

Pre-tax Commuter Benefits

--BART Rider Survey--

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Pre-tax Commuter Benefits – Rider Survey

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Background

Pre-tax benefits provide a significant financial advantage to BART riders. The transportation fringe benefits tax code allows tax-free transportation benefits of up to \$230 per month per employee for transit or vanpool expenses and up to \$230 per month for parking¹. Recent changes in legislation (e.g. San Francisco's Transit Benefit Ordinance) and an expansion of products (e.g. Commute Check's debit card, EZ Rider parking payment) have created a number of opportunities and challenges for BART to explore in this area.

A survey of weekday riders was conducted to better understand if there is there anything more BART can or should be doing to promote or improve pre tax benefits for riders. Approximately 1,400 riders completed this online survey. Respondents who participate in pre-tax transit benefits programs were asked:

- how programs they participate in are structured
- how easy it was for them to sign-up, redeem benefits and get questions answered
- about their use of pre-tax benefits for other (non BART) transit and parking
- about the proportion of costs covered by pre-tax benefits

A more complete description of the methodology can be found at the end of this report and the questionnaire is included as Appendix 2.

Findings

Pre-tax transit benefits are well used by BART riders. Almost half of weekday riders (46%) currently participate in their employer's program². Commute Check or WageWorks administer the majority (almost 70%) of the programs.

Pre-tax benefits can play a significant role in keeping fare costs down—among those who receive commute benefits, 68% of their BART fares are pre-tax.

The current programs work well for most participants:

- 96% = "very to somewhat easy" to sign-up
- 90% = "very to somewhat easy" to redeem benefits

Getting answers to questions was somewhat more difficult; however, 83% of pre-tax recipients with questions still indicated it was "very to somewhat easy" to get them answered.

¹ 2009 IRS Limits,

² Results from BART's 2007 Omnibus Survey corroborate these results; 38% of respondents to this survey indicated they participate in their employer's pre-tax program. The Omnibus Survey sample includes weekday and weekend riders (who are less likely to be BART commuters) so we would expect a slightly lower incidence.

For those who had trouble with the redemption process, most fingers pointed to the retail end of the process. Comments targeted three issues: 1) limited locations and hours, 2) long lines and 3) running out of tickets. Pre-tax participants see an online solution as the logical way to solve this problem, "There is NO reason why this could not be completely computerized." and, most (88%) would be in favor of receiving their benefit on a smartcard. Riders also gave high marks to receiving tickets by mail or at work.

Almost all riders without a pre-tax program available at work expressed interest. Ninety percent (90%) were "very to somewhat interested" in receiving a pre-tax transit benefit.

Pre-tax parking benefits are less common than transit benefits. About one quarter of respondents (26%) work where pre-tax parking benefits are offered and about four percent of weekday riders have some portion of their BART parking paid with a pre-tax benefit.

A fairly substantial number (12%) of all respondents indicated their employer offers a pre-tax benefit or subsidy for transit use, but they do not currently participate in the program. The main reasons:

- not riding BART often enough
- EZ Rider Card not compatible
- "just haven't gotten around to it"
- ineligible because of employment status
- "savings was not worth the effort"

Availability of Pre-tax Transit Benefits

Most respondents (92%) indicated they were currently employed³. Almost 6 of 10 respondents (58%) work for an employer who offers a pre-tax transit benefit program (Table 1).

³ 78% work 30 hours per week, 8% work less than 30 hours per week and 5% indicated they were self-employed.

Table 1 – Pre-tax or transit subsidy offered by employer

	Frequency	Count
Yes	58%	822
No	23%	328
Not sure	5%	66
Self-employed/Not employed	14%	192
	100%	1408

Of those who have a transit benefit program at work, 79% participate (Table 2). This is 46% of all respondents. On the flip side, 21% of this group (12% of all respondents) works where commute benefits are offered but choose not to participate. Of those who do not participate the main reasons were: (1) not riding BART often enough, (2) preferring their EZ Rider Card, (3) not having gotten around to signing up, (4) employment status making them ineligible, and (5) believing the savings was not worth the effort.

