

# TRAVEL EXPENDITURE PROCEDURES

**Source:** These guidelines were approved by Presidents Council on [REDACTED]. They are maintained by the Business Office.

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## 1. PURPOSE

These procedures address the allowability, amount, and payment of travel expenses. Other college policies and procedures apply, given the nature of the travel and the source of the funds. This document does not replace, revise, nor convey those requirements. *Example: A faculty travels as part of their professional development plan. The allowability, amount, and payment of travel expenses are governed by these procedures. Plan approval requirements are not addressed here.*

This policy applies to both employees and Board members, and the term “employee” in this document is intended to apply to both.

## 2. ALLOWABLE EXPENSES

Board policy 713, Travel, states that:

The college will reimburse employees and board members for business-related travel expenses. The college will remain supportive of professional development and self improvement that requires travel while maintaining procedures to ensure the cost effective and appropriate use of college resources. The procedures shall comply with all applicable federal and state requirements.

Allowable expenses are business expenses which the college will pay. Allowable expenses are:

1. In compliance with college policies, procedures and restrictions. *Example: Human Resources may have eligibility and documentation requirements for use of staff development monies delineated in bargaining agreements and Board policies.*
2. Nontaxable. Items defined as taxable fringe benefits by the IRS will not be allowed.
3. Reasonable. As a recipient of federal grants, the college is subject to generic requirements, including that the nature and amount of the cost be what a prudent person would have incurred at the time. (See OMB Circular A-21 at Reference 4).
4. In compliance with requirements of any specific grant or contract being charged.

A fringe benefit is a form of pay to an employee in connection with the performance of work, other than the stated wage. Taxable means that the benefit must be included in the employee's wage and reported on the W2, subject to federal income tax, social security, and Medicare taxes. IRS regulations take precedence over state statutes, employment contracts, and union contracts.

The taxable amount is the difference between the fair market value of the benefit and any amount paid by the employee. Whether the college paid for the item directly or reimbursed the employee is irrelevant. *Example: A dean and the six directors/managers/department chairs in his division go to lunch routinely once a month. The dean pays for the lunch and is reimbursed by the college. The value of their lunch is taxable to each of the participants.*

Employees are encouraged to check with the Business Office prior to incurring the expenditure if there are any concerns that the item may not be allowed. In addition, individual budget originators may require that expenditures be authorized before the event occurs. The college may deny reimbursement when prior approval was required but not obtained.

### 3. PAYMENT

An advance is payment made to an employee before the travel occurs. Reimbursement is payment of actual costs incurred. By definition, reimbursement is made after the travel occurs, when the exact expense is known. Per diem is a set amount per day. The timing of the payment does not define per diem; per diem may be paid in advance or upon return.

Travel expenses may be paid in the following ways:

1. College credit cards may be obtained through the Business Office.
2. Employees may pay expenses themselves, and be reimbursed after the fact.
3. Employees may pay expenses themselves, and request an advance before the travel occurs. If any of the expenses are estimated, the employee must reimburse the college for advances in excess of the total allowed within five business days of return from travel. If the total allowed exceeded the advance, the employee may request reimbursement.

Payment is requested using one of the following forms:

1. Travel Voucher form, available in paper at the Business Office or in Excel on the Business Office website at <http://depts.clackamas.edu/businessoffice/>. This form is specifically designed for travel and includes appropriate columns.
2. Request for Payment (RFP) form, available in paper at the Business Office or in Excel on the Business Office website at <http://depts.clackamas.edu/businessoffice/>. This generic form is used for any expense.
3. Mileage Log form, available in Excel on the Business Office website at <http://depts.clackamas.edu/businessoffice/>. This form is used only for mileage, and is an efficient way of documenting multiple trips.
4. Purchase order, created in Datatel. This is generally used only to prepay registration fees, or reserve group lodging or airline tickets for large dollar amounts, before the travel occurs. Payment is direct to the vendor after an invoice is received and approved by the budget originator.

Documentation must be attached to the form used to request payment. All travel requires documentation of the date and time, place, and business purpose (see Reference 5, page 7 of the January 2008 version). Specific documentation requirements for meals, lodging, and so forth are detailed in those sections.

Forms requesting payment must be approved by the budget originator, the employee who is responsible for managing the budget for a particular department, fund, or grant.

