



2009 **COMMUTER
IMPACT SURVEY**

Provider of
TRANSITCHEK®



The 2009 Commuter Impact Survey

Central Business Districts lead the way in terms of commuter benefits awareness and adoption

Executive Summary

In May 2009, TransitCenter launched its fourth annual Commuter Impact Survey (CIS). The CIS was first undertaken in 2006 to investigate the impact of commuting on employees and employers. It has since probed such evolving concerns as rising commuting costs, environmental impact, and other noteworthy issues affecting America's nearly six million transit commuters¹ and the organizations for which they work.

Through the years, survey results have revealed a number of important findings. As gas prices (and price volatility) have increased, employers have become increasingly concerned about their employees' ability to afford long commutes and their own ability to recruit and retain employees. As global warming has taken hold of the national consciousness, it too has become of growing concern and has had a significant impact on commuting choices and business practices.

As a result, employees have increasingly looked to their companies – and companies have increasingly looked at commuter benefits and other strategies – to mitigate cost and environmental impacts. Importantly, they also have looked at these strategies to evidence an enhanced commitment to corporate social responsibility (CSR) – as well as to support their efforts to attract and retain qualified employees.

Survey results for 2009 are noteworthy for several reasons. With a global recession gripping employers and employees alike, many companies have found themselves facing considerable and competing pressures. On the one hand, they have been looking for ways to reduce their costs given declining revenues. On the other hand, they have been striving to help offset the tremendous economic pressures their employees face. The 2009 CIS provides compelling insights into how companies are responding amid these pressures.

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¹ U.S. Census Bureau, 2000.

Methodology

The 2009 CIS was conducted by the independent research firm Resource Systems Group, Inc., on behalf of TransitCenter. Respondents to the survey were solicited via well-established list providers. Respondents' inclusion in the sample was based on the following criteria:

- Employed in a position with capacity to make employee benefits decisions
- Employed by a company with at least one office in the metropolitan areas of New York City, Chicago or San Francisco

Because the national business landscape is mainly composed of small-sized companies, the survey oversampled respondents from large and medium-sized companies to reduce the margin of error for those respondents. As a result, the overall sample size for the 2009 survey was increased, and the sample distribution was changed, in comparison to the 2008 CIS. For these reasons, direct comparisons between 2009 and 2008 data cannot be made.

The sample targets were:

- 50% respondents from small-sized companies (1-99 employees)
- 25% respondents from mid-sized companies (100-999 employees)
- 25% respondents from large-sized companies (1,000+ employees)

Of note, the three target cities (New York, Chicago and San Francisco) represented in the sample account for nearly half of all transit used nationally.² In these cities, the Central Business Districts' (CBDs) dependence on transit for getting workforces to and from work is the highest in the country.³ Findings from the CBDs will only be shown if the results are significantly different from the general results.

The survey was conducted online the week of May 18, 2009. The average margin of error is +/- 5%.

Composition of the Sample

Twenty-three percent of CIS respondents are senior-level executives with titles such as President/CEO/Chairman/Owner/Partner or Principal. More than 60% of respondents hold an executive-level Human Resource title.

Key Findings

There have been very minor cutbacks in terms of voluntary benefits offered.

While nearly 50% of companies surveyed stated that they are very concerned about the impact of the economy on their ability to offer benefits, there has been very little erosion in terms of benefits being offered. Of note, among companies that are planning to add a new voluntary benefit, commuter benefits are the top choice. More specifically, in terms of the percentage of companies planning to *add* a category of benefits, commuter benefits led the way (7% of responding companies plan to add these benefits).

While nearly
50%
of companies are very concerned about the impact of the economy on their ability to offer benefits, there has been very little erosion in terms of benefits being offered.

² U.S. Census Bureau, 2000.

³ *Commuting in America III*, Transportation Research Board, TCRP Report 110, 2006.

More than one-third of all companies and nearly 60% of larger companies are now offering tax-free commuter benefits.

Overall, 35% of companies now offer tax-free commuter benefits. Of note, this percentage is considerably higher (58%) at larger companies as well as at companies that have locations in more than one of the markets targeted by this survey (55%). It is important to note that, as part of the Obama administration's economic stimulus package, the "Cap" on tax-free dollars employees can use for transit was increased from \$120 to \$230 in February 2009. This, in effect, almost doubled the value of tax-free commuter benefits for commuters who use transit – and is one likely cause of increased corporate adoption. Importantly, 39% of survey respondents state that their employees have increased their pretax deductions for tax-free commuter benefits as a result of the "Cap" increase, while 27% state that employee enrollment has increased.

39%
of respondents state employees have increased their pretax deductions, while 27% state increases in employee enrollment.

High awareness of tax-free benefits.

According to survey respondents, awareness of tax-free commuter benefits has reached 64%. Awareness is even higher at large companies (78%) and medium-sized companies (72%), as well as at companies with locations in more than one of the surveyed markets. High awareness can be attributed to the increase in the potential savings tax-free commuter benefits offer employees, as well as to companies' interest in finding manageable ways to step up and help employees cope with higher commuting costs in a down economy. Other drivers of increased awareness may include the highly publicized increases in transit fares caused by recession-driven downturns in operators' revenue and resulting budget deficits. As a direct result, tax-free commuter benefits have received considerable attention from operators, the media and commuter groups as a means of mitigating rising fares.

64%
of companies are aware of tax-free commuter benefits. Awareness is even higher at large companies (78%) and medium-sized companies (72%).

Central Business Districts: the hub of commuter benefits.

Not surprisingly, the 2009 CIS indicates that companies located in Central Business Districts (CBDs) – which tend to be best served by transit – lead the way when it comes to offering commuter benefits. Compared to the 31% of businesses located outside of CBDs that offer one or more types of commuter benefits, 52% of companies located within Central Business Districts offer these benefits. In terms of companies that offer tax-free commuter benefits, the delta is even greater – with 46% of companies within CBDs offering this benefit compared to just 19% of companies located outside of CBDs and 35% of companies overall.

Based on the predominance of commuter benefit usage in CBDs versus elsewhere, it appears that transit availability is the major indicator of benefit awareness and usage. Further to this point, the three target cities in the survey have the highest percentage of transit commuting in the nation, with New York alone representing approximately 30% of all transit commuting.

46%
of companies within CBDs offer tax-free benefits compared to just 19% of companies located outside of CBDs.

Gas prices, commuting time and environmental impact continue to be top of mind for employees and employers.

Because of (and despite) the economy, companies and employees continue to be extremely concerned about gas prices, traffic congestion/commuting time and the environment. These themes have been evident since the launch of the CIS in 2006, and they remain of concern today.

Specifically, employers indicate that the vast majority of their employees are concerned about the cost of gas (91% very/somewhat concerned) and traffic congestion/commuting time (87% very/somewhat concerned). These findings are perhaps to be expected given the overall increased sensitivity to economic and productivity issues caused by the recession.

Importantly, *despite* the economy, companies continue to pay close attention to the environment, with 80% of companies very or somewhat concerned about it. Many of these companies are, in fact, investing in policies, plans and programs that enable them to contribute to the movement to sustainability. These range from offering commuter benefits to switching to eco-friendly products. Clearly, the environment – and companies' commitment to being part of the solution – has crossed a line from being an issue “of the moment” to becoming an enduring practice impacting companies' strategies and sensibilities.

80%

of companies continue to pay close attention to the environment, with 80% of companies very or somewhat concerned about it.

Conclusions

- Despite economic pressures and constraints, employers are holding the line when it comes to benefits. In some areas – notably commuter benefits and other benefits that provide a financial lifeline – companies are actually increasing their investment. Their primary intent: to help employees save money. Their significant secondary intent: to attract and retain employees, lower operating costs and reduce carbon emissions.
- Commuter benefits are increasingly being utilized by companies as more and more companies become aware of their availability. Given the recent increase in value and potential cost savings for employees, tax-free commuter benefits in particular are more and more part of what now can be considered the “core four” benefits categories – health, retirement, disability and commuter benefits.
- Commuter benefits play a more significant role in the Central Business Districts (CBDs) of the surveyed cities. This undoubtedly is due to the high availability of transit in these locations as well as recent and impending fare increases in all target markets. The far greater adoption of commuter benefits in CBDs also suggests that employers located in these areas are highly dependent on transit for their labor pool and are willing to take steps to alleviate the economic pressure of the recession in order to more readily attract and retain employees.

-
- That said, commuter benefits overall and tax-free commuter benefits in particular do not enjoy the same high levels of awareness, corporate adoption and employee usage at small companies and in Chicago (as compared to New York and San Francisco). Given the vast number of small businesses nationally and in surveyed markets, the size of the commuter population employed by small businesses, and the large transit network available in the Chicago metropolitan area, tax-free commuter benefits clearly can play a greater role in delivering cost benefits to commuters, business benefits to employers and environmental benefits across the board.
 - The definition of corporate responsibility/sustainability is expanding. The economic well-being of employers and companies' environmental footprint now go hand-in-hand. In each of these areas – and collectively – commuter benefits are seen as playing an important role.

