Getting to Yes!: Lessons Learned for Increasing the Effectiveness of Commuter Benefit Programs

August 14, 2002

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NCTR
Association for Commuter Transportation

National Center for Transit Research
at the University of South Florida
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Web Slide: http://www.actweb.org

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Web Slide: http://www.nctr.usf.edu/clearinghouse/

[ Web Slide C ]
Introductions

- **Moderator:**
  - Donna Smallwood, ACT Professional Development chair

- **Panelists:**
  - Tracy Simpson, Millennium Pharmaceuticals Inc.
  - Michael Grant, ICF Consulting
How many private companies, TMAs, and employer representatives are at your location today?

Polls are closed.

- 0: 0% (0)
- 1: 0% (0)
- 2: 33% (1)
- 3: 33% (1)
- 4: 33% (1)
- 5+: 0% (0)

[ Poll A ]
How many public agencies and regional commuter assistance programs are present at your location today?

[ Poll B ]
Strategies for Increasing the Effectiveness of Commuter Benefits Programs

Findings from TCRP H-25 Study

Net Conference
August 14, 2002

ICF Consulting
In Association with:
Center for Urban Transportation Research, University of South Florida
Nelson\Nygaard
Eric Schreffler, Transportation Consultant
Presentation Overview

- Project Objectives
- Research Approach
- Findings and Recommendations
Project Objective

To develop and recommend strategies to improve the effectiveness of employer-based commuter benefit programs throughout the U.S.

- Employer subsidized transit / vanpool benefits
- Pre-tax employee deductions for transit / vanpools
- Parking cash out programs (taxable cash in lieu of parking)
Detailed Objectives

- Identify Factors that Affect Success
  - Employer motivations for implementing programs
  - Attributes of employers that facilitate implementation

- Identify Barriers to Implementation
  - Real and perceived barriers
  - Actions that employers have taken to overcome barriers

- Identify Attributes of Successful Programs
  - What works well - what should agency do to generate success? What should employer do?
  - Effective marketing messages / approaches
Research Approach

- Summarize legislative history
- Undertake interviews
  - Transportation agencies
    - transit agencies
    - commuter assistance organizations
    - TMAs / TMOs
  - Employers
    - with commuter benefit programs
    - without commuter benefit programs
- Develop interim report
- Undertake follow-up interviews / focus group
- Summarize findings in guidebook format
Interview Approach

 › Select one test area
   – Test interview protocol and guides

 › Select four study areas
   – Select diverse areas:
     • geography
     • transit systems
     • Commuter Choice programs
   – Interview agencies and employers in each
In total, interviewed 15 agencies and 36 employers (implementers and non-implementers)
## Overview of Metro Areas

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>Available Transit</th>
<th>Commuter Benefit Programs Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington, D.C</td>
<td>WMATA (heavy rail and bus)</td>
<td>Metrocheck (regional voucher available from WMATA, accepted by all operators, including vanspools)</td>
</tr>
<tr>
<td></td>
<td>MARC and VRE (commuter rail)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local bus systems (Montgomery Co. Ride-On, Fairfax Connector, etc.)</td>
<td></td>
</tr>
<tr>
<td>Boston</td>
<td>MBTA (heavy, light, and commuter rail, bus, and ferry)</td>
<td>MBTA Corporate Pass Program</td>
</tr>
<tr>
<td></td>
<td>Local bus services</td>
<td>Commuter Check (commercial vouchers valid for all operators)</td>
</tr>
<tr>
<td>Miami/Ft. Lauderdale</td>
<td>Miami-Dade Transit (heavy rail, people mover, bus)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tri-Rail (commuter rail)</td>
<td>No regional voucher</td>
</tr>
<tr>
<td></td>
<td>Two other major bus operators</td>
<td>Miami-Dade Transit Corporate Pass Program</td>
</tr>
<tr>
<td>Minneapolis/St. Paul</td>
<td>Metro Transit (local and express bus)</td>
<td>Tri-Rail Employee Discount Program</td>
</tr>
<tr>
<td>San Francisco Bay Area</td>
<td>A half-dozen major operators providing heavy, light, and commuter rail, bus, and ferry</td>
<td>Metropass (annual pass)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TransitWorks (discount passes)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commuter Check (commercial vouchers valid for all services, including vanspools)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commuter Check (commercial vouchers valid for all operators)</td>
</tr>
</tbody>
</table>
Factors that Affect Success

Keep in Mind: Most Receptive Employers

- Located near major transit services / downtown
  - Most critical factor
  - Good transit service makes benefit desirable to employees
  - Not necessary to have rail transit

- Existing transit/vanpool users

- Employee-friendly culture
  - But adopters’ benefits profile wasn’t substantially different

- Employer sees “value” in commuter benefits
  - Environmentally-minded
  - Parking problems
  - Relocation

Keep in Mind: Most Receptive Employers
Factors that Affect Success

Keep in Mind: Size of Employers is a Trade-off

- Small businesses (single office location)
  - Generally easier to implement; less bureaucracy
  - Single office location makes ordering and distribution of passes easier
  - Identified an average of 1.9 problems implementing

- Large businesses
  - Often have staff responsible for employee work-life issues; a clearer point of contact
  - However, often competing priorities, need to go to HQ
  - Many problems with dealing with multiple office locations
  - Average of 5.5 problems implementing

Keep in Mind: Size of Employers is a Trade-off
## Major Barriers

Employers experience a wide range of barriers. Large employers typically encounter the most obstacles.

