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Employers Maintain Commuter Benefits

While many employers are concerned about their ability to maintain their employee benefits in the challenging economy, most companies that offered commuter benefits prior to the onset of the economic downturn continue to provide these benefits, and a small but growing number of employers are expressing interest in adding commuter benefits to their packages, according to a report released by commuter benefits consultancy TransitCenter.

Researchers polled companies of various sizes, some of which have offices in New York, Chicago, and San Francisco. In the Central Business Districts (CBDs) of these cities, the report noted, the dependence on transit for getting employees to and from work is the highest in the country.

While nearly half of the employers surveyed said they are very concerned about the impact of the economy on their ability to offer benefits, results showed that, so far, they have not made substantial reductions in the benefits they offer. Moreover, among

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the companies planning to add a new voluntary benefit, commuter benefits are the top choice.

The findings showed that 35% of all the companies surveyed currently offer tax-free commuter benefits. However, 58% of the larger companies (1,000 or more employees) and 55% of the firms with locations in more than one of the three cities provide commuter benefits. While 47% indicated they do not offer commuter benefits, only 4% reported having eliminated commuter benefits, and 7% said they intend to add commuter benefits in the future.

When the respondents that offer commuter benefits were asked to identify their main reasons for doing so, 62% cited cost savings for employees, 47% said to enhance their overall



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benefit offerings, 41% said to attract and retain employees, 36% reported that employees had asked for the benefits, and another 36% said these benefits are good for the environment.

Researchers observed that tax breaks for transit benefits were recently enhanced when, as part of the American Recovery and Reinvestment Act of 2009 enacted in February, the limit on tax-free dollars employees can use to pay for transit rose from \$120 to \$230 per month. Some 39% of employers reported that their employees have increased their pre-tax deductions for tax-free commuter benefits in response to the higher cap, and 27% said employee enrollment in commuter benefit programs has grown.

Results further revealed that nearly two-thirds (64%) of all respondents are aware of tax-free commuter benefits, and that awareness reaches 78% among the large companies surveyed. “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,” the report said.

Researchers speculated that another driver of heightened awareness may include the highly publicized increases in transit fares caused by downturns in operators’ revenue, and the resultant budget deficits. As a direct result of these price hikes, they noted, “tax-free commuter benefits have received considerable attention from operators, the media, and commuter groups as a means of mitigating rising fares.”

The poll also showed that 52% of respondents with office locations within CBDs offer commuter benefits, compared with 31% of the businesses located outside of these districts. In addition, 46% of companies within CBDs offer tax-free benefits, compared to just 19% of businesses located outside of CBDs. According to the authors, these results suggest that transit availability is the major indicator of benefit awareness and usage.

When asked about employees’ attitudes regarding the costs and environmental impact associated with commuting, 91% of employers said that their employees are concerned about the cost of gas, 87% reported that employees are concerned about traffic congestion and commuting time, and 71% said that employees are worried about carbon emissions and their impact on global warming and the environment.

As businesses become increasingly aware of rising energy prices and environmental issues, the interest in commuter benefit programs can be expected to grow, the report’s authors asserted. They added that, with 80% of respondents saying they are at least somewhat concerned about the environment, many of these companies are investing in policies and programs that contribute to greater sustainability. “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,” researchers said.

Small Businesses Poised To Start Hiring

A significant number of smaller employers indicate that they will start hiring again soon, and a majority of business owners anticipate growth over the coming year, according to a survey conducted by business solutions provider Intuit. However, small businesses continue to struggle when it comes to providing benefits to employees.

The survey of 1,004 of Intuit Payroll’s small business customers showed that 44% of respondents expect to hire new employees within the next 12 months, and 60% predict that their business will grow over the same period. Younger companies are especially optimistic, with

80% of owners of businesses founded less than three years ago saying they anticipate growth over the next year. By contrast, around half of owners of companies that have been in business for at least 10 years expect growth. More than half (56%) of all respondents said they expect the economic downturn will last another two years, but 82% said they see opportunities for their business despite the economy.

When asked what type of employee they expect to hire, 50% said they are looking for a “people person” or a “jack-of-all-trades,” while 11% said they want to recruit a “creative genius,” and 4%, a “mathematical wizard.” When asked to identify the greatest challenge of hiring their first employee, 43% said it was finding someone with the right experience, followed by finding someone they trusted (32%) and finding the money to pay the employee’s salary (12%).

The results further suggested that personal relationships are important to small business owners when making hiring decisions. Nearly 80% said they have hired a friend (25%) or family member (54%), and just 22% said they regret having done so. Moreover, 44% reported that the first employee they ever hired still works for their company.

