

# Overview

This white paper presents a summary of the deliberations of agencies and organizations from New York, New Jersey and Connecticut involved in Transportation Demand Management (TDM) programs on the opportunities for improving regional mobility presented by the Commuter Choice provisions of the Transportation Equity Act for the 21st Century (TEA-21). These discussions began in a three state forum of TDM agencies, known as the Metropolitan Mobility Network of the Tri-State Region, which was organized through a collaboration of metropolitan planning organizations (MPOs) from the three states. The Network is sponsored by the New York Metropolitan Transportation Council and the North Jersey Transportation Planning Authority, with the support of several smaller MPOs in New York and Connecticut.

The Commuter Choice provisions of TEA-21, which was signed into law in June 1998, amended the Federal tax code to enable employers to offer their employees more flexible incentive programs to encourage their use of commute alternatives. The intent of the Commuter Choice provisions is to reduce the number of commuters who drive alone to work and thereby improve air quality and regional mobility.

Commuter Choice amends the tax code to allow employers to let their employees set aside up to \$780 a year of their salaries before taxes to pay for transit and vanpooling commuting, or up to \$2,100 per year for qualified parking expenses. Employees paying for commuting expenses in this fashion can save significantly on taxes, while employers can reduce their payroll costs through the elimination of taxes on the amounts set aside. Since they are related to payroll expenses, these tax benefits can also accrue to non-profit and public sector employers.

Through the Metropolitan Mobility Network, a workshop on Commuter Choice was organized in November 1998 with the co-sponsorship of Rutgers University, the University Transportation Research Center and the Association for Commuter Transportation. That workshop, which was attended by agency and business representatives from across the tri-state metropolitan area, reviewed the Commuter Choice provisions, took stock of the wealth of programs currently operating in the region, and heard the opinions of the business community. The participants then took part in a “visioning” exercise in order to define the elements of a successful Commuter Choice Program which would take full advantage of the TEA-21 provisions in a region as large and diverse as the New York metropolitan region. The results of that exercise are summarized in the following “vision of success”:

**The vision of the workshop participants for Commuter Choice was one of a well marketed, understandable regional program which provides sufficient information to potential customers in easily accessible formats. This program would be customized for a variety of areas, including those with both high and low levels of transit service.**

**The Commuter Choice Program would result in supporting legislation throughout the**

**region at both the state and local levels, a recognition of the program's benefits on the part of the region's employers, the continued development of customer-friendly transit and ridesharing services, and a simplification of fare structures. The ultimate success of the Commuter Choice Program would be measurable through reductions in vehicle miles of travel.**

The workshop participants identified four focus issues which they believed were critical to taking full advantage of the TEA-21 provisions and achieving the vision of success: a legislative program, a marketing plan, a regional coalition and an approach to parking management. These four issues were then discussed in greater detail at a working session held in January 1999. The results of the working session are presented in the following sections of this white paper. They are offered for the consideration of the Metropolitan Mobility Network and the sponsoring MPOs as a blueprint for action towards an effective Commuter Choice Program and its potential contributions to improved air quality, regional mobility and economic health.

# Developing a Commuter Choice Legislative Program

## Focus Issue

State laws & regulations which may conflict with the Commuter Choice provisions of TEA21 need to be identified and addressed. In addition, tax incentives that would support Commuter Choice need to be explored and implemented at the State level.

At the local level, zoning regulations which work at cross purposes to Commuter Choice need to be identified and addressed. Strategies for addressing the legislative issues at both the State and local levels must be developed.

## **What is the Current Situation?**

In general, the workshop participants felt that State and local regulations in the tri-state region work against the optimal implementation of TEA21's Commuter Choice provisions in the following areas: liability & insurance, employer locational decisions & site design, employer participation, employee participation and transportation service provision. Each of these issues are somewhat interrelated and, when considered together, present significant barriers to the development of effective Commuter Choice programs.

Addressing these regulatory issues in a meaningful way would be a complicated undertaking. The region is stretched across three states and hundreds of local municipalities. It is served by a multitude of transportation providers and services. Regulatory structures governing land use decisions, transportation service provision, employer policies and employee choices in each of the states and municipalities are complex, uncoordinated and variable; although similarities exist, there are also vast differences. Pursuing a coordinated approach to the opportunities available through Commuter Choice in so many legislative forums will require a far-reaching effort and a common message.