The budget originator is responsible for assuring that:

1. The expenses did occur, were for an appropriate purpose, and were authorized.
2. The expenses were allowable as defined in this policy.
3. The expenses are at the correct amount and charged to correct account numbers.

No employee may approve his or her own request for travel on behalf of the College. When travel is by the budget originator, their supervisor must sign the form requesting payment.

## 4. MEALS

### Allowable expenses

#### A. Meals during travel outside the Portland metro area, involving an overnight stay

Employees will be paid for meals when traveling for college business outside the Portland metro area, with an overnight stay. Employees will not be paid for meals which are provided as part of the conference or event, included in the cost of lodging, or otherwise paid for (see Note 1).

*Example 1: the conference registration includes a luncheon. The employee chooses to have lunch elsewhere with a colleague. The college will not pay for the meal, either per diem or actual. Example 2: Lunch is provided as part of the cost of the airline ticket on a 4 hour flight. The college will not pay for the meal again in per diem .*

#### B. Meals during travel outside the Portland metro area, without an overnight stay

##### Meals inside the Portland metro area, including individuals who are not college employees

Meals during travel outside the Portland metro area but not involving an overnight stay, and meals in the Portland metro, are generally taxable (see Reference 5, page 35-36 of the January 2008 version). The college will not pay for any meals deemed taxable under the IRS regulations. The IRS provides the following exceptions where such meals are not taxable, and therefore will be paid by the college.

1. Entertaining customers. Business meals are allowable if they meet either a directly-related or associated test (see Reference 5, page 36 of the January 2008 version).
  - a. Directly-related test: The main purpose of the combined business and meal is the active conduct of business, with the expectation of deriving some specific business benefit at some future time. *Example: The Vice President of Instruction has a working lunch with a representative from the Oregon Institute of Technology about the Harmony campus relationship. The college will pay for the meal.*
  - b. Associated test: The meal is associated with the active conduct of college business, and occurs directly before or after a substantial business discussion. *Example: An employee attends a meeting as a representative of the college and is actively engaged in the meeting. The meeting is followed by a dinner; the college will pay for the meal.*
2. Trade or professional association meetings. Reimbursements for meal expenses necessary for attending business meetings of chambers of commerce, business leagues and trade or professional associations are allowable (see Reference 5, page 37 of the January 2008 version). *Example: An employee attends a luncheon chamber of commerce meeting as a representative of the college. They may be reimbursed for the cost of the lunch.*

#### C. Meals inside the Portland metro area, including only college staff

Meals for college staff not described above will be paid only if they are not taxable to employees. To be nontaxable, IRS regulations require that the meal meet either of the following criteria:

1. The meal is considered a de minimis fringe benefit. De minimum fringe benefits have a minimal value and are occasional, infrequent, and nonroutine. Occasional group meals,

employee picnics, and coffee/doughnuts/soft drinks are de minimis if infrequent and nonroutine (see Reference 5, page 12 of the January 2008 version). *Example: An employer gives snacks each day valued at 75 cents. Even though small in amount, the benefit is provided on a regular basis and is, therefore, taxable as a wage.*

2. The meal was on college premises and for the employer's convenience, such as when the employee must be on call for emergencies during the lunch period (see Reference 5, page 32 of the January 2008 version). Lunches provided by the employer to promote goodwill, boost morale, or attract prospective employees are not "for the employer's convenience" (IRS reg. I.119-1(a)(2)(iii)). In essence, there must be a reason why avoiding meeting or working during the meal time was not a viable option.

*Example: A manager regularly buys lunch for all the employees in her group after monthly group meetings in an effort to boost morale. If the manager and the employees were reimbursed for the meal, it would be taxable to them and therefore not an allowable expense (Reference 5, page 37 of the January 2008 version).*

*Example: The college provides a dinner during monthly Board of Education meetings. The Board meets during the evening meal time for the employer's convenience, so the value of the dinner is not taxable to employees.*

## **Payment**

### A. Meals during travel outside the Portland metro area, involving an overnight stay

For travel outside the Portland metro area, involving an overnight stay, payment for meals is at the per diem rate (Note 2). Per diem is documented by a conference brochure, workshop agenda, or other item that shows the dates (and times, if relevant) of the event. Receipts should not be submitted. No reconciliation between actual expenses and the per diem allowance is made. If actual costs are less than the per diem, the employee retains the difference. If actual costs are more than the per diem, the College does not pay the difference to the employee. Meals covered by per diem should not be charged to a college credit card.