Table 2 – Participation in Transit Benefit Program

	Frequency	Count
Yes	79%	646
No	21%	174
	100%	820

46% of all respondents

12% of all respondents

Respondents who indicated they did not have a transit benefit program available through their employer, were asked how interested they would be in receiving a pre-tax transit benefit. Ninety percent (90%) of this group indicated they were “very to somewhat” interested (Table 3).

Table 3 – Interest in Transit Benefits (if not currently available)

	Frequency	Count
Very interested	63%	251
Somewhat interested	27%	107
Not interested	5%	22
Don't know	5%	20
	100%	400

How Programs Are Structured

Commuter Check and WageWorks are the most popular administrators of transit benefit programs, followed by about six percent whose employers provide transit tickets directly to their employees (Table 4). Most programs are set-up as a pre-tax deduction (Table 5). A smaller number are set-up as an employer subsidy and an even smaller number are a combination pre-tax deduction and subsidy.

Table 4 – Program Administration

	Frequency	Count
Commuter Check	37%	212
WageWorks	31%	178
Tickets are provided directly by employer	6%	36
TransitChek	1%	8
Tranben	1%	7
Other ⁴	15%	88
Don't know	9%	49
	100%	578

Table 5 – Program Structure (pre-tax vs. subsidy)

	Frequency	Count
Employees have a pre-tax deduction taken from their salary	68%	392
My employer pays for all of it as a subsidy	15%	87
A combination of the two above	8%	48
Other	4%	23
Don't know	5%	28
	100%	578

⁴ “Other” included primarily benefit management companies such as ADP, Ceridian, SHPS, Fringe Benefits Management, Creative Benefits, HR Simplified, etc.

Ease of Participating in Transit Benefit Programs

To better understand if riders are well served or not by current pre-tax programs and services, pre-tax recipients were asked to rate and comment on:

- Signing up for benefits
- Obtaining benefits
- Redeeming benefits for tickets/passes
- Getting answers to questions about benefits

Sign-up Process:

Very few pre-tax recipients (3%) had any difficulty with the sign-up process (Table 6). Respondents whose employer distributed pre-tax tickets or vouchers at the worksite gave the highest “very easy” response (~84%). Comments from the few pre-tax recipients that did indicate some difficulty were mainly about the complexity of the websites.

Table 6 – How Easy/Difficult to Sign-up for Transit Benefits

	Number	Percent
Very easy	420	73%
Somewhat easy	135	24%
Somewhat difficult	18	3%
Very difficult	2	0%
Total	575	100%



Confusing website

- “The processing vendor's web site was confusing, and it took me a couple of tries to figure it out. I'd like to increase my tickets, but I'm deterred by how complicated the access is”

Obtaining Benefits:

The most common methods of obtaining benefits are through the mail (31%) and paper vouchers received at work (23%). About 10% of pre-tax recipients submit receipts and get reimbursed and about the same percent receive a pre-loaded debit card (Table 7). Table 8 shows how the different methods of obtaining benefits were rated. For most methods of distribution, over 90% of pre-tax recipients indicated it was “very to somewhat easy” to obtain their benefits except for those who received vouchers by mail (74% very to somewhat easy), vouchers at work (83% very to somewhat easy) or submit

receipts and get reimbursed (84% very to somewhat easy)⁵. Receiving tickets by mail received the highest rating (96% very to somewhat easy)⁶.

Table 7 – How Transit Benefits Are Obtained

	Frequency	Count
Transit tickets are mailed to me	31%	181
My employer gives me a paper voucher at work	23%	132
My employer distributes transit passes/tickets to me at work	15%	87
I submit receipts and get reimbursed	12%	67
I receive a preloaded or reloadable debit card	10%	57
Vouchers are mailed to me	5%	28
I use an on-line system	3%	16
Other ⁷ :	2%	10
	100%	578