The survey findings also indicated, however, that some small businesses may have trouble recruiting employees because they do not offer a comprehensive benefit package. A full 58% said they do not offer health care benefits, with 50% saying they cannot afford to sponsor a health plan and only 19% saying they do not believe it is important for them to offer a plan. Meanwhile, just one-quarter of the company owners said they sponsor a retirement plan. Of those who indicated they do not offer retirement benefits, two-thirds told researchers they do not believe they have a responsibility to do so, and the remainder said they cannot find an affordable retirement plan.

Smoking Habits Vary By Occupation

Rates of smoking vary markedly between different occupational and age groups, as workers in food service industries are more than three times as likely as librarians and teachers to light up, according to a study of cigarette use among full-time employees in the United States conducted by an agency of the U.S. Department of Health and Human Services (HHS).

The study, which appears in a publication of the HHS’s Office of Applied Studies, Substance Abuse and Mental Health Services Administration (SAMHSA), is based on 2006 and 2008 data from the National Survey on Drug Use and Health (NSDUH). Due to the health risks associated with smoking, Congress enacted the Family Smoking Prevention and Tobacco Control Act in June 2009, which granted authority over tobacco products to the Food and Drug Administration (FDA). Because the workplace is considered a prime location for smoking-cessation programs, up-to-date information on cigarette use among workers may facilitate the cessation efforts of the workplace.

The NSDUH asked a representative sample of full-time employees aged 18 to 64 about their cigarette use in the previous month. Based on this data, the study estimates that 33.6 million full-time employees aged 18 to 64, or 28.4% of the total population of this category, smoked cigarettes in the past month. After analyzing habits among workers in 22 occupational categories, the study found that the highest smoking rates are in the food preparation and serving-related occupations (44.7%) and the construction and extraction occupations (42.9%). Meanwhile, the lowest rates are in the education, training, and library occupations (12.3%) and the life, physical, and social science occupations (15.4%).

According to gender, the analysis found that 30.4% of male full-time workers



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smoke, compared with 25.7% of female workers. Smoking prevalence was shown to be significantly higher among men than women in the mathematical and computer science occupations (19.4% vs. 13.5%); the office and administrative support occupations (30.8% vs. 26.9%); the installation, maintenance, and repair occupations (37.4% vs. 24.8%); and the production occupations (39.4% vs. 29.7%). However, women were found to be more likely than men to smoke in the community and social services occupations (20.7% vs. 11.5%); the healthcare practitioners and technical occupations (25.0% vs. 15.0%); and the sales and related occupations (33.8% vs. 27.6%).

The analysis further showed that the prevalence of cigarette use among full-time workers declines with age, from 40.1% of employees aged 18–25 to 33.9% of those aged 26–34, 26.7% of those aged 35–49, and 20.7% of those aged 50–64. Smoking was reported by more than half of workers aged 18 to 25 in the construction and extraction occupations (51.6%); the installation, maintenance, and repair occupations (50.3%); and the food preparation and serving-related occupations (50.2%).

Employees May Need Guidance During Open Enrollment Periods

Faced with uncertainties about the economy and the future of health care reform legislation, employees may find making decisions about their benefits for 2010 especially challenging, according to a study released by human resources consultancy Hewitt Associates.

Based on an analysis of Hewitt data, the study found that roughly 40% of employees have made active choices about their benefits in recent years. Researchers noted that the situation in 2010 is likely to be especially tough: While the average U.S. worker was awarded a 1.8% salary increase in 2009, the lowest annual raise in 33 years, health care costs are expected to rise 6% in 2010, to \$9,120, up from \$8,607 in 2009. At the same time, the study found, the average employee's share of that cost, including premiums and out-of-pocket expenses, may increase an estimated 10% in 2010, to \$4,023, up from \$3,656 in 2009.

"It's imperative for workers to understand that 'not making major changes' doesn't mean 'I don't have to do anything different this year,'" said Sara Taylor, Hewitt's health and welfare strategy leader. "History tells us that most workers—even during a significant economic downturn—default to their previous year's benefits. In doing so, they may be losing out on a huge opportunity to save money and fully maximize the benefits available to them. And in today's economy, every dollar counts."

Because a failure to take action during open enrollment periods can have serious consequences for workers, researchers recommended that employers remind employees of the need to be proactive in their choice of benefits. For example, they advised, employers should urge employees to look at their previous year's usage of health benefits, which can provide them with the information required to answer questions about their past coverage and future needs. The report also recommended that employers assist employees in reviewing their 401(k) investment portfolio and contribution levels.



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