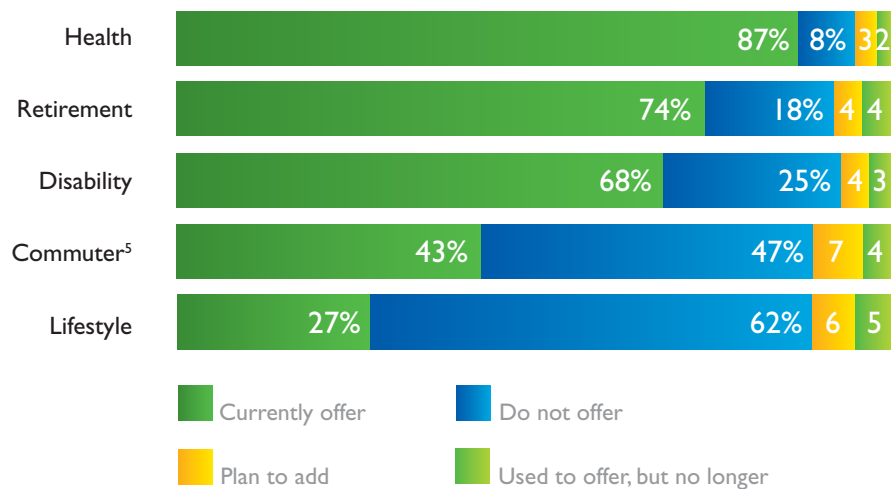
Detailed Findings

Companies hold the line on benefits; commuter benefits join the “core four”

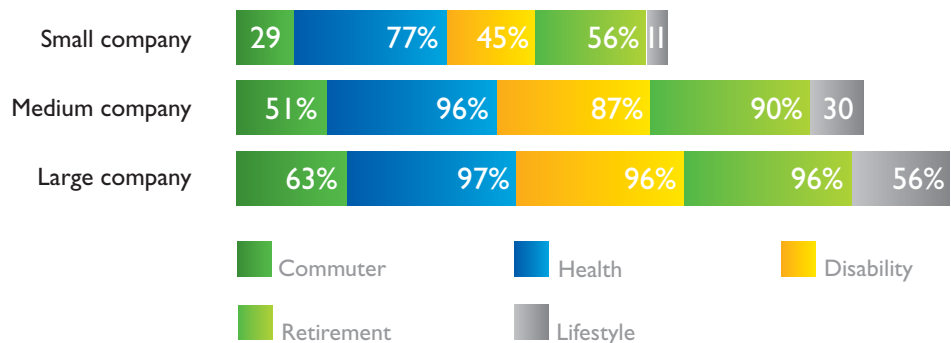
The 2009 CIS indicates that companies by and large have not significantly cut benefits in response to recessionary pressure. Of note, commuter benefits have continued their steady rise in usage and can now be considered a “core four” benefit, especially among mid-sized and larger companies as well as companies with locations in multiple cities targeted by the 2009 survey.⁴ Companies located in Central Business Districts are more likely to offer all benefits – and particularly commuter benefits.

Benefits Most Frequently Offered By Employers

Overall



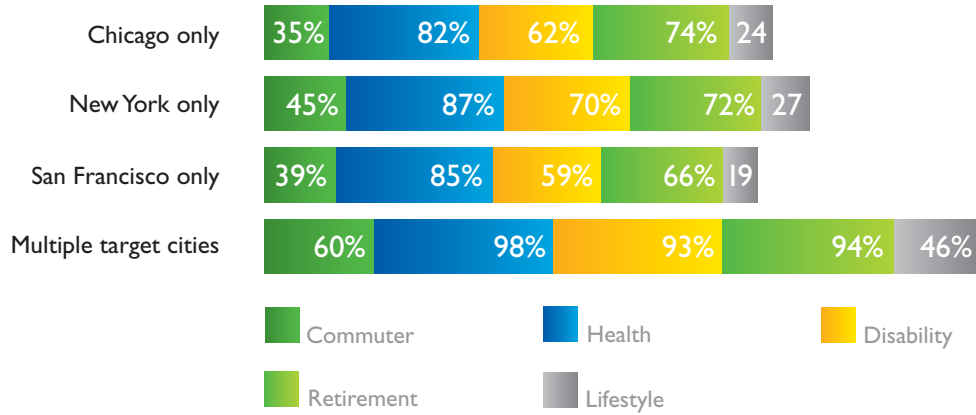
By Company Size



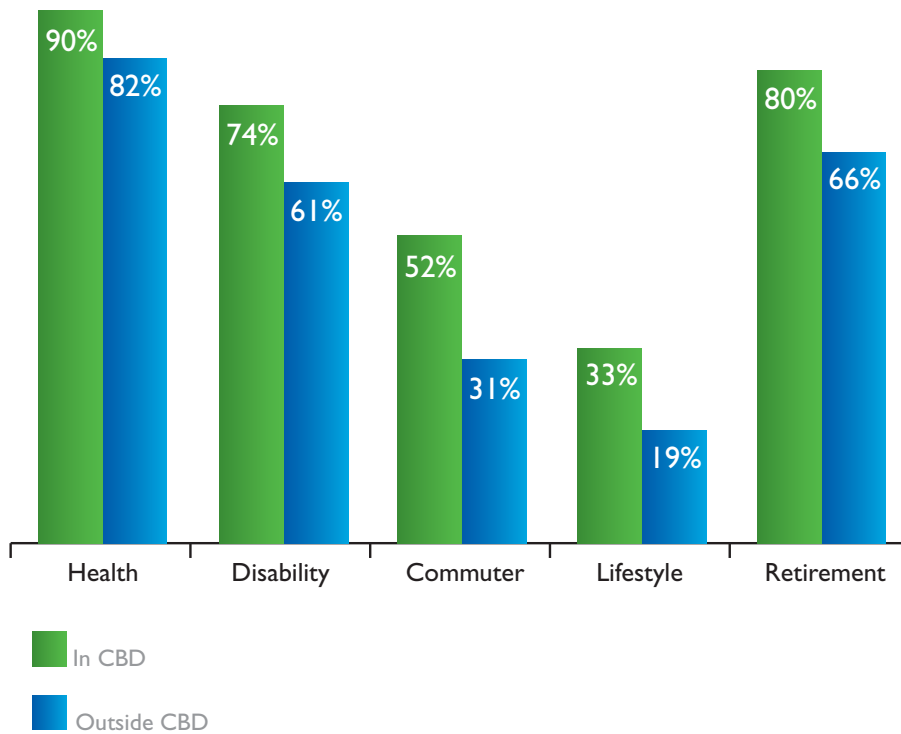
⁴ Target cities include New York City, Chicago and San Francisco.

⁵ Commuter benefits include flextime, telecommuting, transit, vanpooling, and/or carpooling.

By Market



By Companies in Central Business Districts



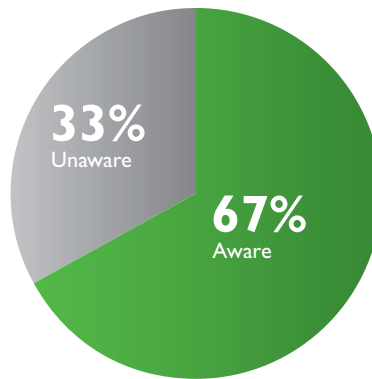
Question: For each of the following benefits, please indicate whether your company offers it or not.

Over two-thirds of employers are now aware of tax-free commuter benefits

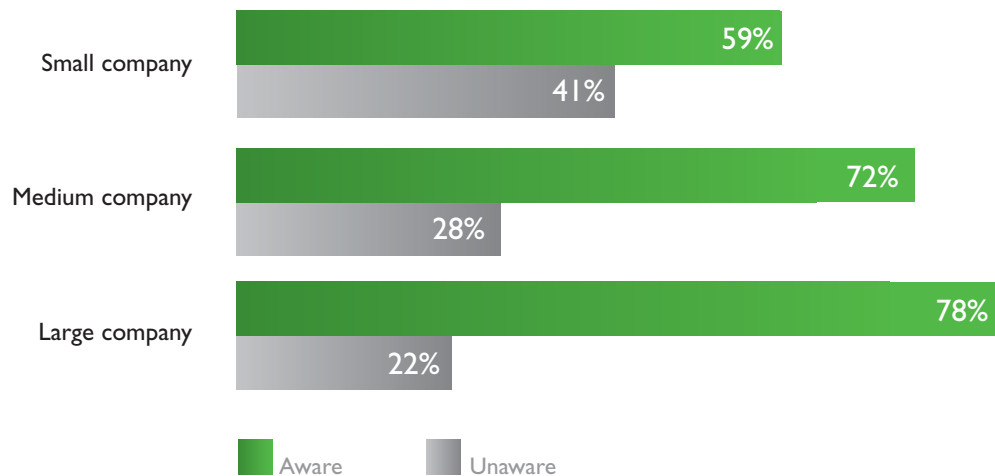
Within the overall "commuter benefits" category, which includes flextime, telecommuting, transit, parking, vanpool, subsidized carpooling, and bicycle commuter benefit, awareness of **tax-free commuter benefits** is now approaching 70%. Further, awareness levels grow as company size does, and awareness of tax-free commuter benefits is higher in Central Business Districts. An increase in the maximum allowable tax-free transit benefit (part of the government stimulus package) and widely publicized increases in transit fares necessitated by the recession are among the drivers of higher awareness levels.