Developing that message is itself problematic. Relying solely on an environmental message was seen by the workshop participants as insufficient to change the minds of a majority of so many legislatures. Therefore, a “win-win” message is critical; one that highlights both the economic and environmental imperatives of pursuing Commuter Choice. That message must be delivered by a broad coalition of interests; clearly an area of overlap with the focus issue involving the development of a Commuter Choice Coalition.

A more detailed description of the specific regulatory issues follows:

- ✓ ***Liability & Insurance:*** significant barriers to the full implementation of Commuter Choice programs involve issues of liability. Specifically, employers who encourage their employees to consider alternative commuting arrangements might be considered liable should an accident occur while employees are commuting by alternative means, such as carpools. Similarly, liability issues affect the participants in ridesharing activities, either by exposing them to liability or by increasing the cost of the arrangement due to the cost of insurance. Legislative relief in each of these areas might reduce some or all of these barriers.
  
- ✓ ***Employer Locational Decisions & Site Design:*** locational decisions involving the siting of employment centers is often dependent in part on local zoning regulations and how they impact the economics of the decisions. Locational decisions can also be impacted by tax and regulatory incentives offered by local municipalities and/or states. Once a decision is made on the location of new development, local zoning regulations significantly influence the design of the site chosen. Since the location and design of employment sites can impact the effectiveness of Commuter Choice programs due to factors such as parking availability, accessibility of transit services, etc., legislative measures could be taken which would encourage both locational decisions and site designs which make Commuter Choice programs more effective, as well as encouraging greater coordination in this area between municipalities and states.
  
- ✓ ***Employer & Employee Participation:*** as indicated above, issues of liability can suppress the participation of both employers and employees in Commuter Choice programs. Other barriers are raised around activities such as telecommuting. Even if these issues are addressed through legislative means, participation in these programs is not assured. Participation by employers can be encouraged through tax incentives. Similar incentives for employees are strengthened by TEA21's Commuter Choice provisions through mechanisms such as TransitChek.
  
- ✓ ***Transportation Service Provision:*** the provision of coordinated transportation services to employment locations is essential to offering high quality alternatives to commuters and making best use of the Commuter Choice provisions. However, these services are impacted by a number of factors, including overlapping service areas and methods of subsidizing services which vary within and across states. Fare and toll policies are in most cases uncoordinated. Legislative measures can be enacted which can provide a more coordinated approach to financing transportation services and coordinating them from the perspective of the customer.

### **Goals of the Legislative Program**

The workshop participants defined three key goals for a Commuter Choice Legislative Program:

- ✓ The program must advocate a variety of legislative initiatives in the short term at both the State and local municipal level.

- ✓ The program must solicit support for these initiatives from a broad range of interests, including the business community, the environmental community, transportation providers, etc.
- ✓ The program must be designed to work with legislators to ensure implementation of legislation.

### **Action Steps for a Commuter Choice Legislative Program**

The workshop participants defined the following steps as critical immediate actions in addressing the goals they laid out and in developing a Commuter Choice Legislative Program:

*Step 1: Making the Case* - to address the advocacy goal of the Program, the participants thought it essential that a white paper be developed that would make the case for the various legislative reforms needed to address the regulatory issues previously discussed. The white paper must define the need for the legislative reforms in term of the following key parameters:

The costs and benefits of a successful Commuter Choice Program,

The transportation impacts of a successful Program,

The relationship of Commuter Choice to a healthy economy and the improvement of environmental quality, and

The public policy and quality of life benefits of a successful Commuter Choice Program.

The white paper must also describe the legislative reforms necessary to bring about a successful Commuter Choice Program which was consistent across the three states in the region. A legislative package must also be presented as a guide for implementing the suggested legislative reforms at both the state and local levels.

The participants felt strongly that the academic community could play a key role in the development of this white paper through supporting research that would illuminate costs, benefits and impacts while describing best practices from across the country. Given the nature of the legislative reforms being sought, factual accuracy was seen as critical to making the case in the multitude of legislative forums across the three states. The participation of the academic community was seen as key to maintaining both accuracy and credibility.

