Presidential Documents

Executive Order 13150 of April 21, 2000

Federal Workforce Transportation

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the Transportation Equity Act for the 21st Century (Public Law 105–178), section 1911 of the Energy Policy Act of 1992 (Public Law 102–486), section 531(a)(1) of the Deficit Reduction Act of 1984 (26 U.S.C. 132), and the Federal Employees Clean Air Incentives Act (Public Law 103–172), and in order to reduce Federal employees' contribution to traffic congestion and air pollution and to expand their commuting alternatives, it is hereby ordered as follows:

Section 1. *Mass Transportation and Vanpool Transportation Fringe Benefit Program.* (a) By no later than October 1, 2000, Federal agencies shall implement a transportation fringe benefit program that offers qualified Federal employees the option to exclude from taxable wages and compensation, consistent with section 132 of title 26, United States Code, employee commuting costs incurred through the use of mass transportation and vanpools, not to exceed the maximum level allowed by law (26 U.S.C. 132 (f)(2)). These agency programs shall comply with the requirements of Internal Revenue Service regulations for qualified transportation fringe benefits under section 1.132–9 of title 26, Code of Federal Regulations, and other guidance.

(b) Federal agencies are encouraged to use any nonmonetary incentive that the agencies may otherwise offer under any other provision of law or other authority to encourage mass transportation and vanpool use, as provided for in section 7905(b)(2)(C) of title 5, United States Code.

Sec. 2. *Federal Agencies in the National Capital Region.* Federal agencies in the National Capital Region shall implement a "transit pass" transportation fringe benefit program for their qualified Federal employees by no later than October 1, 2000. Under this program, agencies shall provide their qualified Federal employees, in addition to current compensation, transit passes as defined in section 132(f)(5) of title 26, United States Code, in amounts approximately equal to employee commuting costs, not to exceed the maximum level allowed by law (26 U.S.C. 132(f)(2)). The National Capital Region is defined as the District of Columbia; Montgomery, Prince George's, and Frederick Counties in Maryland; Arlington, Fairfax, Loudon, and Prince William Counties in Virginia; and all cities now or hereafter existing in Maryland or Virginia within the geographic area bounded by the outer boundaries of the combined area of said counties.

Sec. 3. *Nationwide Pilot Program.* The Department of Transportation, the Environmental Protection Agency, and the Department of Energy shall implement a "transit pass" transportation fringe benefit program, as described in section 2 of this order, for all of their qualified Federal employees as a 3 year pilot program by no later than October 1, 2000. Before determining whether the program should be extended to other Federal employees nationwide, it shall be analyzed by an entity determined by the agencies identified in section 4 of this order to ascertain, among other things, if it is effective in reducing single occupancy vehicle travel and local area traffic congestion.

Sec. 4. *Guidance.* Federal agencies shall develop plans to implement this order in consultation with the Department of the Treasury, the Department of Transportation, the Environmental Protection Agency, the Office of Personnel Management, the General Services Administration, and the Office of Management and Budget. Federal agencies that currently have more generous programs or benefits in place may continue to offer those programs or benefits. Agencies shall absorb the costs of implementing this order within the sums received pursuant to the President's FY 2001 budget request to the Congress.

Sec. 5. *Judicial Review.* This order is not intended to and does not create any right or benefit, substantive or procedural, enforceable at law by any party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

William J. Clinton

THE WHITE HOUSE,
April 21, 2000.

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EXECUTIVE ORDER 13150 -- FEDERAL WORKFORCE TRANSPORTION

- **VA Actions to Implement the Transit Benefit Program Prior to EO 13150**

On August 10, 1999, the Deputy Secretary of Veterans Affairs requested the Office of Financial Management (OFM) to conduct a cost benefit analysis of the options available under legally established transit benefits programs. A work group was established comprised of representatives from the administrations and staff offices with union representation. A report was submitted on November 1, 1999. The report detailed three possible options:

- transit benefits given to employees in addition to compensation (direct subsidy);
- transit benefits given to employees in lieu of compensation (pre-tax deduction from employee salary); and
- a combination of the first two options.