Awareness of Commuter Benefits

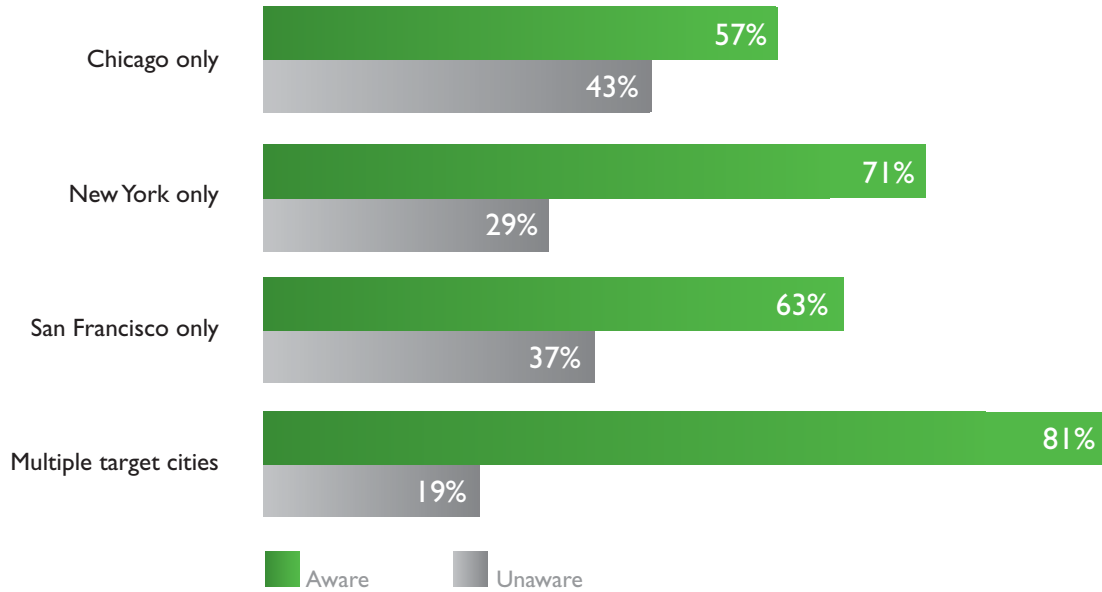
Overall



By Company Size



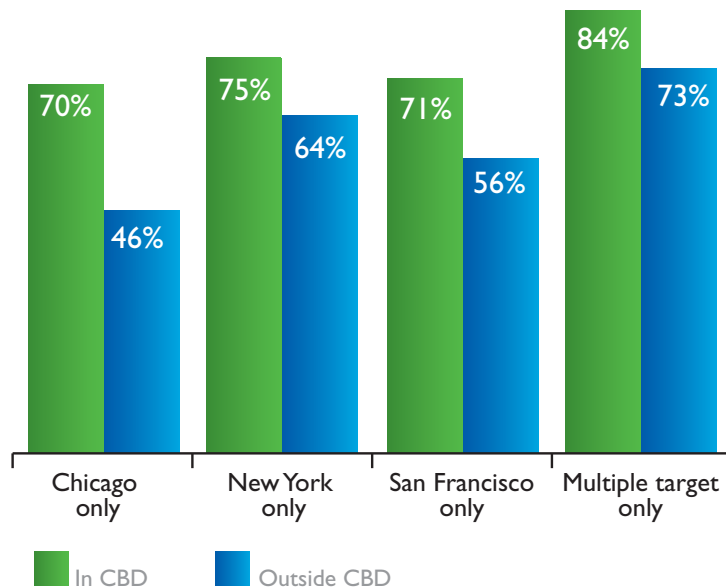
By Market



In Central Business Districts – Overall



In Central Business Districts – By Market

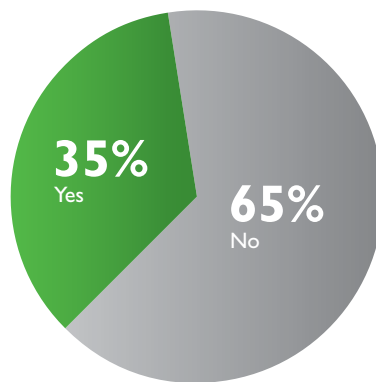


With high awareness and need comes significant company adoption of tax-free commuter benefits

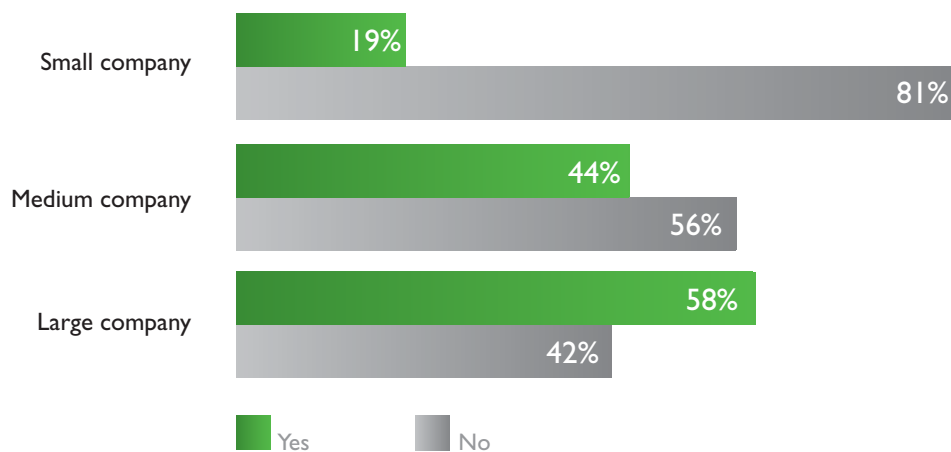
Tax-free commuter benefits are now offered by 35% of companies. Importantly, this percentage grows to 46% for companies located within CBDs. It reaches 55% at companies with multiple locations in survey target cities, and 58% at large companies.