Table 8 – Ease of Obtaining Benefit

	Very Easy	Somewhat Easy	Somewhat Difficult	Very Difficult
Transit tickets are mailed to me <i>n=161</i>	83%	13%	3%	1%
My employer gives me a paper voucher at work <i>n=123</i>	46%	37%	15%	2%
My employer distributes transit passes/tickets to me at work <i>n=84</i>	66%	29%	6%	0%
I submit receipts and get reimbursed <i>n=62</i>	52%	32%	15%	2%
I receive a preloaded or reloadable debit card <i>n=55</i>	64%	27%	7%	2%
Vouchers are mailed to me <i>n=27</i>	30%	44%	22%	4%
I use an on-line system <i>n=14</i>	71%	29%	0%	0%
Other <i>n=22</i>	68%	27%	5%	0%

⁵ Note: While vouchers may be somewhat more difficult to use from the employee perspective they may be simpler from the employer perspective (which is not addressed in this report). The simplicity of vouchers may make it more likely for some employers to offer commuter benefits.

⁶ Note: sample sizes in table 8 are small so results may not be statistically significant.

⁷ Other includes loaded onto EZ Rider Card and new/not sure.

Redemption Process:

Nine of ten pre-tax recipients indicated the redemption process was “very to somewhat easy” (Table 9). Respondents in the “very easy” category generally receive their tickets by mail or at their place of employment; others incorporate the retail exchange in their routine, “I go to Safeway anyway so it’s simple to get my tickets” or receive their benefits electronically, “Automatically added to EZ Rider card”.

For those who indicated the redemption process was “somewhat to very difficult” most comments touched on retail operations—long lines, inconvenient locations, limited hours and out of tickets. Some representative comments from this group are shown below table 9. These comments were echoed by pre-tax recipients in the “somewhat easy” category but with a milder degree of frustration.

Table 9 – How Easy/Difficult to Redeem Transit Benefits

	Number	Percent
Very easy	346	63%
Somewhat easy	147	27%
Somewhat difficult	48	9%
Very difficult	8	2%
Total	549	100%



Limited locations/hours to redeem benefits

- “I have to go to a place where they accept commuter checks, and there is none near my work or home.
- “Only a few stores carry BART tix.”

Time consuming

- “Lines are very long to redeem at Embarcadero BART”
- “Time consuming, very long lines.”

Out of tickets

- “Vendors frequently do not have high-value BART tickets, which is very, very frustrating.”
- “Lucky stores are out of BART tickets 50% of the time. If you could link it to my EZ-Rider account that would be ideal..”

EZ Rider

- “I use an EZ Rider card plus parking. If the transit benefit could be added to my EZ-Rider card, it would be very easy.”

Reimbursement is inconvenient

- “Inconvenient to submit receipts and get reimbursed.”

- "I have to collect all my receipts and fill out a form. I usually end up waiting a long time and get reimbursed for 6 months at a time because I forget to do it."

Proposed solution

- "There is NO reason why this could not be completely computerized."

Of those pre-tax recipients who need to redeem their transit benefits (i.e. tickets are not provided directly at work, mailed or auto loaded), about half redeem them at a BART station (Table 10). Retail outlets, websites and ticket vending machines are the other common spots for redemption. Table 11 shows how the different methods of obtaining benefits were rated. Retail outlets (81% very to somewhat easy) and ticket booths at BART stations (84% very to somewhat easy) received the lowest ratings.

Table 10 – Where Do You Redeem Your Transit Benefits*

	Frequency	Count
Ticket booth at a BART station	50%	176
Retail outlet	25%	87
On a website	11%	39
Ticket vending machine (e.g. with a debit card)	9%	31
Other:	6%	21
	100%	354

*multiple responses permitted

Table 11 – Ease of Redeeming Benefit for Tickets/Passes

	Very Easy	Somewhat Easy	Somewhat Difficult	Very Difficult
Ticket booth at a BART station <i>n=174</i>	48%	36%	13%	3%
Retail outlet <i>n=81</i>	33%	48%	16%	3%
At work from my employer <i>n=54</i>	82%	19%	0%	0%
On a website <i>n=38</i>	71%	24%	5%	0%
Ticket vending machine (e.g. with a debit card) <i>n=31</i>	55%	36%	7%	3%
Other <i>n=85</i>	69%	20%	9%	1%

Respondents were asked to consider the option of receiving their benefits on a smartcard. "In the future, it may be possible for your employer to load your transit

benefit directly onto a permanent smartcard each month (e.g. BART’s EZ Rider Card or a TransLink Card). Your smartcard could then be used directly on transit.” Almost 90% were “very to somewhat interested” in receiving their benefit this way (Table 12).