Based on a review of the work group's report, the decision was made to recommend to the Secretary that VA establish a pre-tax deduction for eligible employees and use those funds to purchase farecards or other fare media for the employees at the current maximum of $65. This recommendation was further defined to provide for a pre-tax benefit scheme that would permit the employee to purchase farecards. The recommendation was never finalized, because it was overtaken by Executive Order 13150, Federal Workforce Transportation, issued April 21, 2000.

- **EO 13150 Requirements**

Executive Order (EO) 13150, Federal Workforce Transportation, April 21, 2000, contains two provisions that effectively supersede the work group's recommendation to utilize a pre-tax deduction as a VA-wide transit benefit.

> Section 1 requires Federal agencies to implement a transportation fringe benefit program by October 1, 2000, that offers qualified employees the option to exclude from taxable wages and compensation employee commuting costs not to exceed the maximum allowable by law (pre-tax deduction).
>
> Section 2 requires agencies in the National Capital Region (Washington metropolitan area) to implement a "transit pass" transportation fringe benefit program by October 1. Under this program, agencies must provide transit passes to employees not to exceed the maximum level allowed by law. This would be a direct subsidy to the employee and would not reduce pre-tax income.

The EO also provides that agencies will absorb the costs of implementing the provisions of the EO within the appropriated funds they receive under the President's FY 2001 budget request.

Organizations will be reminded to build anticipated costs in their budget requests for FY 2002 and out years.

The Office of Management and Budget (OMB) asked for VA comments on the proposed EO. In comments to OMB on March 23, VA responded that we supported the proposed transportation subsidy but believe that agencies should have the discretion to implement the program through the use of direct transit subsidies and/or the pre-tax option. Since the majority of VA employees are located outside of the NCR, the major cost would be associated with the purchase of transit passes (direct subsidy) for Headquarters employees. VA noted that mandating the direct subsidy only to employees in the National Capital Region (NCR) could be viewed as disparate treatment by the National Partnership Council and unionized employees. The American Federation of Government Employees (AFGE) had agreed to the pre-tax benefit although they favored a direct subsidy for all employees. VA estimates the cost to implement the provisions of the EO to be:

	NCR	Rest of U.S.	Total Cost to VA
Direct Subsidy	$1,777,498	$35,070,510	$36,848,008
Pre-tax Deduction	-$12,524 (savings)	-$47,906 (savings)	-$60,430 (savings)

The Internal Revenue Service (IRS) issued proposed regulations on Qualified Transportation Fringe Benefits at the end of January. In a letter dated April 26, VA advised IRS that implementing a transit program under the proposed regulations would cost VA approximately $2 million annually. VA recommended that IRS broaden the definition of "significant administrative cost" to permit employee self-certification and thereby decrease the cost and workload required to administer the program. If IRS agrees with VA's comments, the burden of administering the program would be significantly less, and contracting out administration of this program, as discussed below, would not be as essential to containing costs. VA also recommended that IRS issue their implementing regulations well in advance of October 1, in order to provide sufficient time for agencies to effect the system and administrative changes needed to properly implement EO 13150. To date no response has been received from IRS, and we doubt that our recommended changes will be adopted.

- **Options for Implementing the Transit Benefit Program in the National Capital Region Prior to October 1, 2000**

The Deputy Secretary raised the issue of whether or not VA could implement a transit subsidy program for the NCR prior to October 1. The NCR includes all VA offices located in Washington, D.C., i.e., VA Headquarters, 1800 G Street, Lafayette, Tech-World, VBA's Washington Regional Office, and VHA's Washington Medical Center. In order to implement a transit subsidy program at VA facilities in the NCR, VA would have to complete a number of steps:

- Determine the responsible office for administering the program;

- Decide whether the program should be contracted out or managed in-house and develop the corresponding policy and procedures needed to administer the program.

- Fulfill its Labor-Management Relations responsibilities.

⇒CONTRACTING

The most feasible option for implementing a transit subsidy program for the NCR would be to contract out the administration of the program and to use the Department of Transportation's (DoT) TASK TRANSERV office. TASK TRANSERV currently serves 17 other Federal agencies and is in the process of setting up programs for 12 other departments/agencies. That office provides a turn-key operation on a nation-wide basis that manages an agency's transit benefits program (direct subsidy and pre-tax). They charge 4.75 percent of whatever the volume of vouchers (e.g., Metrocheks) is for a given location plus $19 per hour per agent when they distribute vouchers. For example, if Headquarters had a monthly $100,000 worth of vouchers for participating employees, TASK TRANSERV would charge VA $4,750 for the service. If two agents came to Headquarters and set up a table in the Food Court to distribute Metrocheks to employees for three hours, that would be an additional $114 for that service. TASK TRANSERV is not a franchised operation so they only charge for actual costs.