Companies Offering a Tax-Free Commuter Benefit

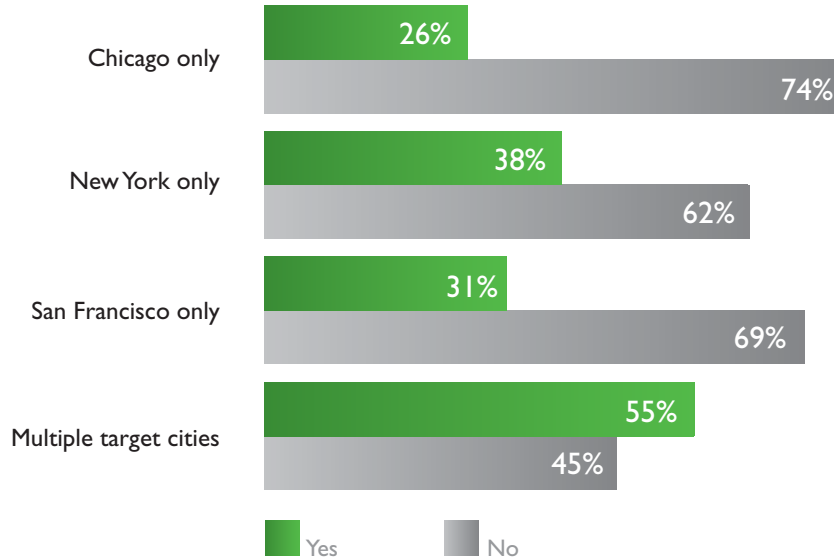
Overall



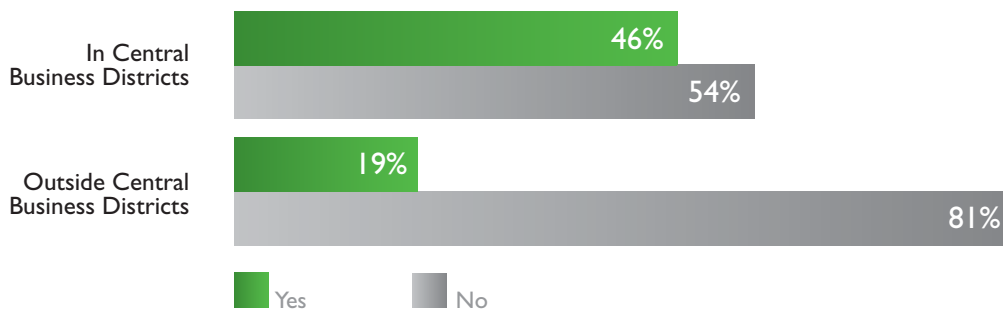
By Company Size



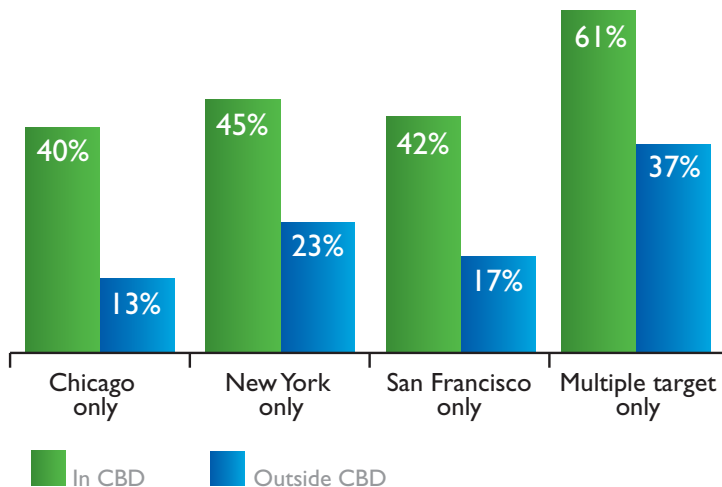
By Market



In Central Business Districts – Overall



In Central Business Districts – By Market

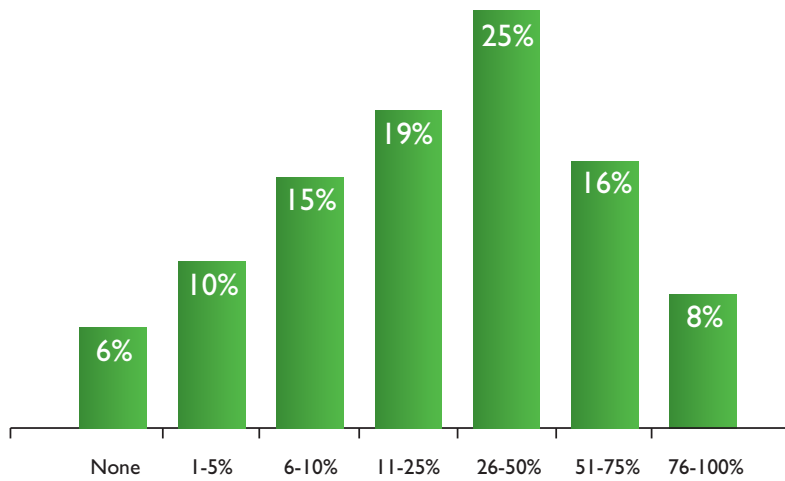


Employee adoption of tax-free commuter benefits is higher at small companies and companies located in New York City

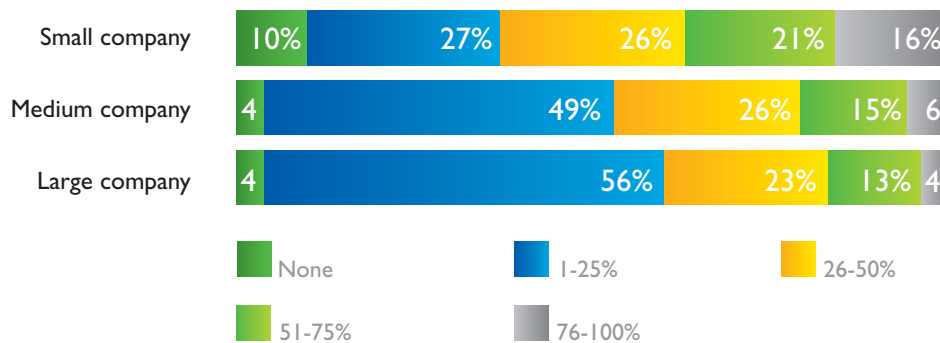
While large companies are more likely to offer tax-free commuter benefits, employees at small companies are more likely to elect to use them. In terms of geographic skews, employee adoption in New York City is considerably higher than it is in other target markets.

Employee Adoption of Tax-Free Commuter Benefits

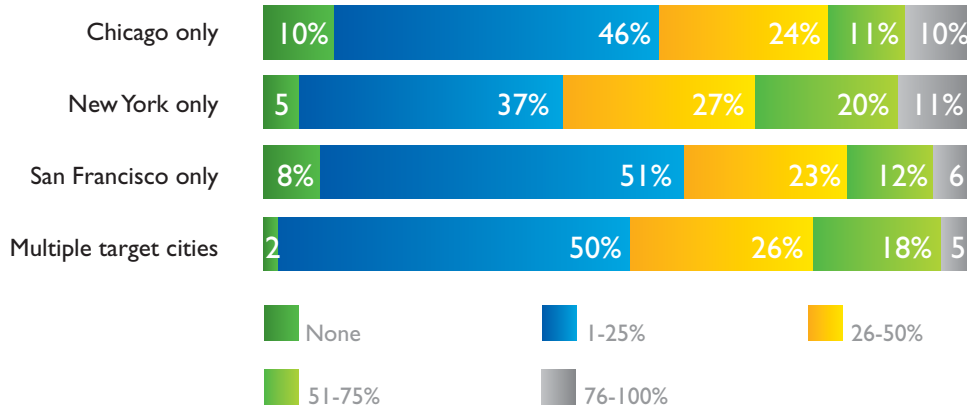
Overall



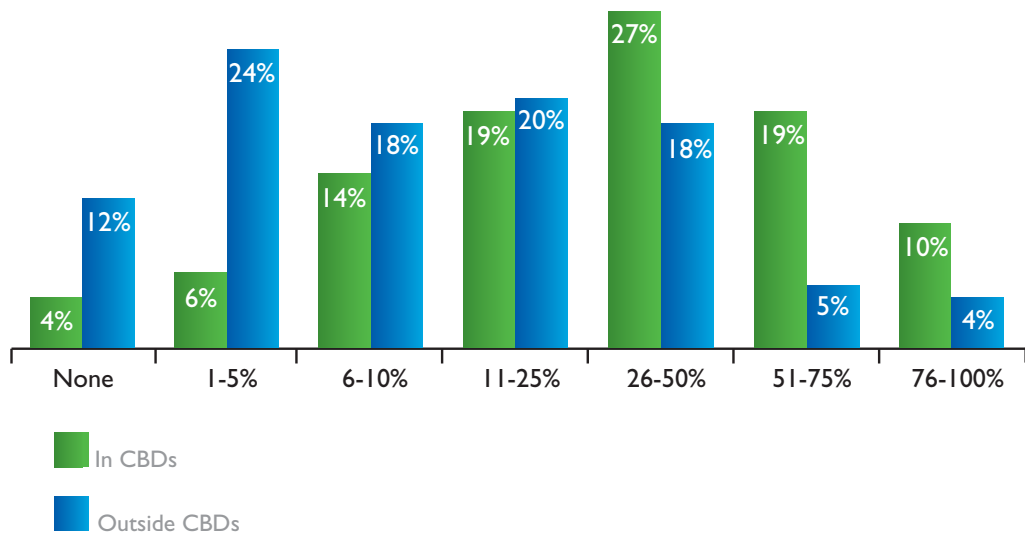
By Company Size



By Market



In Central Business Districts

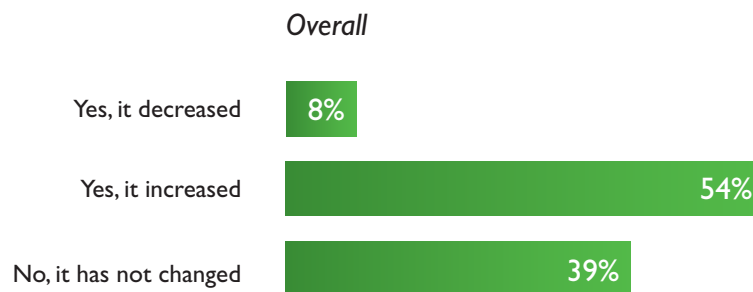


Question: What proportion of your employees use your tax-free commuter benefits program?

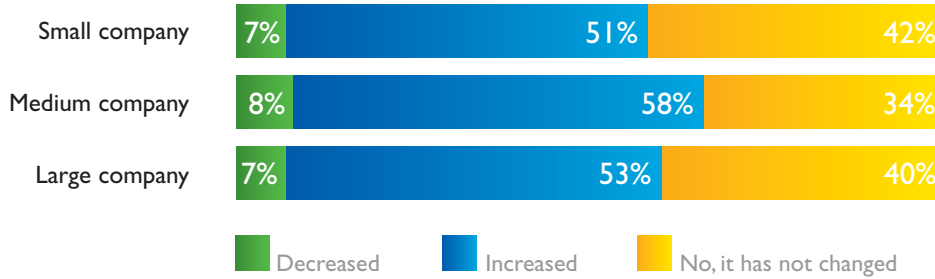
“Cap” rise maps to high awareness and company adoption

As part of the American Recovery and Reinvestment Act of 2009, the “Cap” on tax-free commuter benefits used for transit – or the maximum allowable tax-free deduction – was increased from \$120 to \$230 per month. This effectively doubled the savings available to transit commuters. Among CIS respondents, there is high (though by no means universal) awareness that the “Cap” has increased – with awareness higher in New York City and multi-target cities generally, and in the CBD.