The participants also discussed the current efforts of the New York State Department of Transportation to develop a decision paper on proposed tax incentives in New York State which would support Commuter Choice activities. This initiative was seen as a test case for the approach defined for an overall Legislative Program for Commuter Choice. The participants recommended that the Metropolitan Mobility Network be enlisted to assist New York State DOT in this effort,

particularly through experiences in the other states and through the research undertaken in the development of the white paper.

***Step 2: Relying on a Regional Coalition*** - this step assumes the development of a Commuter Choice Coalition as a result of work on a related focus issue. Once created, the workshop participants felt that this Coalition must play a key role in carrying the messages of the Commuter Choice Legislative Program as defined in the white paper. This would involve clearly identifying both the messengers and the basic message as a prelude to the public release of the white paper. The Coalition would also identify key interests and begin outreach to build support, while also identifying interests which might oppose the legislative program and understanding the nature of their opposition.

***Step 3: Advocating to Legislators*** - once steps 1 and 2 are in place, the participants felt that advocacy to legislators at the state and local level could begin. A key initial component of this advocacy is the identification of allies among the legislators in the region. The main mechanism for the advocacy was seen by the participants as workshops, discussions and forums with legislators and officials at the state and local levels. This advocacy approach was also seen by the participants as helpful in ensuring the implementation of any legislative reforms which the Program is successful in obtaining.

# Developing a Regional Commuter Choice Coalition

## 1. Issues

- Region is complex with many governmental and non-governmental organizations having jurisdiction over or involvement with activities that effect mobility
- Region is multi-state with differing state and local laws effecting mobility and employers' liabilities and rights
- Not all stakeholders are involved in mobility activities at all times particularly business community
- Mobility issues transcend political and jurisdictional boundaries
- Support for and effectiveness of programs to improve mobility are undermined by the foregoing factors
- Difficult to maintain visibility for efforts to improve mobility throughout region
- No regional capacity to develop, support and assist mobility programs on a regional level
- Mobility issues have a direct impact on the regional economy and are of concern to businesses

## 2. Resources

- Many organizations throughout the region have innovative and ongoing programs to reduce traffic congestion in portions of region
- Various government funded programs exist around the region to address traffic congestion
- A number of business organizations are involved in local congestion mitigation efforts
- Transit operators are involved in various mobility programs as a way to increase ridership and assist local communities with traffic problems
- Region has expertise in the use of the federal tax benefit program for transit/vanpools and operates the largest program in the country called the TransitChek program

## 3. Challenges

- Need to reach employees and employers with consistent messages about commuting alternatives and incentive programs like the commute tax benefit
- Opportunities to expand innovative and effective programs developed in one area to other areas in the region
- Minimize the confusion among businesses who are located in different parts of region concerning the use and impact of tax benefits and other programs on employers and employees
- Increase the cost-effectiveness and reduce the administrative effort of similar programs

operated in different parts of region

- Increase the impact of funding programs through collaborative efforts among different agencies
- Need visible and consistent top level support among business community for commute alternative programs to support and strengthen mobility programs
- Utilize model of Connecticut Coastal Corridor Coalition to develop a business led organization that encourages all stakeholders to participate in innovative planning and program development to address mobility issues with definable short and long term goals

#### **4. How**

- Create a regional Commuter Choice Coalition led by business leaders from region with participation of key stakeholders
- Develop the capacity to assist local efforts to promote and advocate for mobility programs
- Act as a regional technical support for existing and new efforts
- Utilize existing organizations such as universities to host staff efforts to carry out regional support activities
- Develop regional standards and objectives for the use and treatment of mobility programs such as consistent treatment of liability issues for carpool and vanpool programs<sup>1</sup> adoption of consistent state laws for the uniform treatment of pre-tax commute benefits, etc.
- Take on regional education and advocacy agenda on behalf of its Coalition members
- Disseminate information on developments and innovations
- Attract additional resources from public and private sources to undertake mutually agreed upon regional activities

#### **5. Next Steps**

- Develop a regional consensus to create a regional Commuter Choice Coalition
- Identify business leaders, government officials environmental and public interest stakeholders as participants
- Solicit seed funds for small and continuing staff effort to develop an initial action agenda from Mobility Network members
- Launch Coalition and initial program



# **Developing a Commuter Choice Marketing Plan**

## **Focus Issue**

The success of the Commuter Choice program depends on the development of clear, usable and accessible information for the region, having uniform and understandable themes and messages. Associated issues include simplification of fare structures and mechanisms, development of customer-friendly services, and the education of employers, potential customers and elected officials.