TASK TRANSERV has indicated informally that they believe they could establish a program for VA in a relatively short period of time. TASK TRANSERV requires two pieces of information in order to accomplish the program:

- Define the major cities (hubs) or groups which would be involved with a subsidiary breakdown on the "hubs" to secondary or subsidiary cities, towns, etc., and

- Determine how many people (approximately) would be covered in the program.

TASK TRANSERV would provide the following services:

- Meet with VA to answer any questions management may have about the Metrochek program or the TASK TRANSERV program.

- Set up agreements with all transit agencies in a given city (MARC, VRE, Metro, OmniRide, Fairfax Connector, etc.).

- Use their systems to create and maintain a database on participating VA employees.

- Purchase vouchers (using VA funds or withheld pre-tax funds) from the various transit agencies and set up the distribution in a manner agreed upon in collaboration with VA.

- Relieve VA of the responsibility to answer inquiries from the IRS or other oversight agencies.

- Provide an agreement between VA and TASK TRANSERV, which can be modified as VA sees fit.

⇒IN-HOUSE

If VA chose to set up its own program, it would take longer since we would have to assign staff and develop full implementation procedures.

Note: In either instance, VA would have to fulfill its Labor-Management Relations responsibilities. AFGE Local # 17 has gone on record as favoring a direct subsidy program, so it would likely support the "transit pass" program as outlined in the Executive Order.

⇒SUMMARY

Based on the limited information currently available, VA could implement a program in the NCR prior to October 1, 2000, if we contract with and transfer funds to TASK TRANSERV for this purpose. We further believe that it would be equally cost beneficial to contract out administration of the program outside of the NCR. The relative cost of contracting it out would be basically the same as the in house cost of providing such services. If implemented prior to October 1, funding would have to come from FY 2000 appropriated funds since there is no provision in the EO to permit requests for supplemental appropriations for this purpose.

RECOMMENDATIONS

In order to meet the fairly short deadline to implement VA's transit benefit program, the following recommendations are provided:

Recommendation 1: Approve the direct subsidy for the National Capital Region and pre-tax benefit for the rest of the United States provisions of the EO as VA's transit policy.

Approve: [signature] 5-30-00 Approve as Modified Below: _______ Disapprove _______

Modification:

Recommendation 2: Approve contracting with the Department of Transportation to implement VA's transit benefits program for the National Capital Region prior to October 1, 2000, and for the remainder of VA by October 1, 2000.

Approve: [signature] 5-30-00 Approve as Modified Below: _______ Disapprove: _______

Modification:

Recommendation 3: Approve assigning responsibility to the Office of Human Resources and Administration (HR&A) for developing a transit program under the EO and monitoring its accomplishment. Within HR&A, the Office of Administration will have lead responsibility for coordinating the program and will serve as liaison with DOT and as Contracting Officers' Technical Representative (COTR) for VA's proposed contract with DOT. Office of Human Resources Management will serve as an employee advocate in the key role of supporting and encouraging participation in the program and in working with the employee unions. The departments and other VA organizations with field facilities will each designate a transit program manager who will coordinate their organization's program and serve as liaison with HR&A.

Approve: [signature] Approve as Modified Below: _______ Disapprove: _______
5-30-00

Modification:

Recommendation 4: Approve assigning responsibility to the Office of Financial Management for pro-rating the funding for the direct subsidy among Headquarters organizations and staff offices. That office will also develop any changes to the finance/automated payroll system needed to implement the program, with support from the Office of Human Resources Management in developing system requirements.