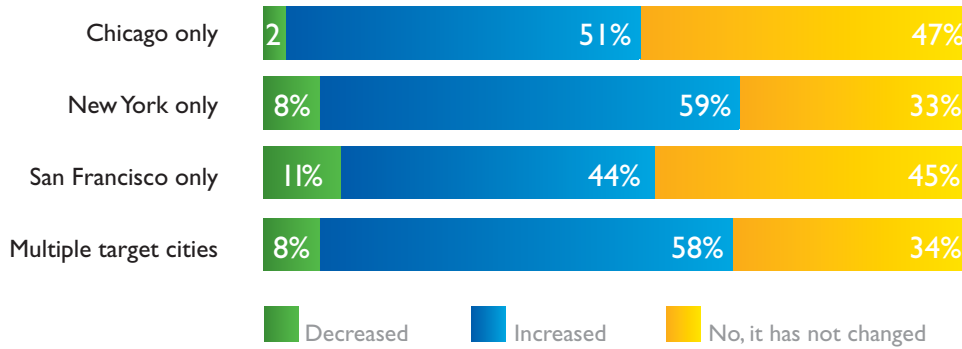
Awareness of Tax-Free Commuter Benefits “Cap” Increase



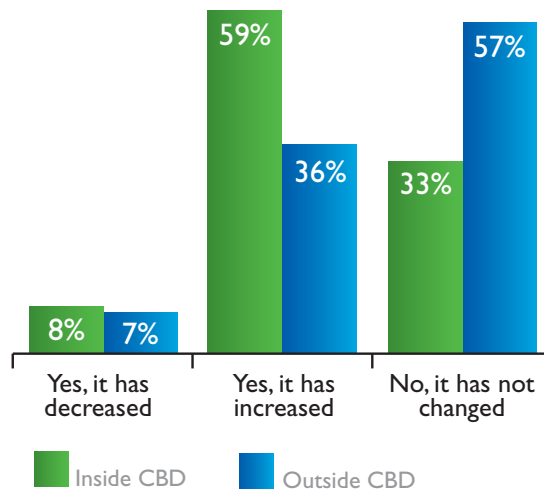
By Company Size



By Market



In Central Business Districts

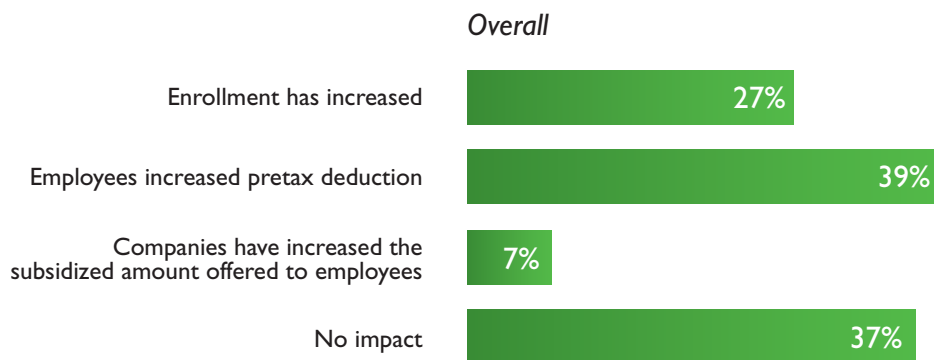


Question: Has the maximum amount allowed by the IRS for the transit portion of tax-free commuter benefits changed recently?

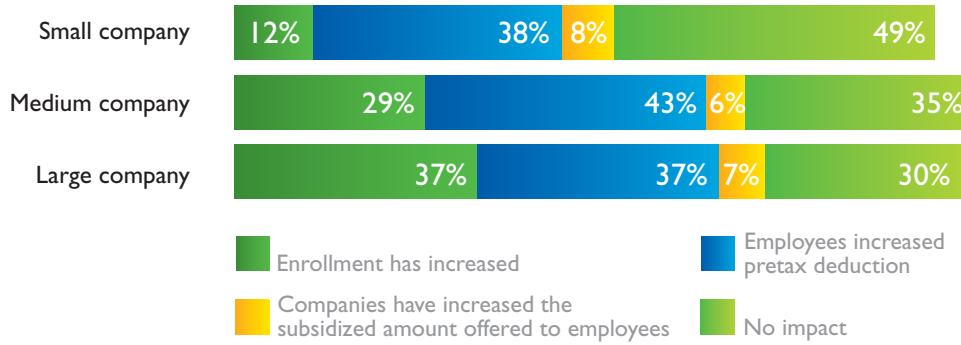
“Cap” rise also seen as driving employee enrollment and deductions

Nearly 30% of respondents state that employee enrollment in tax-free commuter benefits programs has increased as a result of the “Cap” increase, while 39% state that employees have increased their pretax deductions. Enrollment increases were seen to a greater extent at large companies and in companies located only in New York, while deduction increases were seen uniformly at companies of all sizes.

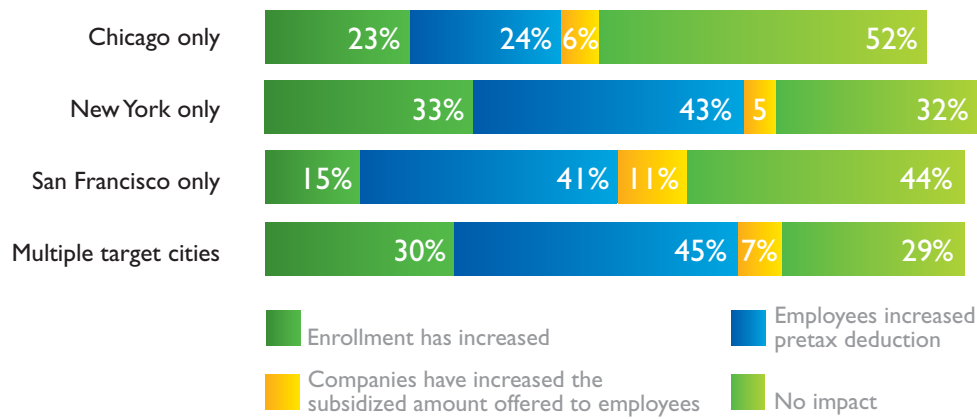
Impact of Tax-Free Commuter Benefit “Cap” Increase on Employee Enrollment and Deductions



By Company Size



By Market

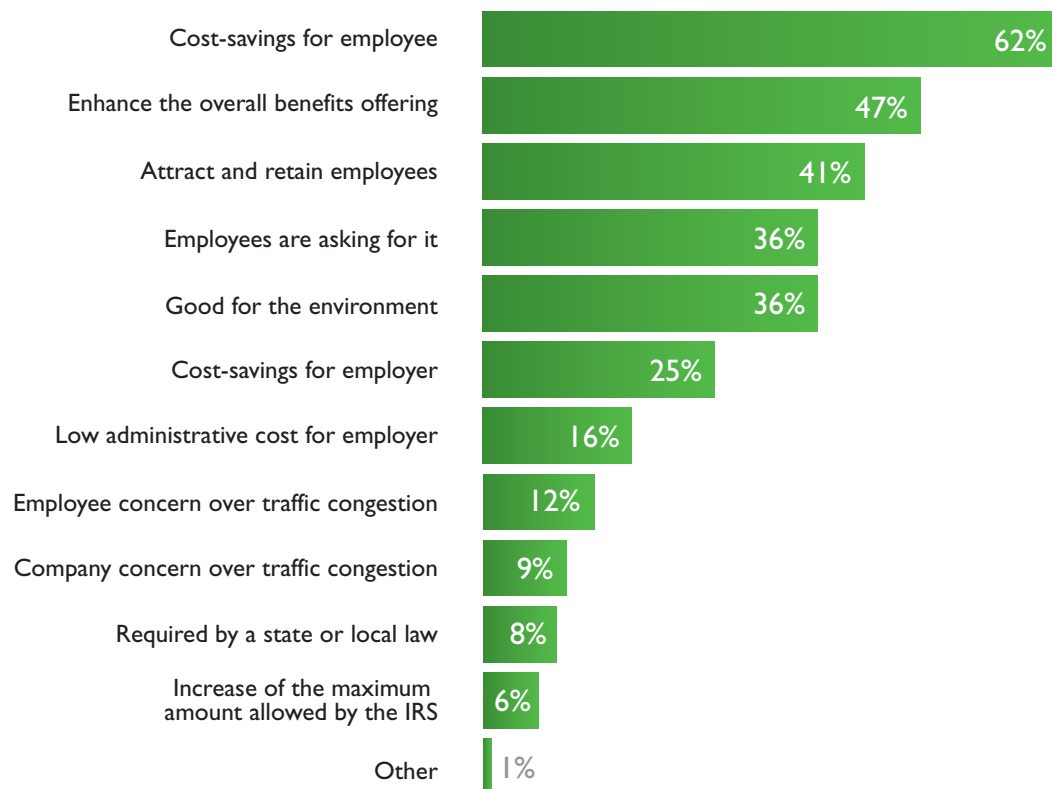


Question: Has the increase of the maximum amount allowed by the IRS for the transit portion of tax-free commuter benefits had any impact on your company?