## **Brainstorm the Problem**

The Commuter Choice legislation represents a significant opportunity to promote, through employers, the use of alternatives to commutation driving. The new pre-tax deduction benefit in particular can offer a more widespread appeal than in the past. Adoption of the program by employers would help close the gap to commonly-offered tax benefits for parking and driving. Adoption and would serve to build alternative travel modes into the corporate culture, alongside the single occupant automobile.

At issue is how to reach employers of all types, and their employees, with this message. Specific problems in marketing Commuter Choice include the following real or perceived issues:

- An indifferent or even negative employer reaction as a result of the previous Employer Trip Reduction and other similar campaigns;
- A failure of employers to recognize that this program need not cost them anything and may even produce a savings for them;
- A misunderstanding by public and non-profit employers that they cannot benefit from this program since they “don’t pay taxes”;
- Union contract and negotiation issues surrounding introduction of such a benefit;
- Concerns about the administrative burden such a program may produce;
- How to deal with multi-state and multi-site employers;
- How to reach the right promoters and decision-makers within an employer and follow the concept through to final corporate approval; and
- The fact that the tax-free deducted amount slightly reduces an employee’s gross pay for pension purposes.

An overarching issue is how to frame the message of Commuter Choice and simplify the methodology of its implementation.

## **Brainstorm Strategies**

There is general agreement that a unified and consistent regional approach to marketing Commuter Choice, using a common thematic message and a supporting set of cooperatively-developed tools for marketing and implementation, offers the best chance for success. Given such a framework, it will then be very important to understand each employer's specific situation and tailor the message and the tools to it.

Certain types of organizations stand out as candidates for early efforts. These include universities and hospitals (which always seem to have parking and access issues), government (which wants to lead by example and be in support of its other related social missions), large employers who have participated in previous similar programs, and smaller employers where decisions can be more easily reached. Within each group, an early success in implementing Commuter Choice could produce relevant business testimonials to convince similar organizations and lead to a beneficial domino effect. Employment sectors where competition for skilled staff is keen, or where employee retention is vital, will be especially interested in taking a lead or at least "staying current" with a growing movement toward Commuter Choice as an employment incentive.

Timing the approach to an organization may be critical: when increased employment is causing a parking crunch and an employer faces capital expenditures for more parking facilities, when contract negotiations are to begin, when a school year starts, during relocation planning, and so on.

How to effectively reach the employer with the message is another issue. The workshops and forums held to date, sponsored by transportation agencies, have had only limited success in attracting representatives from the many thousands of private-sector employers in the region. Other potential avenues of approach include business organizations such as chambers of commerce or industry groups, professional associations for accountants or human resource professionals, and management and benefits consultants and advisors. A parallel general education program aimed at the general public, employees and also school students is seen to have value as well.

A past problem has been the need to continually re-explain a program from scratch every time it advances to a new player in an employer's corporate chain of decision. To solve this problem, a lasting and customizable set of tools is needed that can be left with the employer for its own modification and adoption. What is envisioned is a universal "business case" for Commuter Choice, written in modular paragraphs, and a working spreadsheet which lays out the assumptions and calculations of the financials surrounding Commuter Choice from both employer and employee viewpoints. These can be made available on one or more regional websites, as well as on computer disk. In practice, they could be initially tailored toward a particular employer in the research leading up to the initial sales contact. Then they would be left with the employer's staff to further refine and custom-tailor, largely by deleting unwanted modular paragraphs and word-crafting the remainder to the organization's specific situation and culture. The business case and spreadsheet results, having been adopted and developed within the employer's organization, would then serve to re-explain, in the employer's own language, the Commute Choice program to successive levels of management along the path to approval.