Approve: [signature] Approve as Modified Below: _______ Disapprove: _______
5-30-00

Modification:

____

Deputy Secretary Date

TASC CUSTOMER AGREEMENT

AGREEMENT NUMBER
SC-01-110-W-043
VA No. IGA V101(90)P-2000-043

PARTIES TO THE AGREEMENT

a. CUSTOMER CONTACT/BILLING ADDRESS	b. TASC CONTACT/ADDRESS
Department of Veterans Affairs Attn: Mr. Quinton Walker Office of Administration 810 Vermont Avenue, NW Room 105 Washington, DC 20024 Phone: (202) 273-6461 FAX: (202) 273-5990 **ALC: 36-00-1200**	U.S. Department of Transportation Attention: Eric Smith SVC-113, Room 0327, P2 level 400 7th Street, S.W. Washington, DC 20590 Phone: 202-366-2090 FAX: 202-493-2436
APPROPRIATION/ACCOUNT CODE CHARGEABLE	COST ACCOUNT PROGRAM ELEMENT CODE 6W-1520-000-000-204045-211000

EFFECTIVE DATE	COST *(ESTIMATED)*	
1-Oct-2000	a. FY 2001	b. AMOUNT: $4,129,159

SUMMARY: This Customer Agreement between the Department of Veterans Affairs (VA) and the Department of Transportation (DOT) TASC Facilities Service Center provides a written understanding of the transit benefit program services that are to be provided to VA by TASC Transportation Services (TRANServe). TASC TRANServe will administer the VA Transit Benefit Program in the metropolitan Washington, DC area as well as in regional offices designated by VA. This customer agreement will remain in effect until September 30, 2001.
TRANServe will provide an adequate number of disbursing agents to cover the distribution hours agreed upon by VA and TRANServe. In the VA regional offices, fare media will be sent via Federal Express to the designated VA representatives for distribution. At the request of VA, TRANServe will send disbursing agents to regional locations. Each disbursing agent will be billed out at $19.00 per hour. Distribution hours will include travel, set-up and balancing time. All cash expenditures made on behalf of VA, including fare media, travel, fare media voucher fees (if applicable) and shipping, will be subject to the 4.75% cash management fee.
TRANServe will provide liaison with the Washington Metropolitan Area Transit Authority and with regional transit providers and will order, purchase, verify, maintain, and safeguard fare media prior to distributing to VA participants. TRANServe shall bear full responsibility for any fare media that is in its possession prior to distribution to VA participants. TRANServe will provide VA with detailed and summary reports of participation in the program on a monthly basis. The detailed report shall also be provided to VA electronically in database form. The database information will include sufficient information for VA to identify and reconcile individual participants, organization, cost and accounting information.

FUNDING: VA will be billed monthly for fare media, financial management of fare media, and distribution services provided by TRANServe staff. Bills will be based on ACTUAL usage which may necessitate changes in TRANServe hours and/or employees as required to provide required services. This Agreement is subject to the availability of FY 2001 funds. If adequate FY 2001 funding is not available to support this Agreement, the Agreement automatically will terminate upon notice by VA to DOT/TASC without any liability of VA to DOT/TASC. General Provisions are attached on page 2. Estimated costs for the VA transit benefit program are shown below:

FARE MEDIA:		
3000 VA employees receiving up to $65 per month = $325,000 x 12 mos =	$	2,340,000
National Capital Region (NCR)		
FINANCIAL MANAGEMENT:		
(NCR) $2,340,000 x 4.75% management fee =	$	111,150
Field - $35,070,510 x 4.75%management fee=	$	1,665,849
DISTRIBUTION SERVICES:		
Washington, DC area dist. - 80 hrs each quarter x 4 quarters x $19 =	$	6,080
* Field distribution - 80 hrs each quarter x 4 quarters x $19 =	$	6,080
Total estimated annual cost	$	4,129,159

*If this methodology is selected for distribution

AUTHORIZED APPROVALS

a. CUSTOMER AUTHORIZING OFFICIAL/FUND ADMINISTRATOR		b. ORGANIZATION PROVIDING SERVICES	
SIGNATURE Gary J. Krump	DATE June 14, 2000	SIGNATURE Janet A. Kraus	DATE JUN 16 2000
~~TITLE:~~ Deputy Assistant Secretary for Acquisition and Materiel Management		TITLE: Principal, TASC Facilities Service Center	

TASC Service / Value / Success

GENERAL PROVISIONS

a. The authority to provide reimbursable support services to Government departments and agencies is contained in the Economy Act of 1932, as amended, (31 U.S.C. 1535). When other authority is applicable, enter such data in Block I I below.