### B. & C. All other meals

All other meals are reimbursed at actual, provided the amount is reasonable as described in section 2. ALLOWABLE EXPENSES. Receipts must be included as documentation in the request for payment. Expenses for alcoholic beverages will not be reimbursed (Note 3).

## **Per diem rate**

The per diem rate for meals for a full day is the federal GSA M&IE (meals and incidental expenses) rate for the destination (Reference 1). Rates are by federal fiscal year; the fiscal year 2008 is from October 1, 2007 to September 30, 2008. The rate is subject to change each October 1. The default rate for Oregon destinations is the CONUS (Continental United States) rate, shown in the per diem rates file on the Business Office website at <http://depts.clackamas.edu/businessoffice/>. To request higher per diem for specific Oregon destinations, and for travel to other states and international, a printout of the rates from the GSA website must be included in the payment documentation. Per diem in excess of the Federal rate is taxable to the employee and therefore not an allowable expense. The M&IE rate includes incidental expenses such as reasonable tipping.

For partial days, a percentage of the per diem will be paid (Note 1). The percentages are shown below, and dollar amounts are calculated for a sample rate of \$39 per day.

	<u>% of total</u>	<u>Partial per diem using Oregon CONUS rate at October 2008</u>
Breakfast	22%	\$ 9
Lunch	27%	10
Dinner	51%	20
Total	100%	\$39

*Example 1: a conference in a location with a \$39 per diem, from Monday morning to Tuesday at 5:00 pm, would pay \$58 of per diem -- \$39 for the full Monday, \$9 for Tuesday breakfast, and \$10 Tuesday lunch.*

*Example 2: the same conference in Minneapolis, with a daily rate of \$64, would pay \$95 of per diem-- \$64 for the full Monday, \$14 for Tuesday breakfast, and \$17 Tuesday lunch. as follows:*

	<u>% of total</u>	<u>Minneapolis rate</u>
Breakfast	22%	\$14
Lunch	27%	17
Dinner	51%	33
Total	100%	64

## 5. MILEAGE

### Definitions

*Mileage:* a per mile amount for use of personal vehicles for college travel.

*Portal-to-portal travel:* an employee's normal home-to-work and work-to-home travel at the beginning and end of a single work day (see Reference 2).

*Worksite:* locations where the college conducts classes. These include the Oregon City, Harmony and Wilsonville campuses; community education facilities; high schools; and other locations where CCC instruction occurs.

### Allowable expenses

Employees will be paid mileage for driving personal vehicles when required as part of assigned work and to the extent that the mileage is in excess of their normal portal-to-portal mileage for a day (see Note 4 and Reference 2). *Example: An employee lives north of Salem and normally works at the Oregon City campus, a one-way distance of 50 miles. They spend the entire day at a college meeting in Salem, 10 miles from their home. The college will not pay mileage because the travel is less than normal portal-to-portal mileage for the day.*

One-way mileage between campuses is shown below.

Oregon City	Harmony	8.4
Oregon City	Wilsonville	19.2
Harmony	Wilsonville	19.8

Carpooling and ride sharing are encouraged. Mileage will not be paid for trips within a given campus.

## **Payment**

Mileage between campuses is specified in the **Allowable Expenses** section above.

Mileage for other trips may be determined by odometer readings or by websites such as <http://maps.yahoo.com> or <http://www.mapquest.com>. A printout documenting mileage is not required, but may be requested.

## **Mileage rate**

The rate per mile is the IRS rate (Reference 3). The rate typically changes each January. If large fluctuations in fuel costs occur the rate may change during the year. Current rates are at the Business Office website at <http://depts.clackamas.edu/businessoffice/>.

## **6. LODGING**

Hotel stays are reimbursed at actual, subject to the reasonableness requirement in section 2. **ALLOWABLE EXPENSES** (see Note 5). The amount allowed for federal employees for the destination area per the website at <http://www.gsa.gov/perdiem> (Reference 1) is a guideline for reasonableness. *Example: an employee attends a conference in Spokane and stays in the conference hotel. The room costs \$120 per night; the federal per diem rate for lodging in Spokane is \$83. The \$120 is deemed to be reasonable because staying at the conference hotel is important for networking and attending sessions, and there is no lodging within walking distance that is less expensive.*

The lodging receipt is required documentation for payment, whether to pay the college credit card company or the employee.

