

**United States Department Of The Interior
BUREAU OF LAND MANAGEMENT
National Human Resources Management Center
Denver Federal Center, Building 50
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EMS TRANSMISSION

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To: All BC, HR, NI, NPIT, RS, and WO Field BIA Liaison Office Employees

From: Director, National Human Resources Management Center

Subject: Transportation Fringe Benefit Program

This Instruction Memorandum explains the procedures for applying and processing enrollment forms for the new Transportation Fringe Benefit Program which became effective on June 1, 1999.

In general this new program is designed to encourage all employees to use public transportation by offering qualifying employees a pre-tax benefit. The benefit consists of a reduction in the employees taxable gross income (up to \$65.00 per month) based upon the amount of qualifying public transportation expenses incurred during the tax year. See attachments 1-1 through 1-5 for eligibility requirements and a detailed explanation of the program.

The following explains how the program will be administered at the BLM Denver Center:

1. Employees may enroll in the program by completing the Application for Participation in the Transportation Fringe Benefit Program Enrollment Form (DI - 2015), certifying that he or she uses a transit pass (public bus or rail) or commuter highway vehicle (vehicle providing seating for at least six (6) adult passengers) between residence and place of employment. See attachment 1-6 for Enrollment form.

2. The employee's supervisor is responsible for reviewing the form to verify that the information is correct to the best of his or her knowledge; signing; and forwarding the forms to the National Human Resources Management Center (NHRMC) HR-220 for processing.

3. NHRMC will review the enrollment form for completeness. Incomplete forms will be returned to the employee for additional information. Complete forms will be input into the Federal Personnel Pay System (FPPS). After processing the enrollment and expenses forms a copy will be forwarded to the employee.

4. In order to continue receiving the Transportation Fringe Benefit after the initial enrollment, the employee will be responsible for submitting an Enrollment Form and an Actual and Claimed Transportation Expenses Form (DI-2016) to his or her supervisor for verification by November 30, each year. Employees who initially enroll in the program after September 30 of any given year will not be required to re-enroll until November 30 of the following year. See attachment 1-8 for DI-2016.

Questions regarding this policy may be directed to Jerry Jones, Employee Relations, at 303-236-6690.

Signed By
Phyllis E. O'Neill
Acting Director, NHRMC

Authenticated
Jerry Jones
Employee Relations Specialist

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Department of the Interior

Guidelines for Participation in the Transportation Fringe Benefit Program

Program Objective: It is the policy of the Department of the Interior (Department) to promote use of public transportation by all employees.

How the Department’s Transportation Fringe Benefit Program Works

Employees who use public transportation (i.e., subway, bus, rail) for commuting to and from work, or who participate in a commuter highway vehicle (which provides seating for at least six adults, not including the driver) are eligible to receive tax benefits for qualifying public transportation expenditures that they incur, by participating in this program. The tax benefit will increase take home pay each pay period, thus offsetting a portion of the employee’s expenditures on public transportation.

How Employees Benefit From This Program

Employees who participate in this program will realize a reduction in their taxable gross income by the amount of qualifying public transportation expenses (limited to a maximum of \$65 per month). The benefit provides an employee with the ability to reduce his or her actual commuting expense of a transit pass or transportation in a commuter highway vehicle by receiving a pretax payroll deduction in the amount of qualified transportation expenses. For example, an employee with qualifying transportation expenses of \$65 per month, paying 28% in federal income tax, 6% in state income tax, 6.2% in OASDI and 1.45% in Medicare will realize an annual benefit of \$324.87, as illustrated below.

Annual pretax deductions (\$65 x 12)	\$780.00
<u>Estimated employee tax savings</u>	
Federal income tax (28%)	\$218.40
State income tax (6%)	\$ 46.80
OASDI (6.2%)	\$ 48.36
Medicare (1.45%)	\$ 11.31
Total Estimated Tax Savings/	
Commuting Costs Reduction	\$324.87
Increase in biweekly “take home” pay	\$ 12.49

Note: Public law authorizes a federal pretax deduction for transportation fringe benefits. While most states generally follow suit, it is an individual State determination to allow a pretax deduction and therefore must be specifically authorized by each State.

Attachment 1-1

The pretax deductions operate in a manner comparable to that of the current Thrift Savings Plan – in that gross earnings (subject to taxes) are reduced before applying tax withholding. This increases the biweekly “take home pay” by amounts shown.