### Number of Employers Reporting as a Barrier:

<table>
<thead>
<tr>
<th>Common Barriers</th>
<th>Over 1,000 Employees</th>
<th>Under 1,000 Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Expense</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Payroll Systems</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Developing Policies and Procedures for Benefits</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Developing Policies and Procedures for Parking</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Equity</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Multi-Site Issues</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Marketing Materials</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Understanding how Benefits Works</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Getting Information</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Merging Pre-Tax with Subsidies</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Other Barriers</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Cheating</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Convincing Upper Management</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Convincing Other Departments</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Merging with Parking</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Distribution</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

**Average Barriers per Employer**

<table>
<thead>
<tr>
<th></th>
<th>5.5</th>
<th>1.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number of Employers</td>
<td>13</td>
<td>10</td>
</tr>
</tbody>
</table>

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**Major Barriers**
Common Barriers

Major Barriers

- Administrative hassle
  - Major barrier – identified by small and large employers
  - Time and resources to decide on and establish program (given multiple priorities, busy with other issues)
  - Payroll may resist
  - Concerns about time/hassle of running program
  - Issues generally grow with the number of employees and offices

- Cost
  - How to pay for employer-provided benefit? Cash flow
  - Tax savings for employer are generally small – often not enough to be considered worth administrative effort
Other Major Barriers

- **Developing Policies and Procedures**
  - Understanding how benefits work
    - Lack of understanding of the tax implications
    - Getting bad information: 132 vs 125; inappropriate referrals
    - Flexibility of 132 plans means more decisions to make
  - Multiple work sites
    - Distribution of passes
    - Need to go through headquarters for approval / payroll

- **Equity issues**
  - Urban vs. suburban offices
  - Transit users vs. carpoolers/cyclists/etc.
  - Full coverage of commuting costs vs. fixed dollar coverage

Other Major Barriers
Attributes of Successful Programs

How is Success Defined

› Agencies:
  – Number of employers / employees participating
  – Number of new transit/vanpool users

› Employer:
  – Not all employers have same goal
  – Employers may not seek direct cost savings, but may care whether program covers its own costs
  – Ease of administration
  – Some employers don’t see employee participation as measure of success
Attributes of Successful Programs

What Works: Push-Pull Approach

- Generate corporate demand
  - Identify a “champion” within organization
  - Use messages that resonate
    - Use competitors as examples
    - Use case studies, demonstrating benefits
  - Develop user-friendly guides to programs and tax issues

- Generate employee demand
  - Ask employees to “ask your boss” about commuter benefits

What Works: Push-Pull Approach
Attributes of Successful Programs

What Works: Marketing to Employers

- Direct one-on-one contacts with employers
  - Employers need a lot of attention
  - Tailor approach to employer’s needs (really work with employer to set up program for them)
  - Segment your market. Target ways to make it easier for multisite employers:
    - Voucher programs that extend across multiple work sites
    - Third party benefits administrators

- Use terminology geared to HR staff or widely recognized in region:
  - Transit benefits, tax benefits, program name (Metrochek, Commuter Check, Metropass, etc.)
Attributes of Successful Programs

What Works:
Messages that Resonate with Employers

- Messages that most often work
  - Recruitment and retention / Quality of workplace environment
  - Reduced need for parking

- Messages that sometimes work
  - Environmental benefits not important to most, but can be a supporting selling point for some employers

What Works: Messages that Resonate with Employers
Attributes of Successful Programs

Actions to Overcome Barriers

- Make it easy for the employer
  - Coordinate among transportation agencies
    - Develop systems for improving delivery to employers
    - Coordinate outreach and messages
    - Develop in-house expertise that can be shared
  - Understand local programs and tax issues
  - Help calculate costs, tax savings, value created

- Show the value as an employee benefit
  - Emphasize *flexibility* – options available

- Use incentives
  - Matching programs to defray costs
  - State / local tax credits

- Encourage public sector to lead by example
Factors that Affect Success

When Marketing is Not Enough

- Some employers may not be in a position to implement commuter benefits:
  - Not located near transit, or service is too infrequent
  - Financial problems
  - Major employer upheaval (mergers)
  - Key positions are unfilled
  - Local office does not have decision-making authority
For more information

- For pre-publication draft of TCRP guidebook:
  - Contact Michael Grant at mgrant@icfconsulting.com or Liisa Ecola at lecola@icfconsulting.com

