

Transit Strategy Guide



Transit strategies are designed to make commuting by bus, train, and/or shuttle easier.

Strategy

Overview

Provide pretax payroll deductions for commuting cost

Pretax payroll deductions allow employees to set aside a portion of their pay for travel to and from work, including train, bus, ferry, vanpool, and/or parking costs (both at the office and at park-and-rides). The deducted pay is exempt from federal income taxes, Social Security taxes, and Medicare taxes. Employers with 20 or more employees are required by the State of New Jersey to provide this option.

Provide subsidy for alternative commute modes

Subsidies make transit a more appealing option by offsetting the up-front costs. An employer can subsidize transit by reimbursing ticket/pass purchases or by purchasing monthly passes for employees using the NJ Transit Bulk Sales Program.

Subsidize shared shuttle operations

Shuttles provide a targeted solution to employee transportation concerns. They can be used to fill in “last-mile” gaps between the workplace and nearby transit stations or park-and-rides. Employers can establish a shuttle system either by working with a third-party provider or by developing an “in-house” system with employer-owned vehicles.



Case Study: Sanofi

Sanofi's Morristown office, adjacent to Morristown Train Station and multiple NJ Transit bus routes, offers fully subsidized shuttles and public transportation for employees.

Regional Considerations

Employers located within close walking distance to train stations or bus stops are best served by transit subsidies. An employer located farther from transit stops can make use of shuttles to connect to the nearest NJ Transit train station or bus stop. Shuttles can draw larger employee ridership by connecting the workplace to hubs served by multiple NJ Transit/Lakeland bus lines, such as Livingston Mall or Rockaway Townsquare.

Infrastructure Requirements

Alternative commute mode subsidies and shuttles both require considerable investment from the employer. Alternative commute mode subsidies need funding for ticket purchases and a mechanism for ticket/pass distribution.

Shuttles need funding for service operations. If working with a provider, shuttles are typically paid at an hourly rate; if developing an in-house system, shuttles involve vehicle costs and labor costs. Employers also need dedicated pickup/drop-off locations, and may need to make changes to a parking area to accommodate larger vehicles.

Implementation Steps

If providing pretax payroll deductions for commuting cost:

- ☐ Check whether the employer's current payroll service provider offers a pretax transit benefit option.
- ☐ If there is no pretax benefit option with the current provider, opt into a benefit program. [The NJ Transit website](#) provides an overview of options, including the NJ Transit Bulk Sales Program and a variety of third-party providers.
- ☐ Promote the pretax benefit among employees. Ensure that program requirements are clearly stated and that employees understand which modes of transportation are eligible or ineligible for the benefit.

If providing a subsidy for alternative commute modes:

- ☐ Determine whether the employer will provide a full subsidy, or only a percentage. This decision is a balance between budgetary constraints and policy goals: fully-subsidized transit is more expensive, but is a stronger incentive.
- ☐ Determine the subsidy mechanism.
- ☐ If purchasing transit passes on behalf of employees, develop a system for employees to request passes. The employer must send NJ Transit Bulk Sales orders between the 3rd and 15th of the month before the pass must be used (for example, the employer must send an order for July monthly passes between June 3 and June 15). Therefore, employees must submit pass requests well in advance.
- ☐ Promote the new subsidy among employees. Avenues in Motion can help with outreach and assist employees with NJ Transit commute planning.

If providing a shuttle:

- ☐ Evaluate expected shuttle demand through surveys and/or "town-hall" meetings with employees.
- ☐ Determine a proposed shuttle route. Avenues in Motion can use employee ZIP code analysis and knowledge of nearby transit options to advise on route planning.
- ☐ Create a draft schedule based on workday start/end times with

frequency based on expected demand.

- ☐ If developing an in-house shuttle system, procure vehicles and hire drivers. Consult with a legal team to discuss liability considerations. Create clear mitigation procedures for occasional challenges such as inclement weather, mechanical failures, and driver absences.
- ☐ If planning to use a third-party shuttle provider, meet with various providers to discuss service plans and receive detailed quotes. Avenues in Motion can help connect employers with shuttle providers serving their area.
- ☐ After the system begins operating, promote it among employees and monitor ridership numbers. Third-party trip booking/tracking apps may help to make the system more user-friendly.

Complementary Strategies

Outreach for pretax payroll deductions can highlight both transit and vanpooling, as the deducted pay can also be used for vanpool costs. Transit subsidies and shuttle programs can be paired with active transportation and carpool/vanpool measures during reconfigurations of parking lots. For example, if removing parking spaces to accommodate larger vanpool vehicles, the employer could establish space for a shuttle pickup/drop-off location during the same redevelopment period.