mass transit in their communities."

In addition to the rising economic costs of commuting, the *2008 TransitCenter Commuter Impact Survey* affirms a growing corporate concern about climate change. Nearly 90 percent of employers are either somewhat or very concerned about global warming and the environment, and seven in 10 believe that they should take the lead in encouraging employees to embrace greener commute options.

Additional highlights of the survey include:

- 40 percent of companies offer a commuter benefit program, including subsidized carpool/vanpool, flextime, subsidized or pre-tax transit/parking program and telecommuting
- Top commute-related benefits offered by employers include flextime (49 percent) and telecommuting (42 percent). Just eight percent offer vanpooling, followed by six percent that offer carpooling

- 24 percent offer tax-free commuter benefits for employees to use for commuting expenses
- Employers cite “cost savings,” “enhancing overall benefits” and “attracting/retaining employees” as the top three reasons for offering tax-free commuter benefits
- Separate from commute-related eco-friendly practices, employers currently or plan to support or partner with “green” organizations (47 percent), run an energy conservation program (44 percent) and provide employee education on how to use less energy (22 percent)

The survey also focused on attitudes and actions of employers based in the cities with the highest concentration of mass transit users: Chicago, New York and San Francisco. Findings within specific cities include:

- Almost half of companies (46 percent) in New York City offer a commuter benefits program versus only 35 percent in San Francisco and 30 percent in Chicago
- Nearly four in 10 companies (39 percent) in New York City offer tax-free commuter benefits versus only 13 percent in San Francisco and 12 percent in Chicago
- HR decision-makers at New York companies (68 percent) are significantly more aware of tax-free commuter benefits than their counterparts in San Francisco (42 percent) and Chicago (41 percent)
- Companies in New York City (49 percent) are more likely to have a greater number of employees (defined as 51 percent or more) commuting by transit, carpool or vanpool as compared to companies in San Francisco (17 percent) and Chicago (18 percent)
- Companies in Chicago (87 percent), New York City (84 percent) and San Francisco (87 percent) are almost equally concerned about the effect of rising fuel prices on their employees

Survey Methodology

Commissioned by TransitCenter and conducted by Resource Systems Group, the 2008 Survey respondents include 1,283 human resource professionals attending SHRM, current customers of TransitChek (the tax-free commuter benefit program provided by TransitCenter), and human resource decision-makers located in Chicago, New York and San Francisco. As the 2008 sample was significantly expanded from the 2007 and 2006 surveys, which were administered solely at the annual Society for Human Resource Management (SHRM) Conference, the findings are not comparable to prior year’s results. The survey was conducted in June 2008,

with cities chosen due to their high concentration of commuters as identified by the U.S. Census and Transportation Research Board's 2006 Commuting in America Survey. The survey has a 95 percent confidence level with a margin of error of +/- 2.7 percent. For the region-specific findings, the margin of error is +/- 4.7 percent for New York; +/- 5.8 percent for San Francisco; and +/- 5.2 percent for Chicago.

A copy of the *2008 TransitCenter Commuter Impact Survey* report is available by contacting Charles Kim at ckim@transitcenter.com.

About Tax-Free Commuter Benefits

Since 1987, employers have been able to offer employees a tax-free benefit for commuting by transit and eligible vanpools or to pay for commuter parking primarily at transit or ridesharing locations under IRS tax code section 132(f). Today, the benefit provides tax savings for both employers and employees. Tax-free commuter benefits can be structured as an employee-funded tax-free payroll deduction; as an employer-funded benefit; or the costs can be shared by employer and employee. The benefit can be delivered in the form of transit provider-specific passes, universally accepted vouchers and terminal-restricted debit cards, or through a reimbursement model under specific conditions defined by the IRS. Current IRS limits allow for participants to set aside up to \$115 a month tax-free to pay for transit and vanpool commuting costs, and up to \$220 for commuter parking.

About TransitCenter

Over 20 years ago, TransitCenter was created to develop innovative ways to encourage greater use of mass transit in order to reduce traffic congestion and improve air quality. Today, TransitCenter continues to be focused on these objectives, along with helping employers and employees cope with rising gas and commuting costs by providing transit incentives, information and assistance. TransitCenter also works closely with businesses, transit operators, commuter groups, regional development agencies and government agencies to improve their understanding of the importance of transit in making communities better places to work and live.

As part of this mission, in 1987 TransitCenter launched TransitChek®, the first commuter benefits program in the nation, which has made commuting a more affordable option for commuters across the country.