Table 12 – Interest in Receiving Benefit on Smartcard

	Frequency	Count
Very interested	70%	399
Somewhat interested	18%	103
Not interested	8%	46
Don’t know	5%	26
	100%	574

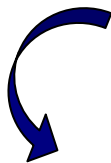
Questions answered:

Most pre-tax recipients either found the process easy (50%) or did not have experience contacting customer service (40%) (Table 13). Comments from those whose questions were answered easily mostly pointed to the administrator at their company as an easy-to-access, knowledgeable source. For those who indicated it was difficult to get questions answered, comments pointed to less knowledgeable customer service representatives at third party administrators (TPA), poor availability of customer service representatives and simply not being sure where to get questions answered.

Table 13 – How Easy/Difficult to get Questions Answered About Transit Benefits

	Number	Percent
Very easy	151	26%
Somewhat easy	135	24%
Have not contacted customer service	232	40%
Somewhat difficult	43	8%
Very difficult	14	2%
Total	575	100%

83% of respondents with questions



Don’t know product well

- “[TPA] people do not seem to know how their program works.”
- “Too hard to get a live voice; each representative gives a different answer to your question.”

Not available/slow to get back

- “[TPA] customer service is thin at best.”
- “It takes a few days to get questions answered via email, which is annoying.”

Not clear who to ask about EZ Rider

- "I wanted to try to apply my benefits to my EZ Rider card and it took more than an hour to learn I couldn't do it."

Transit Use and Payment

Since this was a survey of BART riders, it's no surprise that the majority of pre-tax recipients use their transit benefit to purchase BART tickets (Table 14). Muni and AC Transit were the next two most common ticket types purchased.

Table 14 --Ticket Types Received with Transit Benefit*

	Frequency	Count
BART	80%	546
Muni	10%	67
AC Transit	5%	35
Caltrain	1%	4
SamTrans	2%	14
Other ⁸ :	2%	16
	100%	682

*multiple responses permitted

Data were gathered in the survey on the cost of riding BART and the proportion of that cost covered by transit benefits among pre-tax recipients:

- Average monthly cost of riding BART = \$135
- Average amount covered by commute benefit = \$92 or 68%

Table 15 shows the proportion of BART costs covered in five ranges. The first row shows that for 30% of this group, 100% of their BART costs are covered by their pre-tax benefit and their total average monthly cost is \$97. This shows that at least 70% of BART pre-tax recipients would benefit from an increase in the federal cap (\$120 per month as of 2009) on this program.

⁸ "Other" responses included the Vallejo Ferry and Golden Gate Bus and Ferries.

Table 15 – BART Cost Covered by Transit Benefit

Proportion of BART Cost Covered	Frequency	Total Avg. Monthly BART Cost
100% (n=159)	30%	\$97
75% to 99% (n=128)	24%	\$129
50% to 74% (n=146)	27%	\$162
25% to 49% (n=64)	12%	\$174
Less than 25% (n=34)	6%	\$136
n=531	100%	All = \$135

About four in ten pre-tax recipients (42%) use other transit in addition to BART on a regular or occasional basis (Table 16).

Table 16 – Use of Other Transit (in addition to BART)

	Frequency	Count
Yes	29%	163
No	59%	332
It varies	13%	72
	100%	567

Data were gathered on the cost of riding other transit and the proportion of that cost covered by transit benefits:

- Average monthly cost of other transit = \$54
- Average amount covered by commute benefit = \$29 or 54%

Table 17 shows the proportion of non-BART costs covered in four ranges. The first row shows that for 31% of this group, 100% of their other transit costs are covered by their pre-tax benefit and their total average monthly cost is \$51.