Employee cost savings, attracting/retaining employees and the environment are top-three reasons employers offer or will offer tax-free commuter benefits

In descending order, “cost savings,” “enhance the overall benefits offering” and “attracting and retaining employees” are the main motivators of corporate adoption. Many companies also cite “good for the environment” and “employees asking for it” as top reasons, although these can be considered offshoots of the other main motivators.

Main Reasons for Offering Tax-Free Commuter Benefits

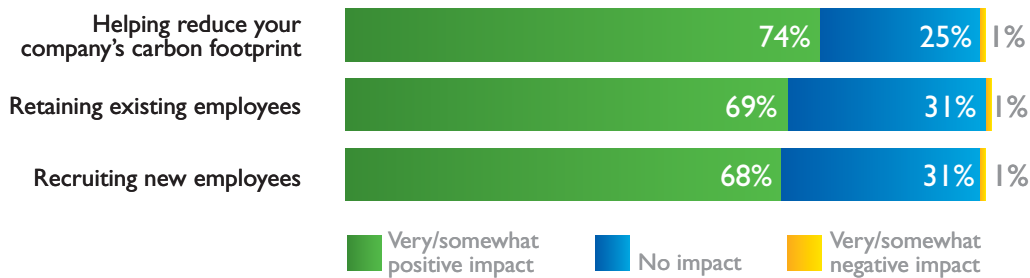


Question: Please rank the top three reasons you offer or plan to add a tax-free commuter benefits program.

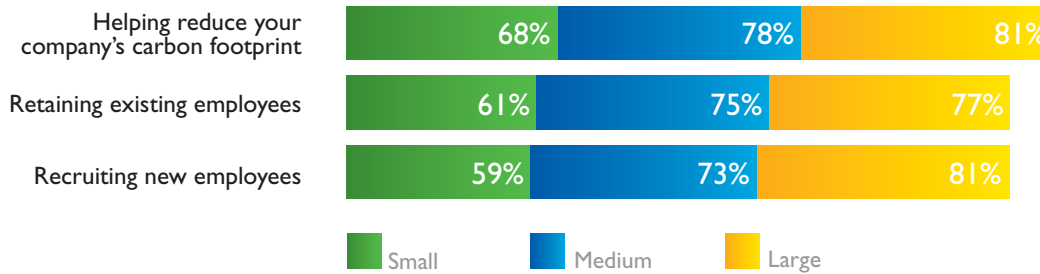
Reducing carbon footprint and retaining/recruiting employees cited as major impacts of offering tax-free commuter benefits

Although cost savings for employees lead the list in terms of reasons companies offer tax-free commuter benefits, reducing carbon footprints and both retaining and recruiting employees were cited most frequently by respondents as the primary impacts of offering these benefits.

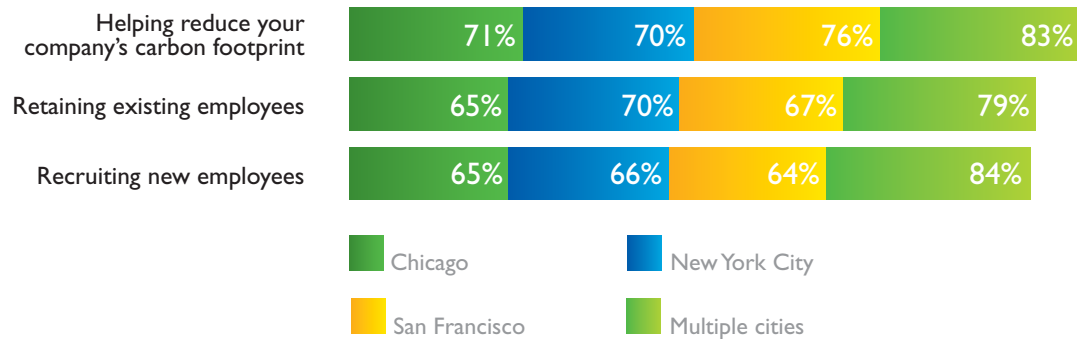
Impacts of Offering Tax-Free Commuter Benefits



Very/Somewhat Positive Impact – By Company Size



Very/Somewhat Positive Impact – By Market

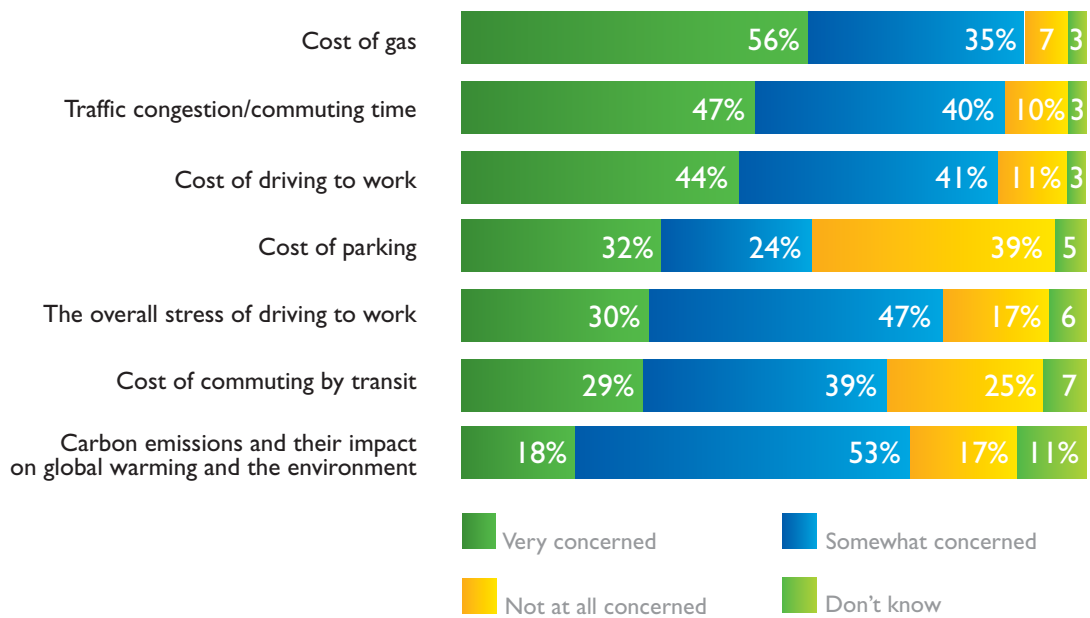


Question: In your opinion, what kind of impact does offering tax-free commuter benefits have on the following?

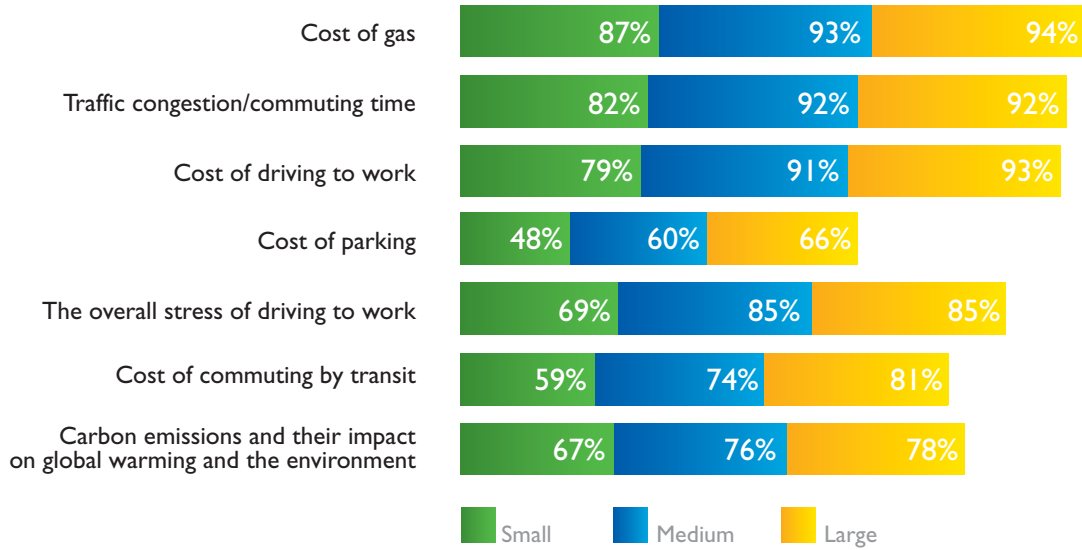
Cost and congestion head list of employee commuting concerns

Whether cost of gas (91%), cost of driving to work (85%) or cost of transit (68%), employers indicate that their employees are very/somewhat concerned about the economics of commuting – hardly a surprise given relatively high costs and economic uncertainty. Traffic congestion/commuting time (87%) also is at the top of employee concerns. In addition, driving stress (77%) and carbon emissions/global warming (71%) also rank highly.

