



White Paper

The Road to Green:

How Commuter Benefits Are
Helping Companies Go Green



TransitCenter, Inc.
A Nonprofit Corporation

TRANSITCHEK®



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Executive Summary:

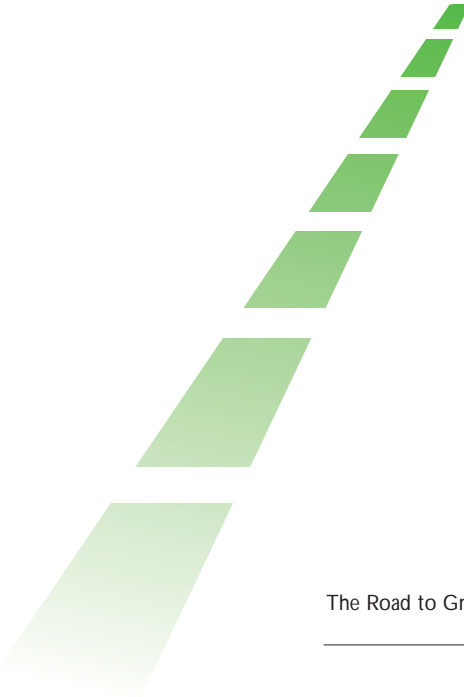
The climate crisis precipitated by global warming has many contributing factors – the proliferation of drive-alone commuting being one.

As part of overall corporate responsibility efforts, companies of all sizes are embracing ways of combating the problem. Offering employee-friendly, commuter-benefits programs to stimulate the use of mass transit alternatives is among the most powerful and effective.

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The Imperatives of Corporate Citizenship

These days it seems that all businesses, from major corporations to small start-ups, are evaluating their impact as corporate citizens. Being labeled a socially responsible business, or a good corporate citizen, has become increasingly valued in today's global economy, as issues of energy consumption, climate change, health, and product safety are growing consumer concerns.

Research indicates that organizations are driven toward good corporate citizenship by several forces, including shareholders, customers, and surprisingly, their own employees. Indeed, many businesses see good corporate citizenship as a powerful employee recruitment and retention tool, with 30% of employers now indicating that good corporate citizenship helps to recruit and retain employees.¹

Corporate Responsibility: Not Easy or Simple

Businesses looking to become more socially responsible often find it a daunting task. There are a multitude of internal factors to consider, such as how products are produced, marketed, and shipped, and how businesses impact their local communities from the perspective of land use and consumption of public services.

One consideration that is easy to overlook when evaluating a business' environmental impact is the very fact of its existence. With a physical plant, employees commuting to and from work, and a broad range of office and/or manufacturing equipment, a business by definition has an impact on the surrounding environment. For instance, considering that 78% of American commuters drive their cars to and from work,² a business that employs 200 workers generates over 300 vehicle trips every day, contributing to traffic congestion and air pollution. Apart from the health and environmental effects of car-clogged roads, traffic congestion also hurts business productivity in the form of increased shipping and fuel costs, and delayed deliveries due to more time spent idling in traffic.

Externally, businesses often look to their shareholders and stakeholders for direction on how to introduce socially responsible practices and programs into their business strategy. And, of course, there is no shortage of social and philanthropic organizations that regularly seek support from the corporate sector.³ The business community has a history of opening its hearts and wallets during times of crisis. In response to the tsunami, which devastated

¹ "The State of Corporate Citizenship in the U.S.: Business Perspectives in 2005," Center for Corporate Citizenship at Boston College.

² 2000 U.S. Census.

³ "Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility," Harvard Business Review.

parts of Asia and Indonesia in December 2004, companies contributed over \$500 million towards relief programs for this tragic disaster – and similar amounts in the wakes of Hurricanes Katrina and Rita. And recently, there has been a notable growth in the number of companies taking corporate action to help protect the environment from natural and man-made disasters such as oil spills.

Clearly, corporate social responsibility is gaining strength. And the most recent challenge for socially responsible corporations and companies to face is global warming – where many are taking action through the introduction and expansion of commuter benefits programs to stimulate the use of mass transit.

Global Warming: Climate Change is a Matter of Fact

The latest, and perhaps most urgent, addition to the list of items requiring the serious attention of socially responsible corporations is global warming.

Global warming is created by the emission of carbon-based pollutants, generally called greenhouse gases, that, put in simple terms, essentially trap the sun's radiation near the surface of the earth, raising the earth's average temperature.

