

# Bay Area Commuter Benefits Program

## Employer Guide



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## Table of Contents

<b>Bay Area Commuter Benefits Program Overview</b>	<b>3</b>
<b>Bay Area Commuter Benefits Program Goals</b>	<b>3</b>
<b>Advantages of Participating in the Bay Area Commuter Benefits Program</b>	<b>4</b>
<b>Requirements for Compliance</b>	<b>5</b>
<b>Support for Employers</b>	<b>6</b>
<b>Bay Area Commuter Benefits Program Options</b>	<b>6</b>
Option 1: Pre-tax Benefit	6
Option 2: Employer-Provided Subsidy	7
Option 3: Employer-Provided Transit	8
Option 4: Alternative Commuter Benefit	9
Option 5: Telework	11
<b>Enforcement</b>	<b>11</b>
<b>Definitions</b>	<b>12</b>
<b>Additional Resources</b>	<b>13</b>

## Bay Area Commuter Benefits Program Overview

Welcome to your guide to the [Bay Area Commuter Benefits Program \(BACBP\)](#). Under the Bay Area Air Quality Management District (Air District) [Regulation 14: Rule 1](#), all Bay Area employers with 50 or more full time employees are required to enroll in the program. The goal of the program is to reduce greenhouse gas emissions and air pollution from single-occupancy driving by encouraging employees to commute using public transportation, carpools, vanpools, shuttle services, and teleworking.

If your employer has 50 or more full-time employees and falls within the [Air District's jurisdiction](#), then you are required to enroll in the program and document that your employer offers one (or more) of the following commuter benefit options to offer to your employees.



### OPTION 1:

#### **Pre-Tax Benefit:**

Allow your employees to exclude their transit or vanpool costs from taxable income.



### OPTION 2:

#### **Employer-provided transit or vanpool subsidy (or transit pass):**

Provide your employees with a subsidy that reduces or covers the monthly cost of their commute.



### OPTION 3:

#### **Employer-provided transit:**

Provide your employees a free or low-cost bus, shuttle, or vanpool service.



### OPTION 4:

#### **Alternative Commuter Benefit:**

Provide your employees an alternative commuter benefit that reduces single occupancy commuting and encourages a mix of program options including transit, biking, carpool, and limited telework.



### OPTION 5:

#### **Telework:**

Provide a company-wide telework policy permitting telework one or more days a week for all employees whose assignments can be performed remotely.

The steps laid out in this Employer Guide are intended to help you comply with the program and find the commuter benefit option(s) that best fits with your company's goals and the needs of your employees. The BACBP does not directly implement commuter benefits. For a list of benefit providers visit [511.org](#).

## Bay Area Commuter Benefits Program Goals

The Bay Area Commuter Benefits Program aims to improve quality of life and sustainability in the Bay Area by:

- Improving air quality
- Reducing emissions of greenhouse gases and other pollutants
- Reducing traffic congestion



## Advantages of Participating in the Bay Area Commuter Benefits Program



### Enhance Employee Recruitment and Retention

Providing your employees with robust commuter benefits is a proven method for recruiting and retaining quality talent.



### Reduce Congestion

By encouraging your employees to take alternative modes of transportation, you are helping to reduce congestion in the Bay Area.



### Reduce Expenses for Employers and Employees

Your employer can potentially save money on payroll (FICA) taxes and/or corporate taxes.

Your employees will save money on commuting costs by using transit, carpooling/vanpooling, cycling, or teleworking.



### Reduce Greenhouse Gas Emissions

By encouraging your employees to take alternative modes of transportation, you are helping to reduce greenhouse gas emissions in the Bay Area.



### Enhance Employee Productivity

Employees who commute via transit, carpool/vanpool, shuttles, or active transportation arrive at work less stressed and are able to be more productive and engaged than employees who drive alone.

## Requirements for Compliance

This section includes step-by-step instructions for employers to register a commuter benefit and how to meet the requirements for compliance.

### Step 1: Choose a benefit option

Evaluate the 5 commuter benefit options and select one (or more) to offer to your employees.

