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My Take

What's the one most troubling concern facing HR executives in the year 2007?

By Larry Filler, president and CEO, TransitCenter

My take, buttressed by a survey recently conducted by my firm on benefit trends, is that rising gasoline and commuting costs will, and may already be starting to, become one more worry that keeps HR executives up at night. Beyond compassion for the strains on employee pocketbooks, their concerns will extend to the impact on their organizations through recruitment difficulties, employee retention, lower morale and wage inflation.

As the U.S. Conference of Mayors reported, paying higher gas and other energy prices wiped out almost a third of the collective raises consumers earned in 2005 – and that was even before we reached $3 a gallon at the pump. Most acutely affected are those employees living at the edge, however the effects impinge upon the majority of employees to different extents. Early this summer, a *New York Times* story bore the headline, "Despite a sound economy, many feel the pinch of daily costs," on how the so-called kitchen-counter economy has become an increasing source of everyday anxiety. The newspaper cited not only the impact of high gasoline prices, but "creeping insurance costs and the pressure of a large number of adjustable-rate mortgages, now jumping to market rates."

The 300-plus human resource professionals from across the nation who we surveyed truly recognize that the consequences are not solely about paying more at the pump and for commuting. It is a competitive issue for their organizations. More than 72 percent of HR executives told us they are concerned that rising fuel and commuting costs will affect employee salaries. Further, 63 percent said they worried about managing additional costs associated with new efforts to help their employees, 60 percent said they foresaw greater difficulty in hiring qualified employees, and 59 percent indicated they are worried that rising costs will spur employees to seek jobs closer to home. These HR executives felt that the growing burden on employees will lead to reduced morale in the workplace (49 percent) and increased absenteeism (42 percent).

HR executives have long-recognized the need to help employees manage the costs of getting to work – one of the very necessary costs of employment. Many have already successfully adopted measures such as flex-time (43 percent) and telecommuting (27 percent) programs, according to our survey. Others offer options such as encouraging carpools (16 percent), offering tax-free commuter benefits (15 percent) and facilitating vanpools (11 percent). A smaller number of employers (9 percent) also say they have increased employee compensation in response to the climbing cost of fuel.

While many employers have instituted programs to help employees cope, a substantial number have not yet embraced solutions. Perhaps HR executives need help making the case for corporate leadership to take action. Corporate leadership may also be frustrated thinking that there is only so much they can do on their own without further help from the public sector, for example, in better funding for the development of modern mass transit systems across the nation so that there are more attractive, less expensive options for getting to work. Nevertheless, it is clear that while gasoline prices may have stopped spiraling, the costs may be here for the long term, and that by opening a dialogue, HR executives can help to make a difference.

Larry Filler is president and CEO of TransitCenter, Inc., an independent non-profit corporation whose public mission is to encourage the use of mass transit through commuter benefits programs. Mr. Filler has been a leader in innovative transportation benefit programs for more than twenty-five years. Previously he was ***(add title****) at the Port Authority of New York and New Jersey and before that was a Deputy Attorney General for the State of New Jersey, and Director of the Office of Policy Analysis at New Jersey Department of Transportation.*