Table 17 – Other Transit Costs Covered by Pre-tax

Portion of Non-BART Transit Cost Covered	Frequency	Total Avg. Monthly Transit Costs
100% (n=62)	31%	\$51
50% to 99% (n=31)	16%	\$104
1% to 49% (n=9)	5%	\$126
Less than 1% (n=98)	49%	\$34
n=200	100%	All = \$54

Parking Benefits

The transportation fringe benefit tax code also allows for parking at work or near transit to be paid for on a pre-tax basis. Just over a quarter of respondents work for employers who offer pre-tax parking benefits (Table 18).

Table 18 -- Does Your Employer Offer a Pre-Tax Parking Benefit?

	Frequency	Count
Yes	26%	313
No	54%	654
Not sure	20%	235
	100%	1202

Of those whose employers offer parking benefits, 35% (112 respondents) currently pay to park at a BART station. Almost all (97%) park in a BART lot and of those who pay to park just over half (55%) pay a daily fee and just under half (44%) pay a monthly fee.

Data were gathered on the cost of parking for those who pay to park at or near a BART station and the proportion of that cost covered by transit benefits:

- Average monthly cost of parking = \$40
- Average amount covered by parking benefit = \$25 or 61%

Table 19 shows the proportion of BART costs covered in three ranges. The first row shows that for 48% of this group, 100% of their parking costs are covered by their pre-tax benefit and their total average monthly cost is \$49.

Table 19 – Parking Costs Cover by Pre-transit

Portion of Parking Cost Covered	Frequency	Total Avg. Monthly Parking Costs
100% (n=50)	48%	\$49
1% to 99% (n=5)	5%	\$49
0% (n=49)	47%	\$31
<i>n=104</i>	<i>100%</i>	<i>All = \$40</i>

4% of all respondents

Methodology

On December 2, 2008 an email invitation was sent to 3,359 weekday BART riders who had responded to the 2008 Station Profile Survey and agreed to participate in future research. The survey was closed on December 11 after 1,414 questionnaires were completed (42% response rate). The invitation explained that as part of our ongoing efforts to improve BART information and services we were asking a small number of riders to respond to a short online survey. The Station Profile population was selected because the sample was fresh and we wanted to get feedback primarily from riders who were employed (the Station Profile was conducted on weekdays only). As an incentive (to minimize bias and improve response rate), respondents were entered into a drawing to win one of four \$50 BART tickets.

The majority of questions were answered only by respondents who indicated they were employed. 1,218 (or 86%) respondents were employed. The margin of error for this group of respondents (n=1,218) is 2.8% at a 95% confidence level. The margin of error increases when looking at smaller respondent segments; for example, it is 4% for segments of 600, almost 5% for segments of 400 and almost 7% for segments of 200.

Appendix 1: Respondent Characteristics

Work city:

Over half of respondents (54%) worked in San Francisco. Oakland was the second most common destination with 18% of respondents followed by Berkeley with 6%

Frequency of BART Use:

Table A1 – How Often Do You Currently Ride BART

	Number	Percent
6-7 days a week	177	13%
5 days a week	690	49%
3-4 days a week	249	18%
1-2 days a week	134	10%
1-3 days a month	108	8%
Less than once a month	47	3%
Total	1,405	100%

Number of employees at worksite:

Table A2 – How Many Employees Work for Your Company at Your Worksite?

	Frequency	Count
0-50	37%	473
51-100	13%	162
101-500	20%	256
More than 500	28%	352
Don't know	3%	34
Total	100%	1,277

Appendix 2: Questionnaire



Thanks for participating in this short survey. Once you've completed it, we'll enter you in a drawing to win one of four \$50 BART tickets.

1. How often do you currently ride BART?

- 6-7 days a week
- 5 days a week
- 3-4 days a week
- 1-2 days a week
- 1-3 days a month
- Less than once a month
- Never used BART

2. What is your employment status? (If you have more than one job, please answer for your primary employer.)

- Employed 30 or more hours/week
- Employed less than 30 hours/week
- Self-employed
- Not currently employed

3. Does your employer offer any programs to encourage employees to use transit, carpool, bicycle or walk to work?

- Yes
- No
- Not sure

4. Does your employer offer either a pre-tax benefit (such as Commuter Check or WageWorks) or a subsidy for transit use ?