### Step 2: Designate a primary and secondary Commuter Benefits Coordinator

For the purposes of the program, the Commuter Benefits Coordinators will be responsible for completing the registration form for your company and updating registration annually. We encourage you to include a secondary Commuter Benefits Coordinator as a back-up contact to receive important emails and annual reminders about registration.

Most employers assign this role to an employee in their Human Resources department; however, any employee deemed appropriate can act as a Commuter Benefits Coordinator.



**Registration is  
easy and only takes  
15 minutes!**

### Step 3: Register at BACPB webpage

Go to [511.org/CommuterBenefitsProgram](https://511.org/CommuterBenefitsProgram)

Click “register” and follow the online automated registration process. In order to complete registration, you will need the following information:

- Employer ID (*If you don't already know it, call 510-285-3182 or email [commuterbenefits@511.org](mailto:commuterbenefits@511.org)*)
- Name and contact information for your primary and secondary Commuter Benefits Coordinator(s)
- Number of full-time employees and covered employees at each Bay Area worksite
- The commuter benefit option that you plan to offer
- How you plan on notifying employees about the commuter benefit

### Step 4: Notify employees of the commuter benefit your company will provide

Make the commuter benefit(s) you choose available to your employees and provide information on how to take advantage of it.

### Step 5: Keep records to document implementation of your commuter benefits program

Employers must maintain records for a three-year period and make records available to the Air District upon request. Documentation must demonstrate that:

- Your commuter benefit(s) has been implemented and made available to employees.
- Your employees were notified of the commuter benefit(s)
  - » At the time the benefit(s) was first made available, and
  - » As part of the onboarding process for new employees

### Step 6: Renew your registration annually

In order to remain in compliance, employers are required to renew their registration annually to ensure their benefits plan is up to date. The Primary Benefits Coordinator will receive renewal email notifications to inform employers when the annual renewal window is open. Employers have 30 days after the renewal date to indicate any changes to your benefits program. If there are no changes to your benefits program, simply review your registration and re-submit.

### Support for Employers

If you have questions about the Bay Area Commuter Benefits Program options, or if you require support to walk you through the registration process, contact the commuter benefits program team directly for personalized assistance. Employer service representatives are available to retrieve your Employer ID, assist with log in credentials, provide more information about the benefit options and help troubleshoot any issues with the registration process. They can also confirm the registration status and annual renewal date for employers.



**Contact the Bay Area Commuter Benefits Program (BACBP) team directly at (510) 285-3182 or email [commuterbenefits@511.org](mailto:commuterbenefits@511.org).**

## Bay Area Commuter Benefits Program Options

### Option 1: Pre-tax Benefit

For Option 1, employers allow employees to exclude their transit or vanpool costs from taxable income to the maximum extent permitted by federal law (refer to [BACPB Options](#) page for the updated maximum amount). The pre-tax benefit option is similar to the Flexible Spending Account (FSA) which allows employees to set aside dollars on a pre-tax basis to pay for qualified medical expenses.

### Implementation

**Step 1: Choose whether to administer the pre-tax benefit in-house or use a [third-party vendor](#).**

- In-house tasks:
  - » Take employee orders.
  - » Make payroll deductions.
  - » Purchase the benefit from the vendor.
  - » Distribute the benefit to employees.
  - » Answer employee questions about the benefit.
- Third-party vendor tasks:
  - » Select a vendor and coordinate with them to make payroll deductions.
  - » Pay the vendor fee based on number of employees and scope of services.
  - » The vendor will be responsible for managing employee orders and distributing the benefit.

## Step 2: Set up pre-tax deductions

- Work with your employer's payroll administrator to set up a pre-tax deduction code.
- Consider how you will conduct the payroll deduction and when the money for transit/vanpool will be deducted.

## Step 3: Enroll employees in the program

- Distribute an enrollment form to employees to collect orders.
- If you are working with a vendor, establish the process for gathering employee orders.

## Step 4: Distribute the benefit

- Distribute the benefit using the process you (or you and the vendor) decided on.