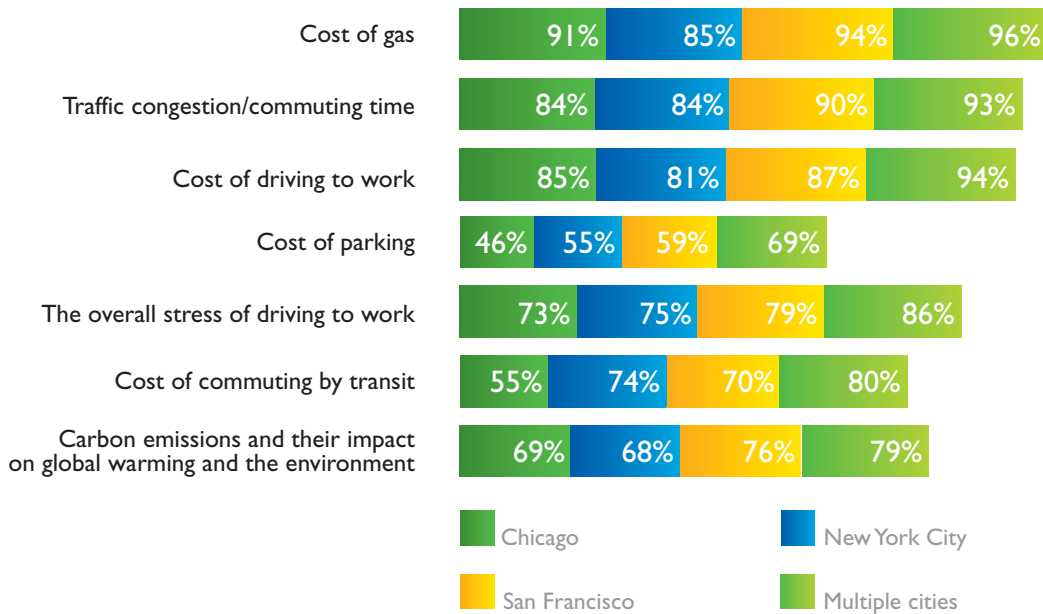
Employee Concerns



Very/Somewhat Concerned – By Company Size



Very/Somewhat Concerned – By Market

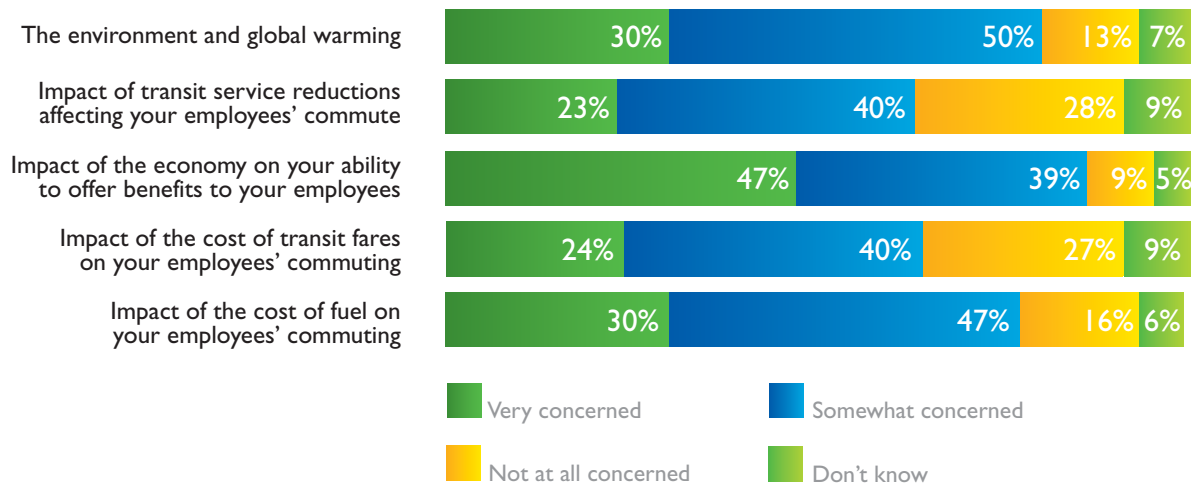


Question: In your opinion, how concerned are your employees about each of the following?

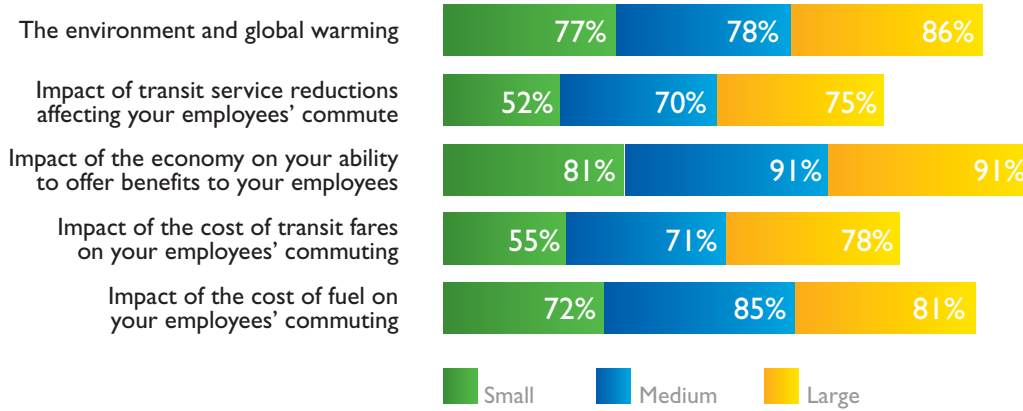
Companies' concerns center around ability to offer employee benefits, the environment and commuting cost impacts on employees

Perhaps one of the most important findings of the 2009 CIS is the extent of companies' concerns about their ongoing ability to offer benefits given economic conditions. (As previously stated, companies have, for the most part, maintained benefits despite these concerns.) Companies also express concern about the environment (86%) and the impact of fuel costs (77%) and transit costs (64%) on their employees. In general, these concerns are somewhat more pronounced at larger companies than at smaller ones.

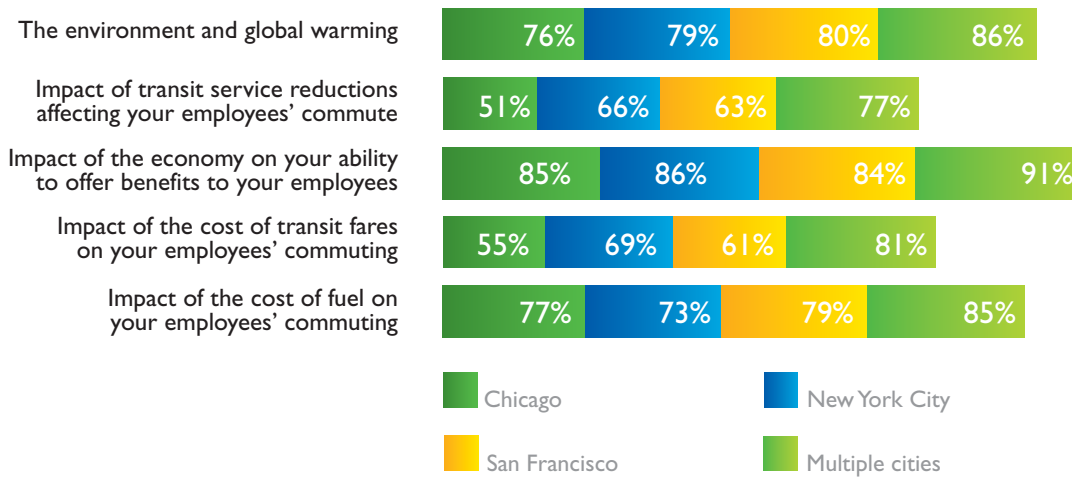
Employer Concerns



Very/Somewhat Concerned – By Company Size



Very/Somewhat Concerned – By Market

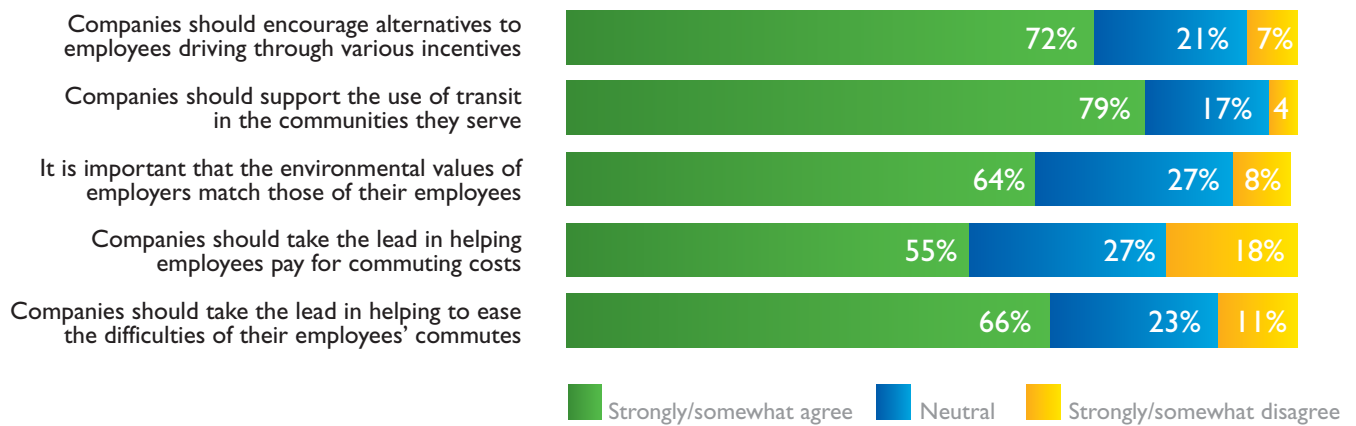


Question: In your opinion, how concerned is your company about each of the following?