The amount of heat-trapping gases, principally carbon dioxide, in the earth's atmosphere has increased significantly since World War II, and the planet's surface temperatures have measurably begun to rise.

Most scientists now hold that the continued emission of global-warming gases – again, the most important of which is carbon dioxide – will lead to heightened average global temperatures in the years to come – affecting, it is envisioned, sea levels, the severity of storms, patterns of precipitation, wildlife, the environment, and public health.

Many companies are beginning to seriously evaluate their impact on global warming – what some in the media have taken to calling simply “the climate crisis.”

A Universally Acknowledged Reality

Just a few years ago, the idea that the actions of organizations or individuals could cause global climate change, though taken seriously, lacked substantial scientific-community support. However, in 2006, the tide began to turn – and today, global warming has gone from a theory to a scientific reality acknowledged by both the public and business sectors; it is considered a serious threat to our economy and culture, and, in the longer term, even to human life.

Among the more notable reports on global warming was a study commissioned by the British government and released in the fall of 2006. This study was unusual in that instead of focusing on the environmental impacts, it evaluated global climate warming from the perspective of its present and future impact on the international economy. The study concluded that if climate warming continues on its current path, it could result in a significant global recession in the long-term future.⁴

In February 2007, the United Nations issued a scientific report also confirming the environmental impacts of global warming.⁵ As a result, companies of all sizes, acknowledging that climate change could negatively impact their growth and bottom line, have begun to proactively seek ways to lessen their impact on emissions that contribute to climate change.

If climate warming continues on its current path, it could result in a significant global recession...

⁴ The Stern Review on the Economics of Climate Change, October 30, 2006.

⁵ UN Intergovernmental Panel on Climate Change; “Climate Change 2007: The Physical Science Basis.”

In a series of articles published in February and March 2007, *The New York Times* has weighed in, summarizing in a special section on its website, www.topics.nytimes.com: "The average surface temperature of earth has increased more than 1 degree Fahrenheit since 1900 and the rate of warming has been nearly three times the century-long average since 1970. Almost all experts studying the recent climate history of the earth agree now that human activities, mainly the release of heat-trapping gases from smokestacks, tailpipes, and burning forests, are probably the dominant force driving the trend. The gases add to the planet's natural greenhouse effect, allowing sunlight in, but preventing some of the resulting heat from radiating back to space. Drawing on research on past climate shifts, observations of current conditions, and computer simulations, many climate experts say that without big curbs in greenhouse gas emissions, the 21st century could see temperatures rise 3 to 8 degrees, weather patterns sharply shift, ice sheets shrink and seas rise several feet."

Targeting Transportation

Even as corporate America has begun to embrace the notion of more environmentally sustainable practices, the question of what specific steps to take remains a challenge for many organizations. Looking at the big picture, research indicates that the top two sources of emissions that negatively affect air quality and contribute to global warming are the industrial and transportation sectors.⁶

But the fact is, in many U.S. states transportation *exceeds* industry as the leading source of global warming emissions; in Massachusetts, for example, the state's automobiles and trucks emit more carbon dioxide – the leading global warming gas – than the economies of more than 140 nations. A full 38% of Massachusetts' emissions of carbon dioxide comes from cars and trucks.⁷

In addition, the expansion of suburban employment and the growth of "exurban" residential development in what formerly were rural areas only add to the challenge to reducing global-warming emissions.

Drive-Along Commuting and its Impact on Greenhouse Emissions: Mass Transit as an Answer

Increasingly, corporations are acknowledging that transportation plays a key role in the mix of factors that must be considered when evaluating the environmental impact they have on society. Considering that the transportation sector is the second largest contributor of greenhouse gas emissions, and that 78% of commuters drive automobiles to and from the workplace,⁸ finding ways to get employees from driving cars alone to work could contribute significantly to lowering emissions.

Some of the most effective ways to deal with this are mass transit, vanpooling, and carpooling – i.e., simply getting away from drive-alone commuting.