## Potential Savings\*

### Employer savings:

- Private employers can save 7.79% of their payroll taxes by offering pre-tax commuter benefits.
- Employers can save up to \$280 per employee per year.

### Employee savings:

- Employees will save on federal and state income taxes and Social Security and Medicare taxes.
- Depending on tax bracket, employees can save up to \$982 per year.

## Option 2: Employer-Provided Subsidy

For Option 2, employers will provide employees with a transit or vanpool subsidy of up to \$75 to cover or reduce the monthly cost of their commute. If the employee's monthly vanpool or transit fare is less than \$75 each month, the employer will cover the full amount of the fare; if the fare exceeds \$75, the employer must offer the full \$75 subsidy to the employee. Employers may elect to offer a higher than \$75 subsidy at their discretion.

## Implementation

### Step 1: Choose whether to administer the pre-tax benefit in-house or use a third-party vendor.

- In-house tasks:
  - » Take employee orders.
  - » Make payroll deductions.
  - » Distribute the subsidy to employees.
  - » Answer employee questions about the subsidy.
- Third-party vendor tasks:
  - » Select a vendor and coordinate with them to provide the subsidy.
  - » Pay the vendor fee based on number of employees and scope of services.
  - » The vendor will be responsible for the bulk of tasks involved in offering a subsidy.

### Step 2: Set up the subsidy distribution

- Work with your company's payroll administrator to set up the subsidy.
- Consider how the subsidy will be offered to employees and who will administer the subsidy (or coordinate these logistics with the vendor).

\* All potential savings are based on information from the IRS tax code. Employers should consult with their tax advisor regarding potential tax savings related to their commute benefit program.

### Step 3: Enroll employees in the program

- Distribute an enrollment form to employees to collect orders.
- If you are working with a vendor, establish the process for gathering employee orders.

### Step 4: Distribute the subsidy

- Distribute the subsidy using the process you (or you and the vendor) decided on.



## Potential Savings\*

### Employer savings:

- Employers do not pay payroll taxes on the provided transit or vanpool subsidies.
- Employers may also deduct the subsidy as a business expense.

### Employee savings:

Employer-provided subsidies are tax-free to the employee, meaning that the employee takes home the entire value of the subsidy.

## Option 3: Employer-Provided Transit

Option 3 requires that the employer provides transportation from your employees' home communities to the worksite. This can include buses, vans, or shuttle services. Option 3 is one of the more expensive benefits to offer, but you can mitigate costs by:

- Providing a shared bus or shuttle service in collaboration with nearby businesses.
- Purchasing seats for employees on an existing transportation service.
- Charging employees a modest fee for using the bus or shuttle, provided that it does not exceed the "low-cost" threshold.
  - Low-cost is defined as:
    - » Short distance: maximum of \$2.00 per employee for a one-way trip
    - » Long distance: maximum of \$0.20 per mile for a one-way trip

## Implementation

### Step 1: Determine what transportation providers are available for bus, shuttle, or vanpool service

- Go to the [benefit providers](#) list for more information or consult your local county employer outreach staff for free assistance and support.

### Step 2: Determine which transportation option(s) would be most viable

- Consider where the majority of employees live and their work schedules when determining points of origin and timing.

### Step 3: Consider joining forces with neighboring employers

- Coordinate with nearby employers if you are interested in splitting the costs of an employer-provided transportation service.

\* All potential savings are based on information from the IRS tax code. Employers should consult with their tax advisor regarding potential tax savings related to their commute benefit program.



#### Step 4: Enroll employees in the program

- Distribute an enrollment form to employees to collect orders.
- If you are working with a vendor, establish the process for gathering employee orders.



#### Potential Savings\*

**Employer savings:** Employer may be able to deduct cost of transportation service as a business expense.

**Employee savings:** For free employer-provided transit, employees save on costs associated with commuting. If the employee has to pay part of the cost of the employer-provided transit, their share can be excluded from taxable wages.

