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June 11, 2004

Payroll Letter 857

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

From: Dan R. Parks, State Payroll Administrator

Subject: Pre-Tax Commuter Benefits Program – Administrative Fee

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The State of Ohio and Central Ohio Transit Authority (COTA) partnered in September 2001 to pilot the pre-tax commuter benefits program throughout the state. COTA contracted with a third-party administrator, WageWorks, to administer the program. A grant from the Ohio Department of Transportation's Congestion, Mitigation and Air Quality fund via the Mid-Ohio Regional Planning Commission, paid for the cost of administering the pre-tax commuter benefits program.

Unfortunately, the grant funding the administration of the program expires June 30, 2004. Because of the expiration of grant funding, we regret that the administrative fee of \$4.50 per participant per month assessed by WageWorks, will be charged to participants beginning with the July payroll deduction for the August transit pass. Please note that the \$4.50 administrative fee is not tax deductible. The fee will appear as a separate payroll deduction "QTF" Qualified Transit Fee on the same earnings statement as the transit pass deduction (QTP or QTT).

Earlier this month, employees participating in the pre-tax commuter benefits program were mailed a letter from DAS, informing them of this change. Additionally, employees will receive another notice later this month from WageWorks. Employees with questions should contact WageWorks through their web site at [www.wageworks.com](http://www.wageworks.com) or by calling their customer service department at 1-877-924-3967. Employees will have until the 10<sup>th</sup> of each month to sign up, change or terminate their next month's pass.

Even with employees having to pay the administrative fee, they can save money by having up to \$100 per month reduced from their taxable wages. This will positively affect employees' federal income tax, Medicare tax, State of Ohio income tax, and school district income tax. Local taxes are not affected.

If you have questions regarding the State of Ohio Pre-tax Commuter Benefits Program, please contact Jerry Miller at (614) 644-9151.

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