- Yes
- No
- Not sure

4a. How interested are you personally in receiving a pre-tax transit benefit?

- Very interested
- Somewhat interested
- Not interested
- Don't know

5. Do you currently participate in the transit benefit program?

- Yes
- No

6. Who administers your company's transit benefit program?

- Commuter Check
- WageWorks
- TransitCheck
- Tranben
- Transit tickets are provided directly by my employer
- Other: _____
- Don't know

7. How is your employer's transit benefit program structured?

- My employer pays for all of it as a subsidy
- Employees have a pre-tax deduction taken from their salary
- A combination of the two above
- Other: _____
- Don't know

8. How do you obtain your transit benefit?

- My employer distributes transit passes/tickets to me at work
- My employer gives me a paper voucher at work
- Transit tickets are mailed to me
- Vouchers are mailed to me
- I receive an e-voucher
- Using an on-line system
- I receive a preloaded or reloadable debit card
- I submit receipts and get reimbursed
- Other: _____

9. Where do you redeem your transit benefit?

- Ticket booth at a BART station
- Retail outlet
- On a website
- Ticket vending machine (e.g. with a debit card)
- My employer provides transit tickets directly to me at work
- Other: _____
- Does not apply to me

10. How easy or difficult is it for you to redeem your transit benefits?

- Very easy
- Somewhat easy
- Somewhat difficult
- Very difficult

10a. Please explain:

11. How easy or difficult was it for you to sign-up to receive transit benefits?

- Very easy
- Somewhat easy
- Somewhat difficult
- Very difficult

11a. Please explain:

12. How easy or difficult is it for you to get questions about your transit benefit answered or problems resolved (i.e. customer service)?

- Very easy
- Easy
- Difficult
- Very difficult
- Have not had questions or problems (no reason to contact customer service)

12a. Please explain:

13. In the future, it may be possible for your employer to load your transit benefit directly onto a permanent smartcard each month (e.g. BART's EZ Rider Card or a TransLink Card). Your smartcard could then be used directly on transit.

How interested would you be in switching to this method of receiving your transit benefit?

- Very interested
- Somewhat interested
- Not interested
- Don't know

14. Approximately how long have you been participating in a transit benefit program?

- Less than six months
- Six months – 1 year
- 1 - 2 years
- 3 - 5 years
- More than 5 years

15. What types of tickets or passes do you currently purchase or receive with your transit benefit?

- BART
- Muni
- AC Transit
- SamTrans
- Caltrain
- Other: _____

16. What is the total cost of your commute on BART each month?

Dollars per month: \$ _____

17. How much of this is paid for with your transit benefit?

Dollars per month: \$ _____

18. Do you use other transit service (in addition to BART) for your commute?

- Yes
- No
- It varies

19. What is the total cost of your commute on other transit service each month?

Dollars per month: \$ _____

20. How much of this is paid for with your transit benefit?

Dollars per month: \$ _____

21. Does your employer offer a pre-tax parking benefit?

- Yes
- No
- Not sure

22. Do you pay to park at or near BART for your typical commute?

- Yes
- No

23. Where do you normally park at BART?

- BART lot
- Non-BART lot
- Street parking
- Normally do not drive to BART

24. What type of fee do you normally pay?

- Daily fee
- Monthly fee
- Hourly fee

25. What is your total cost of parking at BART each month?

Dollars per month: \$ _____

26. How much of this is paid through your employers' pre-tax parking benefit?

Dollars per month: \$ _____

27. Were you aware that it is possible to pay for BART parking with pre-tax dollars?

- Yes, I was aware
- No, I was not aware

28. In which city do your work?

Name of City _____

29. Approximately how many employees work for your company at your worksite?

- 0-50
- 51-100
- 101-500
- More than 500
- Don't know

30. How many worksites does your company have?

- One worksite
- One primary worksite and few smaller worksites
- Many worksites
- Don't know

31. Additional comments:

32. Your contact information (only used to contact you if you win \$50 BART ticket)

First name _____

Email address _____