- NTI Courses
  - National Transit Institute offers courses for both executives and staff in developing and implementing commuter benefits programs and employer assistance
  - See www.ntionline.com or call 732-932-1700

- Web sites
  - FTA Commuter Choice Toolkit –
    www.fta.dot.gov/library/policy/cc/cctocf
  - Association for Commuter Transportation –
    www.CommuterChoice.com
  - Environmental Protection Agency –
    www.CommuterChoice.gov
  - National TDM Clearinghouse –
    www.nctr.usf.edu/clearinghouse
Transcending the limits of medicine™

Tracy Simpson
Senior Benefits Specialist

Commuter Benefits
August 14, 2002

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Slide 1
Agenda

- About Millennium
- Core Values
- Original Transportation Benefit
- Current Transportation Benefit
- Analysis of Program
- Conclusion
- Ideas for Others
- More Information
About Millennium Pharmaceuticals, Inc.

Founded in early 1993 and headquartered in Cambridge, Massachusetts, Millennium Pharmaceuticals, Inc. (Nasdaq: MLNM) is a leading biopharmaceutical company.

Approximately 2,100 employees

- Primarily science, business and commercial
- 1,650 in Cambridge, MA (employees and non-employees)
  - 9 locations in Cambridge
  - 200 in South San Francisco, CA
  - 100 across the US
  - 120 in Cambridge, UK
Core Values

- We hire only the best people.
- We are creating an environment where our people can excel.
- We encourage innovation in the search for breakthrough products.
- We listen to and learn from everyone.
- We insist on absolute integrity in all of our interactions.
- We believe that both outstanding individuals and focused teams are crucial for our success.
- We are building a socially and ethically responsible corporation.
- We believe that nothing is impossible.
Original Transportation Benefit

Cambridge, MA

- Company expanded to ~ 200 employees
- Need for satellite parking
- Shuttle system developed
- Cost sharing for parking begins
- Incentive programs for public transportation and walking to work / ridesharing evolved
Current Transportation Benefit

Cambridge, MA
- Revised policy as of 1/1/02
  - Parking
  - MBTA (Massachusetts Bay Transportation Authority)
  - No parking / no MBTA
  - Cab vouchers / validations
  - Shuttle system

South San Francisco
- Parking
- Pre-tax commuter checks
- Shuttles from public transportation to worksite

Field and UK
- Managed separately

Current Transportation Benefit
Current Transportation Benefit (Cambridge, MA)

Parking

- 63% employees enrolled
- Average cost of a space per month increasing
- Employee contributes based on a sliding scale driven by income
  - Ranges from $16 to $90 per month
  - Via pre-tax payroll deductions
- Millennium subsidizes remainder
- Shuttle system transports employees from satellite parking to each location
Current Transportation Benefit (Cambridge, MA)

MBTA (public transportation)

- 30% employees enrolled
- Millennium subsidizes $100 per month
  - Remainder, if any is via after-tax payroll deduction
  - 20% employees exceed subsidy by $2 to $69 per month
- Monthly passes distributed at main reception areas in each location
- Shuttle system transports employees from train/bus stops to each location
Current Transportation Benefit (Cambridge, MA)

No parking / no MBTA
- 7% employees enrolled
- $175 after-tax per quarter for no parking or no MBTA
- Primarily employees living near work site or ride sharing

Cab vouchers / validations
- Cab vouchers for emergencies and other work-related trips not on shuttle route
- Validations for traveling from site to site, however shuttle system encouraged
Analysis of Program

- Zip code analysis of population
- Survey employees via telephone
- Local benchmarking of similar companies
- Understand local commuting options
- Recruiting tool
- Administratively burdensome (1.5 FTE)
- Costly
Conclusion

- Need to contain costs while remaining competitive locally / regionally

- Transportation Budget
  - 88% spending on parking
  - 10% spending on public transportation
  - 2% spending on neither
  - Employees sharing approximately 15% of the cost

- Need to contain costs while remaining competitive locally / regionally

- Employees seeking greater flexibility
  - Vouchers / ridesharing / vanpools

- Increasing company subsidy provides a greater benefit to employees while reducing and shifting costs
Ideas for Others

- Understand employees and their diverse needs
- Involve employees in the process
- Benchmark
- Know local / regional transportation options and ordinances
- Ensure program is aligned with business philosophy
- Communicate program effectively
- Solicit feedback / monitor the program
More Information

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Question & Answer Session

- Push *8 on your phone to ask a question (raise your hand)
- Push #8 on your phone to withdraw a question (lower your hand)
Thanks to Today’s Speakers and Sponsors

- Speakers
  - Michael Grant, ICF Consulting
  - Tracy Simpson, Millennium Pharmaceuticals Inc.

- Sponsors
  - National Center for Transit Research’s National TDM and Telework Clearinghouse
  - Association for Commuter Transportation

Thanks to Today’s Speakers and Sponsors
Final Comments

- Please complete and return evaluations
- Send topic ideas for future netconferences to Phil Winters at winters@cutr.usf.edu
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