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Payroll Letter 878

To: HR Administrators, Payroll Officers, Personnel Officers, Fiscal Officers, Labor Relations Officers and EEO Officers of All Departments, Institutions, Boards and Commissions

From: Dan R. Parks, State Payroll Administrator

Subject: Commuter Choice Program - Pre-Tax Parking and Transit Deductions

The Department of Administrative Services (DAS) is pleased to announce that state employees can now pay their parking expenses using pre-tax dollars. Employees who pay to park their vehicle while at work can now participate in the program, along with employees who commute using public transportation or vanpools. Pre-tax commuter benefits programs are allowed under Section 132(f) of the Internal Revenue Code.

The administration of this program will be the same as with the current commuter benefits programs offered by the State of Ohio. The employee will sign up with the third-party administrator (WageWorks), who will in turn provide DAS HRD Payroll Administration a file of all commuter choice deductions for posting to employee payroll records.

WageWorks will provide employees with two methods to sign up for the program. Employees may enroll through WageWorks web site at www.wageworks.com or by calling their customer service department at 1-877-924-3967. Employees will have until the first of a month to enroll, change or terminate the following month's parking or transit pass. For the new pre-tax parking benefit, employees will have until June 1, 2005 to enroll for July 2005 parking benefits. Please note that the first of each month is the deadline for both the new parking program, as well as the existing transit (bus) program. Employees currently enrolled in the transit program are being notified of this change by WageWorks.

Payroll Deduction Codes

The deduction codes that will be appear on employee payroll records will be:

- "QTP" – Transit Pass/Parking - Pre-tax
- "QTT" – Transit Pass/Parking - Taxable
- "QTF" – Transit Pass/Parking Administrative Fee - Taxable

Payroll Officers will not have the ability to modify these deductions on the PAYU screen in any way.

Employees may have up to \$200 per month reduced from their taxable wages to pay for parking, and up to \$105 per month reduced from their taxable wages for the transit program. The QTP deduction is a pre-tax deduction, meaning the deduction amount is reduced from the taxable gross before calculating federal, state, Medicare and school district income tax. Local taxes are not affected.

Administrative Fees

Please note that the monthly administrative fee will be paid by the employee. It will be deducted post-tax on both the parking and transit programs. The administrative fee amounts vary between the parking and transit programs, due to separate contracts between DAS and WageWorks. The monthly administration fees are as follows:

\$4.50 - Transit Program (no change, see original Payroll Letter 857)
\$5.95 - Parking Program

The fee will appear as a separate payroll deduction (QTF) on the same earnings statement as the transit pass/parking deduction (QTP or QTT).

If an employee has any questions regarding the Commuter Choice Program, please have them contact WageWorks. Other questions may be directed to the HRD Payroll Administration Office at (614) 466-6915.

DRP/jam