b. The requesting organization has determined that the applicability of Office of Management and Budget Circular A-76, Revised, was considered, as well as the requirements of FAR 17.502 and 17.503(a)(1) and (2).

c. Direct and indirect actual costs will be charged for reimbursable work and services. If funds advanced to the supplying organization are more than the actual cost of performing the work or services, the difference will be returned. If an estimate is less than the actual costs incurred, the requesting organization agrees to pay for the actual costs incurred.

d. This agreement or any of its specific provisions may be revised or amended only by the signature approval of the parties signatory to the agreement or by their respective official successors. Changes in funding items may be pen and ink and shall be initialed by both VA and DOT/TASC signatories or designees. Cancellation may be made upon 30 days written notice by either party, or their successors, to the other.

e. Disputes concerning the interpretation of this agreement shall be resolved by a majority vote of a three-person dispute resolution committee. The committee shall consist of one VA representative, one DOT/TASC representative, and one neutral representative agreed upon by both VA and DOT/TASC.

REMARKS

PROJECT OFFICERS:

Department of Veterans Affairs
Attn: Mr. Quinton Walker
Office of Administration
810 Vermont Avenue, NW Room 105
Washington, DC 20024

Phone: (202) 273-6461
FAX: (202) 273-5990

U.S. Department of Transportation
Attention: Eric Smith
SVC-113, Room 0327, P2 level
400 7th Street, S.W.
Washington, DC 20590

Phone: 202-366-2090
FAX: 202-493-2436

Questions concerning the Transit Benefit Program should be directed to your organizational Transit Manager (see http://vaww.va.gov for listing).

People Moving People Into America's Future

Department of Veterans Affairs

Transit Benefit Program

Prepared by:
Office of Administration
810 Vermont Avenue, NW
Washington, DC 20420

September 2000

Fact Sheet

Eligibility Requirements:
*Any VA employee receiving a salary check is eligible to participate in the Transit Benefit Program. Currently, only employees **working** in the National Capitol Region qualify for Direct Subsidy.*

VA employees must use fare media benefit for their daily commute to and from work and can not transfer it to anyone else. Failure to comply with VA's Transit policies and procedures could result in disciplinary action. Indirect costs such as the cost of gas, mileage, parking or an employee's personal or leased vehicle cannot be included as part of the estimated cost to commute to and from work.

Employees named on a federally subsidized workplace motor vehicle parking permit are not eligible to participate in this Program.

Distribution Scheduling:
Distribution will take place quarterly at publicized sites within the VA Headquarters Area. Makeup and distribution for new additions to the program will be administered monthly. If an employee cannot receive their media distribution at a scheduled site, the Department of Transportation (DOT) has a walk-up distribution window open Monday through Friday from 8:30 a.m. until 4 p.m. in Room 0329 on the lower level of the DOT building located at 7th & D Street, SW.

*An employee **must** present a valid VA ID Card before receiving transit benefits.*

Lost or Unused Fare Media:
Lost fare media is the responsibility of the employee and there are no reimbursements. If an employee is on travel or leave for a period of time, and has unused fare media, the employee should inform the DOT media distributor at the next quarterly issue that they have media left over and should reduce their next issue by the excess amount.

An employee separating from the VA is responsible for returning all unused fare media to their organization's Transit Manager. Transit Managers will serve as a clearance official for separating employees. If fare media is not returned, VA will use collection action to recover the value of media that should have been turned in.

SmarTrip Card:
A SmarTrip Card is a permanent, rechargeable plastic farecard that allows you to store up to $180 in Metrorail value. If you lose the card, you don't lose the value; however, you must report the lost card to the Washington Metropolitan Area Transit Authority (WMATA). The employee is responsible for the purchase and replacement of WMATA SmarTrip Card. For a $5 fee (cost of the card) you can be issued a new card with the value on the card at the time you notified WMATA it was lost.

Only the monthly allotment of fare benefits should be added to an employee's SmarTrip Card each month.

At this time, WMATA has not authorized DOT to download fare media value to an employee's registered SmarTrip Card. Once approved, employees having their SmarTrip Card number registered with DOT will have their transit benefits downloaded to their SmarTrip Cards on a monthly basis.