This transportation benefit is not a transit subsidy program because the employee makes all necessary arrangements for his/her public transportation, and the Department is not involved in any manner in the purchase or distribution of farecards. There is no exchange of funds or transit passes between the Department and the employee. The employee continues to acquire his or her transit pass and/or to pay for the commuter highway vehicle transportation in the same manner as they have in the past. The employee reaps the benefits from the biweekly pretax payroll deduction as illustrated above.

Requirements for Eligibility in the Program

Any employee who has a “stable” commuting pattern (see below), and who uses a transit pass or a commuter highway vehicle, as defined below, to commute to and from work is eligible to sign up for the transportation fringe benefit program.

Transit pass. A transit pass is any pass, token, farecard, voucher, or similar item entitling a person to transportation (or transportation at a reduced price) if such transportation is on mass transit facilities (whether or not publicly owned) or provided by any person in the business of transporting persons for compensation or hire if such transportation is provided in a vehicle where the seating capacity of which is at least six (6) adults (not including the driver).

Commuter Highway Vehicle. A commuter highway vehicle must have seating capacity of at least six (6) adults (not including the driver), and at least 80 percent of the mileage use can reasonably be expected to be for purposes of transporting employees in connection with travel between their residences and their places of employment and on trips during which the number of employees transported for such purposes is at least ½ of the adult seating capacity of such vehicle (not including the driver).

The stated requirements for eligibility are prescribed by statute. Thus a van pool meeting the above size and usage requirements above would qualify for inclusion in this program, while a typical car pooling arrangement would not.

Qualifying Transportation Expenses

Subject to the maximum allowable limit (currently set at \$65. per month), qualifying transportation expenses may include: rail, bus and subway fares paid in commuting to and from work, fees paid for parking in the vicinity of the public transportation (i.e., parking provided at subway stations), and fees paid to individuals who operate a commuter highway vehicle. As noted earlier, participation in a car pooling arrangement will not qualify for inclusion in this program because of the size and usage requirements.

What is a “Stable” Commuting Pattern, and Why is it Required?

The objective of this program is to encourage and reward employees for using public transportation for commuting to and from work on a regular, ongoing basis. Thus, an occasional or sporadic use of public transportation does not qualify an employee to enroll in this program. Stability in the commuting pattern also helps keep the associated administrative costs to an acceptable level, since enrollment requires supervisory approval and servicing personnel office review, as well as data entry into the Federal Personnel/Payroll System (FPPS). A “stable” commuting pattern does not necessarily mean or imply that an employee use the same method of travel five days each week. Employees may have a “stable” commuting pattern which involves using public transit for two days each week, using a commuter highway vehicle one day each week, and driving the remaining two days in a personally owned vehicle. Thus, “stable” means that except for rare occurrence, the commuting pattern does not change.

Employee Obligation to Maintain Records of Actual Transportation Expenses

Like all programs which affect the taxable income of an employee, participants in this program will be responsible for maintaining records documenting actual transportation expenses incurred in commuting to and from work. An Actual and Claimed Transportation Expenses form, DI-2016, has been prepared for this purpose, and is attached. It serves two primary purposes: (1) to ensure that the actual transportation expenses match the claimed expenses; and (2) to serve as documentation in the event that the Internal Revenue Service audits employees who participate in this program. As noted in a subsequent section, every effort has been made to keep the administrative burdens associated with record-keeping to a minimum level.

How Can I Enroll?

An employee may enroll in this program by completing an Application for Participation in Transportation Fringe Benefit Program (Enrollment Form), DI-2015, certifying that he or she uses a transit pass or a commuter highway vehicle between residence and place of employment. Enrollment forms have been prepared and attached for employee use.

Roles and Responsibilities

A. Of the Employee -

1. *Enrollment.* The employee must annually submit an Enrollment Form to his or her supervisor or manager to receive these transportation fringe benefits. Enrollment Forms must be completed by November 30, each year. An employee who initially enrolled in the program after September 30, of any given year will not be required to re-enroll until November 30 of the following year. Example: An employee initially enrolled in the program on October 25, 1999. This employee’s re-enrollment must be completed by November 30, 2000.

