

# PASS SUBSIDIES MADE EASY

Pass subsidies are a great employee benefit. When an employer helps pay for the cost of a bus pass, employees are much more likely to ride the bus or get into a vanpool. Subsidies are an ideal addition to your overall transportation program.

Pass subsidies are also convenient. Pierce Transit helps you set up the amount of subsidy you offer and the program that works best for you and your employees.

It's easy, convenient, and cost effective. It increases the number of employees who ride the bus or who vanpool, thus freeing up parking spaces for customers or decreasing the need to build or lease additional employee parking. It helps get employees to work on time and reduces absenteeism – if they are sharing the ride, they rely less on their personal vehicle and must be on time to meet their ride. It helps increase productivity by having employees arrive at work relaxed, not stressed from their commute.

Employers may subsidize up to the Federal IRS maximum toward the cost of a bus pass or vanpool without having to include this amount as employee income. If the employer chooses to subsidize an amount over that limit, then the additional amount must be included as taxable income for each employee who receives the additional amount. Pre-tax payroll deductions are referenced in the Internal Revenue Code, Section 132(F), as amended by TEA-21, Title IX, Section 910.

To set up your subsidy program, contact:

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**Get started today!**

## Pass Subsidy Program Models

**ORCA Passport Agreement:** Eligibility for this program is based on providing passes to every benefits-eligible employee. Agreement pricing depends on the number of covered employees and usage data.

*Example: 20-499 employees receives flat rate per employee; 500 or more employees receives custom pricing.*

**ORCA Choice Agreement/Passes:** Employer purchases as many or as few ORCA cards and products as needed for its employees, managing the subsidies through its ORCA Business Account.

*Example: Employer provides bus passes to 32 employees, loading and paying for the passes each month.*



**ORCA Choice Agreement/E-Voucher:** Employer loads an e-voucher on the ORCA card for each eligible employee. The employee decides what pass to purchase or to leave the e-voucher value in e-purse.

*Example: Employer provides a \$50 e-voucher to an employee. The employee uses the e-voucher plus cash to purchase a local \$72 bus pass.*

**Reimbursement:** Employee purchases his/her own pass or vanpool fare and turns in the receipt for full or partial reimbursement from the employer.

*Example: Company pays employee \$72 – after employee turns in receipt.*

**Payroll Addition:** Employer “adds” to employee’s payroll the full or partial amount of the cost of a bus pass or vanpool fare. The employee then purchases his/her own pass or vanpool fare.

*Example: Company “adds” \$30 – partial subsidy – to an employee’s monthly payroll to purchase a bus pass or pay for a vanpool fare.*

**Paper Vouchers:** Employer purchases vouchers from outside vendors and provides them to an employee to purchase a bus pass or vanpool fare.

*Example: Company purchases vouchers in \$10 denominations and provides three vouchers to an employee to purchase a bus pass or vanpool fare. Employee uses the vouchers like a check and pays the balance in cash.*



**Draw Down Deposit:** Employer establishes a draw down account with Pierce Transit for its ORCA Business Account and/or its vanpool subsidies. Pierce Transit draws from this account each month for actual sales.

*Example: In January, company purchases 4 local bus passes at \$72 each and 3 vanpool fares totaling \$204. Pierce Transit draws \$492 from the company’s draw down account for that month.*