

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 12, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO # 61: ACPS EMPLOYEE TRANSIT BENEFIT

This budget memo is in response to Councilman Krupicka's question: Do City employees pay less than School employees for "Metro" passes based on City subsidies?

The transit benefit provides City employees up to \$75 per month and ACPS employees up to \$30 per month toward their commuting costs. Both City and ACPS benefits are funded and administered by the City. Prior to the FY 2004, the benefit was \$30 for both sets of employees. The City increased the benefit for its employees to \$50 in FY 2004 and \$75 in FY 2006 as part of its package of benefits for City employees.

There are 239 City employees and 93 ACPS employees receiving the transit benefit. This benefit may be utilized in three options: Smartbenefits for Metrorail, VRE or vanpooling; Metrobus Smartbenefit vouchers for the unlimited trip 7-day Metrobus pass; or a DASH pass.

For those who ride DASH, the difference between the City and ACPS benefit is effectively \$5 per month, which is the difference between the current ACPS maximum benefit of \$30 and the \$35 price of a monthly DASH pass. For those whose monthly transit costs equal or exceed \$75, the difference is \$45 per month. There are 43 ACPS employees currently participating in the Smartbenefits program. These differential benefits are more pronounced in that the City deducts the employee share of transit costs on a pre-tax basis thereby saving employees 20% to 35% of their face value costs. The ACPS employees do not get this pre-tax treatment as the ACPS in the past chose not to administer their portion of this program. If the ACPS benefit was increased to \$75 and all 43 Smartbenefit participants received the full \$75 maximum benefit while the remaining 50 employees increased their benefit to \$35, the cost to the City would be approximately \$26,220 for currently enrolled employees. It is likely that the increased benefit would increase participation as well. A ten percent increase in participation would cost an additional \$8,100 at the full \$75 benefit.

We recommend that the ACPS decide if they want to fund an increase in the transit benefit above \$30 for their employees, as well as reconsider administering the program for their employees.