## **7. OTHER EXPENSES**

All reservations for airline tickets must be made at the lowest available fare. All travel should be booked as far in advance as is reasonably possible in order to take advantage of reduced fares. An invoice showing the cost of the airline ticket is required documentation for payment.

For ground transportation such as taxis, rental cars, and airporters, the most cost effective means should be used. Carpooling and ride sharing are encouraged. Receipts are required as documentation for payment.

Individuals who are not college employees may accompany employees during business trips.

The incremental costs over that which would have been incurred by the employee traveling alone are not reimbursable. *Example: An employee's spouse accompanies them at an overnight conference. The cost of double occupancy hotel accommodation over the regular single room rate is not reimbursable.*

Staff may be reimbursed for calls for college business made while traveling. For overnight travel, one personal call will be paid; other personal calls are the responsibility of participants. Conferences may include optional activities (golf tournaments, sightseeing tours, etc.) for a fee in addition to the registration fee; optional activities are the employee's cost and will not be reimbursed. Fines and penalties, such as parking and traffic tickets, will not be paid.

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## 8. NOTES

1. The college can choose to pay per diem for the day or partial day regardless of whether a meal was provided (Reference 5, page 21 of the January 2008 version). In Example 1, the college could choose to pay full per diem for the day, with no deduction for the luncheon provided as part of the conference registration fee.
2. For meals during travel outside the Portland metro area, involving an overnight stay, the college can choose to pay at actual or per diem (Reference 5, page 23 of the January 2008 version). All other meal payments must be at actual.
3. Nonpayment for alcoholic beverages is a college policy choice.
4. IRS regulations distinguish between transportation and commuting (Reference 5, page 26 of the January 2008 version). Commuting is travel between an employee's personal residence and main or regular place of work. Payment for mileage for getting from one workplace to another in the Portland metro area is nontaxable, but mileage for commuting is taxable.

The example given is: *An employee lives north of Salem and normally works at the Oregon City campus, a one-way distance of 50 miles. They spend the entire day at a college meeting in Salem, 10 miles from their home. The college will not pay mileage because the travel is less than normal portal-to-portal mileage for the day. The college could choose to pay for the 10 mile trip and it would not be taxable per IRS regulations because it is from home to a site other than the regular place of work. Specifying that payment will be made only "to the extent that the mileage is in excess" of the employee's normal home-to-work travel for a day is a college choice.*

5. The college could choose to pay for lodging at the federal per diem rate for the destination. If so, any payment in excess of the federal per diem rate for lodging would be taxable to the employee.

In choosing to pay for lodging at the actual cost incurred, no portion of the payment is taxable to the employee so long as the amount is ordinary and necessary,

## 9. REFERENCES

*To open the websites, hold down the Ctrl key and click the underlined name.*

1. The US General Services Administration website at <http://www.gsa.gov/perdiem> shows meal and incidental expense (M&IE) rates, and maximum lodging rates exclusive of taxes, for federal employees. Rates are by federal fiscal year; the fiscal year 2008 is from October 1, 2007 to September 30, 2008. For each state, rates are provided for selected cities and counties. If the city or county are not listed, a standard CONUS rate is shown.
2. The Oregon Bureau of Labor and Industries enforces wage and hour law. The document at [http://www.boli.state.or.us/BOLI/TA/T\\_FAW\\_Tatrav.shtml](http://www.boli.state.or.us/BOLI/TA/T_FAW_Tatrav.shtml) notes that employers are generally not required to pay mileage. To the extent that the college chooses to pay mileage, the BOLI definitions are used.
3. The Internal Revenue Service website at <http://www.irs.gov> lists the mileage rates used to calculate the deductible costs of operating an automobile for business purposes.
4. As a recipient of federal grants, the college is subject to requirements detailed in the following circulars available at the Office of Management and Budget website at <http://www.whitehouse.gov/omb/circulars/>:
  - [OMB Circular A-21](#) - Cost Principles for Educational Institutions
  - [OMB Circular A-110](#) - Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
  - OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations [HTML](#) or [PDF](#).
5. The Internal Revenue Service “Taxable Fringe Benefit Guide” at [http://www.irs.gov/pub/irs-tege/fringe\\_benefit\\_fslg.pdf](http://www.irs.gov/pub/irs-tege/fringe_benefit_fslg.pdf) gives detailed guidance.