

**IMMEDIATE  
ATTENTION**

EBAP/08/160

November 21, 2008

To: Members of the Executive Board

From: The Acting Secretary

Subject: **The Fund's Participation in a Transit Benefit Program**

Attached for consideration by the Executive Directors is a paper on the Fund's participation in a transit benefit program. It is not intended to publish this paper on the Fund's external website.

It is not proposed to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests by the **close of business on Tuesday, December 2, 2008**. In the absence of such a request, the draft decision that appears on page 5 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Questions may be referred to Mr. Vicini (ext. 34474) and Ms. Aytug (ext. 35936) in HRD.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:  
Department Heads



INTERNATIONAL MONETARY FUND

**The Fund's Participation in a Transit Benefit Program**

Prepared by the Human Resources Department

In consultation with the Finance, Legal, and Technology and General Services Departments,  
and the Office of Budget and Planning

Approved by Markus Rodlauer

November 20, 2008

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## I. INTRODUCTION

1. This paper seeks the approval of the Executive Board for the Fund to participate in the SmartBenefits Program, the “Metrochek” transit benefit program of the Washington Metropolitan Transit Authority.<sup>1</sup> The SmartBenefits Program allows employers to provide transit benefits by loading funds directly on the SmarTrip cards of its employees, which can be used for Metrorail, Metrobus, registered van pools, and parking at Metro-operated lots.
2. Participation in the SmartBenefits Program would:
  - encourage Fund staff to use public transportation to commute to and from the Fund’s headquarters in Washington, D.C. in support of efforts to reduce local traffic congestion and pollution; and
  - enhance the Fund’s reputation and image as an employer and a member of the local community.
3. Under Executive Order 13150, dated April 21, 2000, all U.S. Federal agencies were required to implement a transportation fringe benefit program as of October 2000. Since then, all Federal agencies, some international organizations, and a growing number of private organizations in the Washington, D.C. metropolitan area have decided to participate in transit benefit programs such as the SmartBenefits Program.<sup>2</sup>
4. A recently completed environmental sustainability assessment that profiled the Fund’s emissions footprint indicated that commuting represented approximately 7 percent of the Fund’s emissions for all of its Washington-based operations.<sup>3</sup> Reducing the Fund’s emissions relating to commuting by encouraging use of public transportation through a SmartBenefits Program was one of the recommendations made by the environmental sustainability consultant who conducted the assessment.

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<sup>1</sup> See <http://www.wmata.com/bus2bus/smartbenefits/pages/sbwhatisit.html>.

<sup>2</sup> According to WMATA officials, about 5,400 employers (5,000 private and 400 public) and 285,000 employees in the Washington, D.C. metropolitan area are receiving monthly commuting benefits ranging from \$89 to \$105 under the SmartBenefits Program. The Organization of American States and the World Bank have offered the SmartBenefits Program since 1997 and 2003, respectively. The Inter-American Development Bank is currently examining its participation in the program.

<sup>3</sup> The assessed properties were HQ1, HQ2, BWRC, and Concordia. The balance of the emissions included mission travel booked through American Express (17 percent), buildings (34 percent), and the Fund’s supply chain purchases (39 percent).

## II. PROGRAM DESIGN

5. The SmartBenefits Program is a web-based program that allows employers to load funds on an employee's SmarTrip card, which can be used for commuting to and from their place of work. It is proposed that the Fund offer \$30 per month to each eligible employee using public transportation to commute to work.<sup>4</sup> All staff and contractual employees with appointments of at least one year would be eligible to participate in the SmartBenefits Program, provided that they do not participate in the Fund's parking program and certify that they will regularly commute to Fund headquarters using public transportation.

6. Eligibility, including commuting practice, would be subject to periodic audit by the administrator of the program. As with any benefit provided by the Fund, omissions or misrepresentations of facts relevant to eligibility may be grounds for disciplinary measures under General Administrative Order 33, *Conduct of Staff Members*, or under the terms of their contract.

7. The proposed SmartBenefits Program for the Fund is similar to the program at the World Bank, but with only one benefit tier (\$30) for administrative simplicity whereas the Bank offers a two-tier benefit of \$30 and \$20. The program at the Organization of American States has four tiers (\$9, \$18, \$21, and \$36), depending on the historical average commuting expenses of each employee.

## III. COST AND FUNDING

8. The initial annual cost of the SmartBenefits Program is estimated at \$455,000 (Table 1). The initial cost comprises: (i) the direct cost of benefits provided through the SmartBenefits Program (\$373,000); (ii) administrative staff (\$60,000); and (iii) IT development (\$22,000). The estimated direct cost of benefits is based on participation rates in the World Bank program. The initial annual cost of the program could be expected to decline to \$362,000 by FY 2011, owing to decreased participation as a result of the Fund's downsizing and lower administrative costs; once the program is established, there would be no ongoing IT cost. None of these estimates take into account the behavioral response of Fund staff, which is difficult to project.

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<sup>4</sup> This amount could be compared to monthly public transport commuting costs of between \$73 and \$198, based on the lowest fare (\$1.65 per trip) and the highest fare (\$4.50 per trip) on Metrorail for 22 workdays, excluding the costs for parking at metro stations and transfer buses.

<b>Table 1. Estimated Annual Cost of SmartBenefits</b>		
<b>Estimate</b>	<b>Initial State</b>	<b>Steady State</b>
Number of staff and contractals	2,731	2,431
Number of parkers	1,311	1,167
Number of eligible parkers	1,420	1,264
Ratio of participants to eligible staff in the World Bank	73%	73%
Number of SmartBenefit participants in the Fund	1,037	923
Annual benefit cost	\$373,320	\$332,280
Annual administration cost	\$60,000	\$30,000
IT development cost	\$22,000	0
<b>Total cost</b>	<b>\$455,320</b>	<b>\$362,280</b>

9. The SmartBenefits Program would be available from May 1, 2009. The costs of the SmartBenefits Program will be financed through the Fund's contingency reserve in the administrative budget.

#### **IV. PROPOSED DECISION**

It is recommended that the Executive Board approve the following draft decision.

1. The Managing Director is authorized to set up and implement the SmartBenefits Program as set out in paragraph 5 of EBAP/08/160. The new program shall be effective May 1, 2009.
2. The Managing Director is authorized to adjust the level of the benefit as appropriate in light of increases in public transportation costs and comparator organization practices.