2. *Accuracy.* The employee is responsible for ensuring that actual expenditures for qualifying transportation expenses match the amounts claimed on the Enrollment Form. For this reason, employees should keep track of actual transportation expenses incurred against transportation expenses claimed by updating the Actual and Claimed Transportation Expenses form, DI-2016, regularly. The employee should submit another Enrollment Form through his or her supervisor to the servicing personnel to reflect any change in habitual commuting patterns that cause the deduction from gross earnings to change materially. While some variation will likely occur, it may not be material. For example, if your transit costs are \$250 a month and you do not commute for two weeks during a certain month because you are on leave, you would not submit another Enrollment Form because you would still qualify for the full \$65 per month pretax deduction. However, if monthly differences are the result of changes in the commuting pattern, and materially impact the amount of transportation expenses which may legally be claimed, a change request should be initiated, using the Enrollment Form.

To allow the FPPS to accurately assess the correct amount of the transportation fringe benefit for each employee based on actual commuting expenses, employees must annually submit a DI-2016 form along with his or her Enrollment Form.

Failure to provide correct information on the Enrollment Form, failure to submit a change in enrollment within 30 days of the effective date of change, or failure to submit a DI-2016 form may lead to termination of an employee's transportation fringe benefits and, if circumstances warrant, an appropriate disciplinary action.

B. Of the Supervisors - The supervisor will review the employee's Enrollment and Actual and Claimed Transportation Expenses Forms and verify that the information provided by the employee is correct to the best of his or her knowledge. The supervisor is obligated to ask the employee to provide more detailed specifics on the nature and type of commuting patterns and provide any expense documentation to support commuting costs if the information provided by the employee is not enough for the supervisor to attest to the accuracy. After signing the Enrollment Form, the supervisor will forward the executed Enrollment Form (signed by both the employee and the supervisor), and Actual and Claimed Transportation Expenses Form where applicable to the Servicing Personnel Office for processing.

C. Of Servicing Personnel Offices - Personnel Offices will receive the completed Enrollment and Actual and Claimed Transportation Expenses Forms and review the forms for completeness. If the forms are incomplete, i.e., contain missing commuting information, have missing signatures, etc., the Servicing Personnel Office will return them to the employee for completion. If the forms are complete, the Servicing Personnel Office will code the information for pretax payroll deductions into the FPPS, if currently using payroll update commands. If not using the payroll commands, the Servicing Personnel Office should forward the forms to the Payroll Operations Division for input. After the forms are processed, a copy will be forwarded to the employee. Servicing Personnel Offices will provide information on the Transportation Fringe Benefit Program to all new hires and transfers as part of their orientation package, and will maintain supplies of Enrollment, and Actual and Claimed Transportation Expenses Forms.

Detailed implementation instructions for processing the Enrollment Forms will be provided by the FPPS Payroll Operations Division to each bureau's FPPS representative.

D. Of Administrative /Parking Program Coordinators - Administrative/ Parking coordinators will conduct periodic verifications to ensure that parking privileges extended to employees are consistent with the enrollment information provided by employees who participate in the Transportation Fringe Benefit Program (i.e., employees who claim they are using public transportation five days per week should not also be receiving unrestricted parking privileges in the vicinity of their office). This validation may simply entail a comparison of the names on the roster of parking passes against the enrollment information for the Transportation Fringe Benefit Program. Together with the supervisory review of the Enrollment Forms, the verification of parking information represents an important element of the management control process for ensuring that transportation fringe benefits are not subject to abuse.

Department of the Interior
Application for Participation in Transportation Fringe Benefit Program

Name: _____

Home Address: _____
Street

_____ City State Zip Code

Bureau: _____ Program/Region: _____

SSN: _____ Telephone Number: _____

1. Type of Action (Check One). See instructions on back of form.

____ Original Enrollment ____ Re-Enrollment ____ Canceling

2. Selections - Mark your selection and provided commuting information (if applicable) below.

A. I commute in a **commuter highway vehicle** ____ days per week.

My commuting cost is

\$_____ per month.

A **commuter highway vehicle** must have a seating capacity of at least six (6) adults, not including the driver. At least 80 percent of the mileage used must be for purposes of transporting employees in conjunction with travel between their residences and place of employment, and on trips during which the number of employees transported for such purposes is at least 1/2 of the adult seating capacity of such vehicle (not including the driver).