As the Midwest-based Environmental Law & Policy Center (ELPC) puts it, "The key to mass transit is the word *mass*. The more of us who use it, the more global warming pollution it saves. That's because a bus or train releases more carbon dioxide into the air than a car, but a bus or train holds many, many more people, and thus keeps all those cars off the road."⁹

Transportation is
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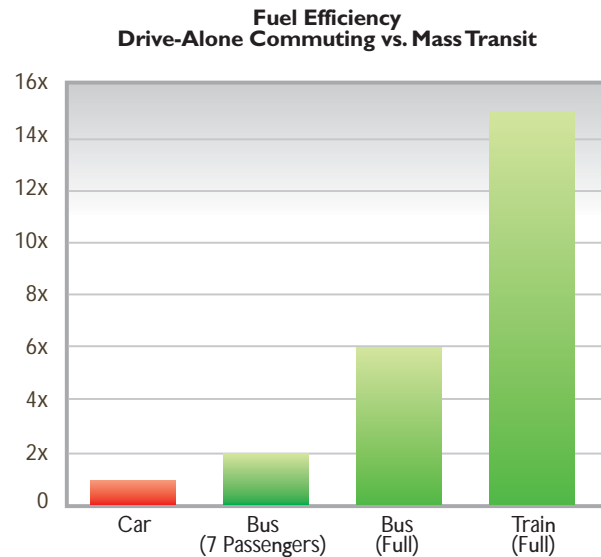
⁶ Emissions of Greenhouse Gases in the United States 2005, Report # DOE/EIA-0573(2005), Nov. 2006.

⁷ "Driving Global Warming: Commuting in Massachusetts and its Contribution to Global Warming."
MASSPIRG Education Fund; Clean Water Fund; January 2006.

⁸ 2000 US Census.

⁹ Environmental Law & Policy Center (ELPC), Chicago, IL, as published on www.globalwarmingsolutions.org.

ELPC points out that a bus with just 7 passengers is more fuel-efficient than the average car. A full bus is six times more efficient. And a full train is a remarkable 15 times more efficient.



Or, consider this. If 50 commuters all drove their own cars 20 miles round-trip between home and work, they'd be releasing 118 tons of carbon dioxide into the atmosphere each year. If each of them took the bus, that would be reduced to 92 tons. If they all took the train? 61 tons.¹⁰

**50 Employees Commuting
Driving 20 Miles Round-Trip Each Day**

TRANSPORTATION TYPE	TONS OF CO ₂ RELEASED PER YEAR
TRAIN	61 TONS
BUS	92 TONS
CAR	118 TONS

Ancillary Benefits: Fuel-Savings, and Reductions in Smog and Acid Rain

The American Public Transportation Association (APTA) offers similar figures regarding the benefits of public transportation. In a groundbreaking 2006 study, APTA found that mass transit use saves 1.4 billion gallons of gasoline every year. This is the equivalent of 4 million gallons of gasoline per day – the equivalent of 34 supertankers of oil, or a supertanker leaving the Middle East every 11 days for a year.¹¹

Average Mass Transportation Gasoline Savings

DAILY	YEARLY
4 MILLION GALLONS	104 BILLION GALLONS

¹⁰ Environmental Law & Policy Center (ELPC), Chicago, IL, as published on www.globalwarmingsolutions.org.

¹¹ "Public Transportation: Benefits for the 21st Century," The American Public Transportation Association (APTA), as published on www.apta.com.

“For people who would like to help make the environment a cleaner place, mass transit is an ideal solution.”

In “Private Transportation vs. Mass Transit: The Environmental Aspects,” the University of South Florida’s Stephanie Corson cites not just the greenhouse effect as part of the “legacy of automobile commuting,” but smog and acid rain. Smog is urban air pollution composed of exhaust emissions, smoke and other gases. Acid rain is when pollution gases mix with moisture in clouds to form nitric acid. This acid then falls with the remainder in the water in the clouds as acid rain, which kills trees and other plants by changing the chemical balance of the soil.

Writes Corson, “For people who would like to help make the environment a cleaner place, mass transit is an ideal solution...in the long run it is healthier for everyone. Less pollution will make the air cleaner, and fewer resources such as gasoline will be used. Many cities do have viable mass transportation systems, and the people who use them are, on the whole, well satisfied.”¹²

Large or Small, A Company's Actions Make a Difference

From a small business sponsoring a Little League Team or a park clean-up, to a major corporation donating millions to a crisis relief effort, the relationship between corporations and the community is growing ever stronger. But even for businesses who are new to the world of corporate social responsibility, or who may be constrained either by time or finances in their ability to donate substantial sums to charities, there are some simple things that can be done internally to increase the corporate social responsibility quotient.