And what about the message? There are many messages that can be mixed and matched into an appropriate case for a specific employer. Among these are the following examples:

- Commuter Choice can be a solution to your parking problem;
- It can reduce upcoming capital expenditures;
- It can be an employee perk that costs an employer nothing;
- The pre-tax benefit works something like a 401(k) deduction;
- It is easier than a cafeteria benefits plan to administer;
- You can look good to your employees and the community while “Uncle Sam” is actually eating the cost;
- You can lead by example;
- You can tailor the program to your needs and desires;
- You can simplify it as needed;
- Administration need not be complicated — the mechanisms may already be in place;
- You probably already offer one or more “driver-only” perks, like parking;
- You have the power to steeply discount your employees’ transit costs;
- You can be a good “corporate neighbor”;
- You can demonstrate your social responsibility; and so on.

### **Plan of Action**

The plan of action that stems from the above discussion is fairly straightforward. First, there is a feeling that the title “Commuter Choice,” while appropriate in Washington during the discussion and passage of the TEA-21 legislation, may not be the appropriate shorthand “handle” to present the concept to employers. It is recommended that professional marketing assistance be retained to develop an effective promotional name, theme and image, with the diverse regional employer community in mind.

At the same time, work can begin on the universal business case and the spreadsheet model as sales and approval tools. These should be made freely and easily available. The marketing approach and materials should retain a regional uniformity, yet be usable by a wide range of participants such as business organizations, professional organizations, consultants, TMAs and TMOs, transit service providers, government offices at various levels, social advocacy groups, and more.

Armed with a regional marketing approach, promotional materials, and customizable tools, work can then begin on selecting, studying and directly approaching employers, beginning with those that offer the best chance for initial success. Then this success can be built upon, using testimonials and normal competitive concerns of similar or neighboring employers.

At the same time, outreach can take place through business and professional organizations to spread general knowledge of the program and discover other employer candidates. Consultants and advisors can also work their contacts, offering expertise and added value in developing Commuter

Choice programs for their clients.

In parallel, a general public awareness campaign could be undertaken. Employees will also help to sell the concept to their employers. Great leverage can be gotten from public service announcement videos or audios developed regionally and pushed both regionally and locally by the varied organizations participating in promoting Commuter Choice, similar to the many-leveled approach given to marketing the anti-pollution and recycling efforts of past decades. Transit advertising space, commuter newsletters, and other in-kind contributions can also extend the reach of such materials at low cost.

Lastly, there needs to be a methodology for tracking the success of the program. Employers reached, coverage rates by area, employers participating, usage rates of TransitChek or employer-distributed transit passes, or other measures.

### **Next Steps**

An important next step is to identify funding sources for marketing assistance, possibly through the Tri-State Coalition of MPOs. Such marketing assistance might include developing a better marketing name, a theme, an appearance, production of public service announcements, and so on.

At the same time, the Metropolitan Mobility Network can identify existing regional resources to work on developing tools and support materials. Work also needs to be done in devising and implementing measures of program effectiveness and success.

Finally, with all the pieces in place, the Network will need to coordinate a many-pronged marketing and outreach effort by its participants across the region in order to effectuate a uniform and productive campaign.

# Developing a Regional Approach to Parking Management

## Description

Parking management is a policy change that discourages solo-driving by making alternatives more attractive or more economical. Its goal is to manage parking supply by first reducing parking demand. The best way to do this is by charging for parking, however, this may be a long-term proposition for suburban companies in the region. A relatively small number of suburban firms in the region currently charge for parking. With this in mind, it seems unlikely that companies currently offering free-parking will suddenly alter their policies and make employees pay for this privilege. While inducing companies to charge for parking may be a long-term goal, the first step which can work *now* is a strategy called "parking cash-out."

Parking cash-out is a policy by which employers offer employees the option of taking taxable cash in exchange for their free parking subsidy. Employees choosing the cash option can carpool, take transit or walk to work, thereby reducing the number of parking spots in demand, reducing congestion and saving company resources. Recent changes in the Federal tax code have expanded parking cash-out's applicability.