#### Option 4: Alternative Commuter Benefit

If the other options do not meet the needs for your company, employers have the freedom to propose a customized commuter benefit plan to suit their needs through Option 4. The Air District will evaluate and approve any new additional commuter benefit that you propose. The Air District and Metropolitan Transportation Commission (MTC) have also developed a list of measures that you can choose from to submit a pre-approved alternative.

The table below outlines the pre-approved primary and secondary measures that are available to you.

**TABLE 1—OPTION 4 MEASURES**

Primary Measures	Secondary Measures	
✓ Carpool subsidy (\$3/day that the employee carpools)	✓ Preferred parking for carpools	✓ Employer-sponsored bike share program
✓ Bicycle subsidy (\$20 per month)	✓ Employer-specific carpool match service	✓ Employee commuting awards program (ex: bonus vacation day; free lunch; gift card; etc.)
✓ Limited telework schedule	✓ Employer-provided membership in a car-sharing program	✓ On-site amenity (ATM; café; catered lunch; onsite childcare, dry cleaning, etc.)
✓ Compressed workweek	✓ Participation in an emergency/guaranteed ride home program	✓ Provision of a shared mechanism for viewing real time commuting info (ex: flat screen monitor in lobby)
✓ Parking cash-out	✓ Secure, on-site bicycle parking	✓ Lunchtime shuttle
✓ Electric vehicle implementation	✓ Showers and bicycle lockers for employees	✓ Transit subsidy (at least \$1/day, but less than \$3/ day)

\* All potential savings are based on information from the IRS tax code. Employers should consult with their tax advisor regarding potential tax savings related to their commute benefit program.

As part of Option 4, you must select one of the following three combinations of primary and secondary measures listed in Table 1:

**4A:** One Primary Measure plus at least two Secondary Measures.

**4B:** At least four Secondary Measures.

**4C:** Propose your own unique commuter benefit and describe why it would be appropriate and effective at your worksite. The Air District will evaluate and approve your proposal if it is deemed as effective as the other commuter benefit options.

## Implementation

### Step 1: Review each of the pre-approved measures

Review the [Option 4 guide for a detailed description of each measure](#), the FAQ document, and case studies.

### Step 2: Choose your alternative commuter benefit program

Decide between 4A, 4B, and 4C and select the measures that you will use for your preferred plan or propose your own benefit and write out a justification.

### Step 3: Enroll employees in the program

- Distribute an enrollment form to employees to collect orders.
- If you are working with a vendor, establish the process for gathering employee orders.

### Step 4: Distribute the benefits

Distribute the benefits using the process you (or you and the vendor) decided on.



## Potential Savings\*

Since Option 4 offers employers the flexibility of creating their own custom plan to meet the needs of their employees, the potential savings for employers will depend on the combination of primary and secondary measures selected. Employers may benefit from the combination of several potential savings such as not having to pay payroll taxes for employer provided transit or vanpool subsidies, deducting the subsidy as a business expense, or saving on real estate and parking costs by consolidating office and parking space through the adoption of a limited telework schedule.

For example, if you choose to offer a bicycle subsidy as part of Option 4, your employer can deduct the subsidy as a business expense. If you choose to offer a bicycle subsidy as part of Option 4, your employees will receive up to a monthly limit for qualified bicycling expenses tax-free.

\* All potential savings are based on information from the IRS tax code. Employers should consult with their tax advisor regarding potential tax savings related to their commute benefit program.

## Option 5: Telework

Employers that select Option 5 must offer a company-wide telework benefit option allowing a majority of employees to telework at least one day or more per week. In order to be pre-approved for Option 5, you may not remove existing benefits offered to employees who are unable to work outside of the worksite. If you remove existing commuter benefits, then the Air District will need to approve your benefit on a case-by-case basis.

## Implementation

### Step 1: Create your telework policy

Ensure your policy contains the following elements:

- A written agreement that states organizational goals for the commuter benefits program.
- A training plan for both managers and employees on the technical and personal aspects of facilitating telework.
- Regular check-ins with employees to evaluate the effectiveness of the telework policy.

### Step 2: Share policy with employees

Be prepared to answer any questions that employees may have.