One benefit that is growing in popularity is tax-free incentives to promote commuting by mass transit, vanpool or carpool.

One benefit that is not yet a standard offering but is growing in popularity is tax-free incentives to promote commuting by mass transit, vanpools or carpools. Considering America’s “car culture,” which has remained strong even through the dramatic gas price fluctuations of the past two years, getting employees to change their commuting habits and leave their cars at home is no easy task for employers. But for companies that introduce commuter benefits, the advantages are many. Research indicates that companies that offer commuter benefits experience improved employee morale, increased productivity and reduced costs in the form of payroll tax savings.¹³

Recognizing Organizations That Take Action

In recognition of the important need to reduce traffic congestion and the role that the business community can play, the Federal government, through the U.S. Department of Transportation and U.S. Environmental Protection Agency has created a Best Workplaces for Commuters Program to recognize companies who offer innovative programs to reduce drive-alone commuting at their workplaces.

The Best Workplaces for Commuters Program has become an effective “seal of approval” for any company who has taken simple steps such as offering a commuter benefit or telecommuting, which have a proven positive impact on reducing traffic congestion.

Although the value of employee commuter incentives has grown through the years, it is still a relatively little-known benefit according to a recent survey, which indicated that awareness of commuter benefits is low.¹⁴ However, demand for the benefit among employees is growing. For companies seeking easy-to-implement programs that demonstrate good corporate citizenship (as well as tax benefits for companies themselves), commuter benefits offer many rewards, the most significant of which is getting employees to switch from driving automobiles to other shared means of transportation.¹⁵

¹² Stephanie Corson, “Private Transportation vs. Mass Transit: The Environmental Aspects,” University of South Florida.

¹³ Transit Cooperative Research Program Study, 2005.

¹⁴ TransitCenter, Inc. Commuter Impact Survey, 2006.

¹⁵ Transit Cooperative Research Program Study, 2005.

As the issues of climate warming and globalization continue to be a growing concern to consumers and shareholders, businesses looking to compete in the dynamic economy of the future will be increasingly held to higher standards of corporate citizenship. In fact, many Fortune 500 companies are already leading the way. Of those who have been named Best Workplaces for Commuters in 2006, 29 of them, including Google, Microsoft, and NIKE, are ranked as Industry Leaders.¹⁶ Finding the right balance between business demands and corporate social responsibility is a challenge for any organization but even small changes can have a significant impact and can further support and strengthen the relationship between businesses and the communities they serve.

Six Things Businesses Can Do To Reduce Greenhouse Gas Emissions

In summary, there are some simple steps your company can take to lessen the amount of greenhouse gas emissions that result from your employees commuting to work every day.

- 1 Offer a Commuter Benefit.** While it's standard procedure today to offer health, 401K and disability benefits, there is a lesser known benefit that is growing in popularity — tax-free incentives to promote commuting by mass transit, vanpool or carpool. Also, by implementing a commuter benefit program, companies can save a considerable amount in payroll taxes while employees can save on commuting costs.
- 2 Offer Flex Time.** Allow employees to stagger their work hours to avoid commuting at peak travel times. This increases productivity and cuts down on time spent idling in traffic in a vehicle emitting harmful pollutants.
- 3 Introduce a Telecommuting Program.** By allowing one employee to telecommute one day a week instead of driving to work, your company is significantly reducing the emission of greenhouse gases.
- 4 Offer Carpooling or Vanpooling.** Employers can make it easier for employees to commute together by providing these services.
- 5 Provide Preferred Parking for Employees who Carpool.** It's both an incentive and a reward.
- 6 Support Bicycle Use.** Provide space and secured storage for bicycles.

Implementing Sustainable Employee Commuting Practices Reaps Rewards Today and in the Future

An employee benefit that has been around for a number of years – commuter benefits – is clearly gaining in popularity because of the role it can play in addressing a serious global environmental issue. Your company can be a part of the solution. By taking some or all of the above actions to affect employee travel behavior and reduce vehicle emissions, your organization can reap many benefits, including improved morale, productivity gains, and possibly a more formal recognition for your efforts. Not to mention that your actions can significantly reduce your organization's environmental footprint and, in both the short- and long-run, help to lessen the effects of climate change.

For more information on how to implement a commuter benefit program, log onto www.transitcenter.com

¹⁶ Best Workplaces for Commuters, as published on www.bwc.gov.



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