## Issues

95% of employers nationwide receive free parking. It is not surprising then that 91% of commuters drive to work, 92% of whom drive alone. In the suburban areas of the New York/New Jersey/Connecticut metropolitan region, these figures are the same or in some places, even higher. In places like Westchester County and Long Island in New York, as well as areas surrounding the I-287 corridor in New Jersey, free parking is ubiquitous. Free-parking may appear as a generous fringe benefit, but it encourages people to drive alone instead of carpooling or using alternatives -- a trend associated with increasing traffic congestion and high employer costs. In fact, case studies suggest that over 20% fewer commuters would drive alone if they had to pay the full cost of driving.

## Utility

Policy makers across regional, state and federal levels deem reduction in solo-driving as fundamental to traffic mitigation efforts and business and community development. Conventional strategies alone, such as rideshare programs, transit passes and shuttle service are not enough, in and of themselves, to persuade workers to carpool or choose alternatives to driving.

Parking management has been recognized by many planners and policy makers as the single most

influential strategy for changing employee mode choice. The aim of implementing this strategy is to encourage employees to consider their commuting costs more realistically and try to take away the competitive advantage that free parking gives to driving alone over alternative modes.

## **Goals**

### **Short-term goal: achieve several parking cash-out pilot sites (1 year)**

The goal is to encourage companies to explore parking cash-out strategies and then to implement policies best suited to their individual needs. Even if just a few companies agree to experiment with this strategy, there will be working models *in this region* to demonstrate parking cash-out's potential. Dozens of companies in California and Washington currently cash out their parking. However, having a nearby example of parking cash-out will be an effective way to get other companies involved.

### **Longer-term goal: persuade other companies in area to cash out parking (3 years)**

Once a few companies are using this strategy, we can obtain data to show that it benefits all stakeholders involved. Positive media support could be used to illustrate its effectiveness. At present, the parking cash-out concept is practically unheard of in the northeast. Achieving a number of pilot sites will help familiarize employers with the benefits involved.

### **Ultimate goal: reduce ubiquity of free-parking (10+ years)**

The ultimate goal is to use parking cash-out to not only reduce solo-driving and traffic congestion, but also to help employers and employees understand that *free parking is never really free*. Someone always pays--if not the employee, then the employer or the surrounding community. Once people internalize this concept, more companies in the region may begin to charge for parking. This is, of course, a long-term proposition, but it's important to keep in mind that reducing free parking means fewer cars on the road.

## **Benefits**

Parking cash-out benefits the employer, employees, and the surrounding community, and is an effective mechanism for reducing traffic congestion.

- **Reduce costs**

Whether a company owns, leases, or has bundled parking, offering free or partially-subsidized parking to employees is major company cost. Cashing out parking can reduce the number of spaces in demand, potentially saving the company significant sums of money.

- **Improve employee benefits**

Offering a variety of employee benefits to existing and new employees helps to attract and retain good workers. Parking cash-out enables employers to increase their menu of benefits while preserving company resources.

- **Make better use of space**

Instead of expanding parking lots, companies can reduce the number of spaces in demand by

cashing out parking, and then use this space for more office buildings, allowing a company to grow without the expense and hassle of purchasing additional property or locating outside the region.

- **Reduce congestion and meet community goals**

By eliciting reductions in solo driver commute trips, a company can ease traffic congestion on roads leading to the office site. To fully exploit the potential of this strategy, companies can couple it with vanpool shuttles connecting railroad stations with employment centers, and use free services provided by local Transportation Management Associations to help coordinate carpools and provide transit information.

- **Companies can gain public recognition for promoting good corporate leadership**

Companies across the nation are developing innovative programs to reduce the number of vehicles congesting highways and local streets. Kaiser Permanente, AT&T, Bank of America and numerous other prestigious firms have adopted such programs and now serve as role models for American businesses. These companies received public recognition as well as official awards from the U.S. Environmental Agency.

### Action Steps

1. **Identify potential candidates**

Ideal candidates include companies that either have an inadequate parking supply or are expanding. These companies could cash-out parking, reduce the need to build more parking, thereby saving money.

2. **Determine needs**

Determine how parking cash-out will benefit each individual company.

3. **Meet with company CFO, CEO and H.R. personnel**

Explain to company how parking cash-out works and how they'll benefit. Use Tri-State Transportation Campaign's parking cash-out brochure and other literature to explain the concept and expectations.

4. **Implementation**

Work with company to develop parking cash-out policy to fit its individual needs.