## Enforcement

Employers who are required to enroll in the Bay Area Commuter Benefits Program must comply with its requirements. The Air District and MTC provide information and assistance to help employers understand the commuter benefits program to ensure compliance. The Air District has authority to enforce the Bay Area Commuter Benefits Program (Regulation 14, Rule 1) pursuant to the California Health & Safety Code Section 65081.

The Air District enforcement program typically utilizes a cooperative working relationship with the regulated entities including graduated levels of enforcement actions, in order to maintain compliance with air quality regulations. Before moving to the enforcement phase, the Air District will contact the employer directly with registration reminders that outline the employers' obligations. In most cases, an enforcement action can be settled by taking prompt corrective actions and paying a monetary penalty.



## Potential Savings\*

### Employer savings:

- According to Global Workplace Analytics, employers can save almost \$11k per remote worker per year.
- Employers can save on real estate and parking costs by consolidating office and parking space.

### Employee savings:

Employees will save on gas, tolls, vehicle maintenance costs, and transit costs due to not having to commute as often.

\* All potential savings are based on information from the IRS tax code. Employers should consult with their tax advisor regarding potential tax savings related to their commute benefit program.

## Definitions

**Employer:** Any private, public, or non-profit entity with 50 or more full-time employees in the San Francisco Bay Area. Employee count is based on the total number of employees across all worksites in the nine-county Bay Area region.

**Employee:** Anyone who receives a federal W-2 form for income tax purposes.

**Full-Time Employee:** An employee who works at least 30 hours per week.

**Covered Employee:** An employee who works at least 20 hours per week. Employers with 50 or more full-time employees are also required to provide commuter benefits to their covered employees.

**Seasonal/Temporary Employee:** An employee who works 120 or fewer days per year. Seasonal/temporary employees do not count towards employee count, and employers are not required to offer commuter benefits to these employees.

**Field Employee:** An employee whose primary job responsibilities are at a temporary job site(s), and who do not report to an employer's permanent job location. Field employees do not count towards employee count, and employers are not required to offer commuter benefits to these employees.

**Telework:** A work arrangement that allows employees to perform their job duties from an offsite location other than the official workplace (home, café, coworking space, etc.).

**Multi-Site Employers:** Employers that have 50 or more full-time employees across all Bay Area worksites (even if there are not 50 employees at any single site). Multi-site employers can either choose to provide the same benefits to all employees or offer different benefits at different work sites.

**Employers already offering commuter benefits:** Many employers already offer commuter benefits that are consistent with the BACBP options to their employees. These employers simply need to register in order to comply. Other employers will need to modify or enhance existing commuter benefit options in order to comply with BACBP.

## Additional Resources

Resource Name	Location or Contact Information
<p><b>Bay Area Commuter Benefits Program Employer Service Representatives</b></p> <p>Employer service representatives for the Bay Area Commuter Benefits Program are available to provide assistance and support to employers.</p>	<p>Call (510) 285 – 3182 or email <a href="mailto:commuterbenefits@511.org">commuterbenefits@511.org</a></p>
<p><b>Bay Area Commuter Benefits Program Frequently Asked Questions (FAQ)</b></p>	<p>511.org/commuterbenefitsprogram (<a href="#">Click Here</a>)</p>
<p><b>Bay Area Commuter Carpool Resources</b></p> <p>Carpool resources and a list of regional carpool programs to take advantage of.</p>	<p>511.org/carpool (<a href="#">Click Here</a>)</p>
<p><b>Bay Area Vanpool Program</b></p> <p>Lease a single vanpool vehicle or create full vanpool program for your worksite.</p>	<p>511.org/vanpool (<a href="#">Click Here</a>)</p>
<p><b>Commute Rewards</b></p> <p>Additional Bay Area commuter incentive programs where you can earn rewards for taking alternative modes of transportation.</p>	<p>511.org/carpool/rewards (<a href="#">Click Here</a>)</p>
<p><b>Benefit Providers</b></p> <p>A comprehensive list of vendors providing commuter benefit services for employers to contact directly.</p>	<p>511.org/commuterbenefitsprogram (<a href="#">Click Here</a>)</p>