B. I use a **transit pass** to commute ____ days per week. My commuting cost is \$_____ per month.

A **transit pass** means any pass, token, fare card, voucher, or similar item entitling a person to transportation (or transportation at a reduced price) if such transportation is on mass transit facilities, or provided by any person in the business of transporting persons for compensation or hire if such transportation is provided in a vehicle the seating of which is at least six (6) adults (not including the driver).

C. I am **canceling** my participation in the transportation fringe benefit program as of _____ (date).

3. Parking Information. I currently ____ do ____ do not receive parking privileges/benefits from my bureau for a van or private automobile. I park my van or private automobile ____ days per week.

4. Re-enrollment is required annually, or when an employee's actual public transportation expenses change materially from amounts claimed on previous forms.

"I hereby certify I am eligible for a qualified transportation fringe benefit under 26 U.S.C. 132(f). I will be using it exclusively for my regular direct commute from my home to work and return. I will not give, sell, barter, exchange, convey, or otherwise transfer it to any other person. I understand and agree false certifications may result in disciplinary action by the Department of the Interior up to and including dismissal from Federal employment and possible prosecution for Federal income tax evasion."

5. Employee Signature _____ Date _____

6. Supervisor Signature _____ Date _____

INSTRUCTIONS FOR COMPLETING APPLICATION

- 1. Type of Action.** Check “Original Enrollment” for initial enrollment in the program, check “Re-enrollment” for annual renewal or any change to information on current enrollment form that would require an adjustment to the pretax deduction and check “Canceling Enrollment” for terminating participation in the program.
- 2. Selection.** Mark an “X” in the appropriate block on the front of the form. An employee who is eligible for a qualified transportation fringe benefit may exclude up to \$65 per month from their gross income for taxable years after December 31, 1998. Taxable years beginning after December 31, 2001, an employee may exclude \$100 per month. **All qualifying transportation expenses should be expressed as a monthly total.** The monthly transportation expenses claimed will be converted to a biweekly amount by the by the employee’s FPPS representative. **An employee transportation fringe benefit (deduction) cannot exceed actual commuting cost per month.**
- 3. Parking Information.** Employees who claim using public transportation five days per week should not also be receiving unrestricted parking in the vicinity of their office.
- 4. Re-enrollment.** Form must be completed annually to receive transportation benefits. Re-enrollments must be completed by November 30, each year. An employee who initially enrolled in the program after September 30, of any given year will not be required to re-enroll until the following year. **Example:** An employee enrolled in the program on October 25, 1999. This employee’s re-enrollment must be completed by November 30, 2000. **However, when any change in habitual commuting patterns that cause the deduction from gross earnings to change, the employee must re-enroll immediately** (within 30 days of effective date of change).
- 5. Certification.** Be sure to read statements before signing.
- 6. Authorization.** Employee’s supervisor signature is required. Supervisor attests that he or she has no reason to question the information provided by the employee.

Forward the original form to your **Servicing Personnel Office** for processing.

Privacy Act Notice: In compliance with the Privacy Act of 1974, individuals furnishing information on this form are hereby advised as follows:

1. The primary purpose of the requested information is to determine the eligibility of an employee to receive a qualified transportation fringe benefit under 26 U.S.C. 132(f).
2. The form will be returned to the employee if any of the requested information is not provided.
3. Providing a social security number is mandatory. To assure that the right employee receives the pretax payroll deduction, the social security number is required.
4. The information will be provided to the Parking Offices to ensure that parking privileges extended to employees are consistent with the enrollment information provided by employees who participate in the Transportation Fringe Benefit Program.
5. The information may be shared with law enforcement agencies when they are investigating a violation of civil or criminal law.

For Servicing Personnel Office Use Only

Approved by: _____ Date _____

Pretax Payroll Deduction: **Start:** PP _____ **End:** PP _____ **Amount:** \$ _____ (per pay period)

**Department of the Interior
Actual and Claimed Transportation Expenses**

MONTH	ACTUAL EXPENSE	CLAIMED EXPENSE	DIFFERENCE (plus or minus)
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
TOTALS			

Employee Name: _____

SSN: _____ Bureau: _____ Tax Year: _____

Employee Signature: _____ Date: _____

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4. The information will be provided to the Parking Offices to ensure that parking privileges extended to employees are consistent with the enrollment information provided by employees who participate in the Transportation Fringe Benefit Program.
5. The information may be shared with law enforcement agencies when they are investigating a violation of civil or criminal law.