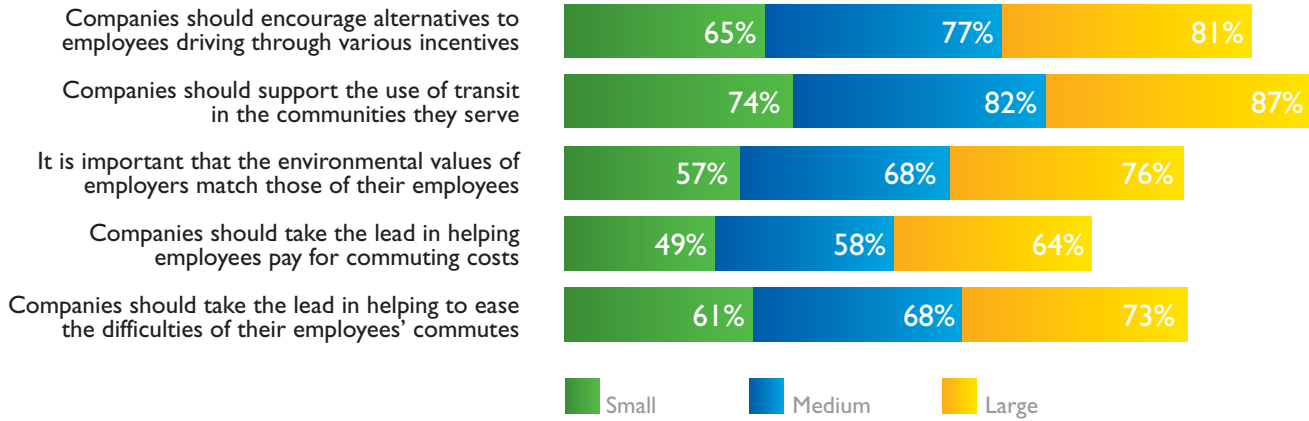
Employers Acknowledge the Need to Lead

Survey respondents were clear that they and their organizations should take the lead in several key areas, notably supporting the use of transit in their communities, encouraging alternatives to employees driving, and easing the difficulties of their employees' commutes. These findings highlight that these issues are all top-of-mind for respondents and also indicate the extent and momentum of Corporate Social Responsibility (CSR) strategies.

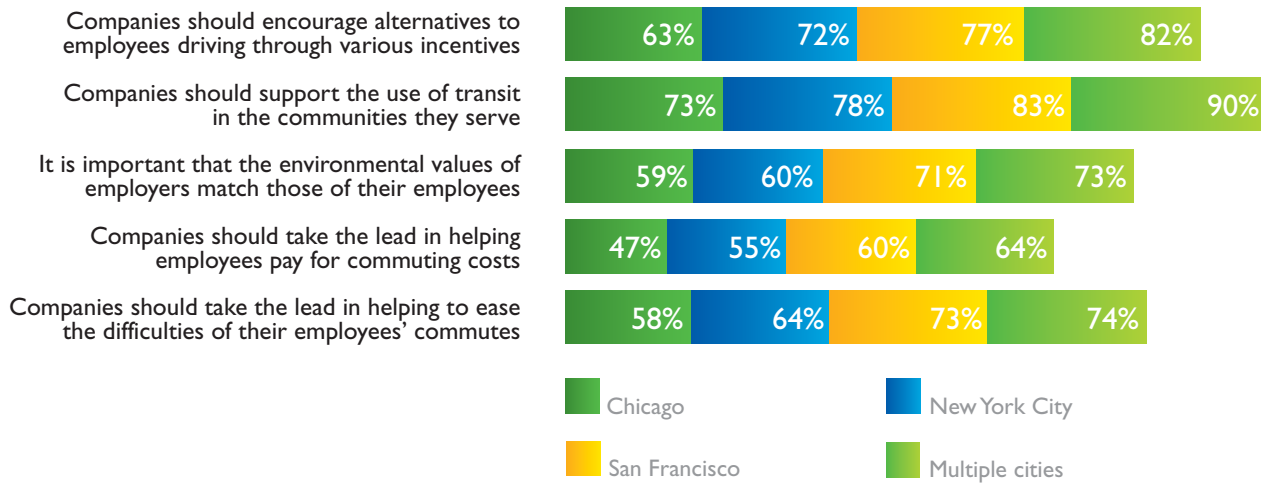
Roles Companies Believe They Should Take



Strongly/Somewhat Agree – By Company Size



Strongly/Somewhat Agree – By Market



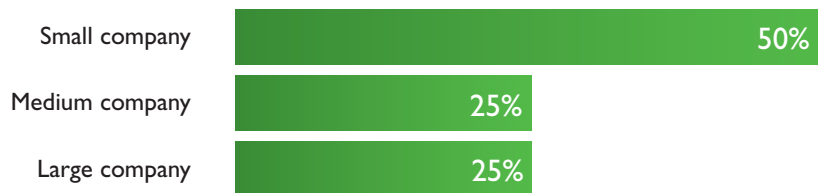
Question: How much do you agree or disagree with each of the following statements?

Composition of Sample

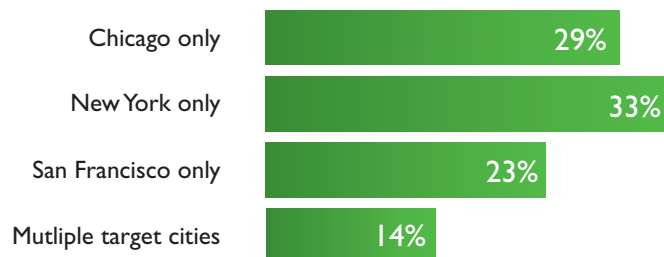
Respondents by Title/Function

| Title/Function | |
|--|-------|
| President/CEO/Chairman/Owner/Partner/Principal | 23.1% |
| Vice President/Human Resources/Personnel or other Vice President | 9.9% |
| Director/Human Resources/Personnel or other Director | 12.8% |
| Assistant or Associate Director | 5.1% |
| Manager Human Resources/Personnel/HR Generalist or other Manager | 24.9% |
| Supervisor | 8.0% |
| Specialist | 3.7% |
| Administrator | 5.2% |
| Other | 7.4% |

Respondents by Company Size



Respondents by Market



Respondents By Company Size – Central Business Districts

| | | <i>Small</i> | <i>Medium</i> | <i>Large</i> |
|--|-----|--------------|---------------|--------------|
| Located in Central Business Districts | Yes | 50% | 63% | 69% |
| | No | 50% | 37% | 31% |

Respondents By Market – Central Business Districts

| | | <i>Chicago</i> | <i>New York City</i> | <i>San Francisco</i> | <i>Multiple Cities</i> |
|--|-----|----------------|----------------------|----------------------|------------------------|
| Located in Central Business Districts | Yes | 48% | 65% | 51% | 72% |
| | No | 52% | 35% | 49% | 28% |

Central Business District Locations

| <i>Number of Transit Commuters By Market⁶</i> | |
|--|-----------|
| New York City | 2,065,120 |
| Chicago | 420,975 |
| San Francisco | 273,430 |

⁶ *Commuting in America III*, Transportation Research Board, TCRP Report 110, 2006

About TransitCenter, Inc.

TransitCenter is a nonprofit organization whose mission is to advocate for greater use of mass transit in order to reduce traffic congestion and improve air quality. TransitCenter engages in a wide variety of activities in support of transit. We are the pioneer and leading national provider of tax-free commuter benefits through our TransitChek® Programs. We advocate at the federal, state and local levels for the greater use of and support for transit. Through education and awareness activities, we also promote the essential benefits of transit, foremost among them making communities better places – and more sustainable places – to work and live.

About TransitChek®

Since 1987, TransitChek® has made commuting a more affordable option for hundreds of thousands of people. By providing tax-free commuter benefit programs, TransitChek helps employers save their employees money on rising commuting costs, lower their companies payroll taxes and, by encouraging the use of transit over drive-alone commuting, reduce carbon emissions and help protect the environment. TransitChek offers cost-effective programs for companies of all sizes and has solutions for employees with all types of commutes. With TransitChek, everyone benefits.



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