



USFR MEMORANDUM NO. 231

TO: School District Administrators; County School Superintendents

FROM: Magdalene D. Haggerty, Office of the Auditor General
Vicki G. Salazar, Arizona Department of Education

DATE: January 28, 2008

SUBJECT: Reimbursement of Travel Expenses (Supersedes USFR Memorandum No. 226)

The Arizona Department of Administration (DOA) recently made several changes to the Travel Policy section of the Arizona Accounting Manual including adding when meal reimbursements are taxable and, effective **January 1, 2008**, increasing the travel distance threshold for lodging and meal reimbursements from 35 miles to 50 miles. The reimbursement rates effective **November 15, 2006**, for mileage, lodging, and meals and incidentals were not changed. A copy of the travel policy and reimbursement rates are available for download in Adobe Acrobat format (pdf) from DOA's Web site at www.gao.state.az.us/travel.

Mileage

In accordance with Arizona Revised Statutes (A.R.S.) §§15-342 and 38-623, districts must reimburse employees and board members for mileage at the standard rate established by DOA. The mileage reimbursement rate for privately owned motor vehicles is 44.5 cents per mile and the mileage reimbursement rate for privately owned aircraft is 99.5 cents per mile, based on the shortest air route from origin to destination. Landing and parking fees are reimbursable except at the location where the aircraft is normally based.

Lodging, Meals and Incidentals

A.R.S. §15-342(5) requires school district governing boards to prescribe procedures and amounts for reimbursing lodging and subsistence expenses incurred for district purposes. However, reimbursement must not exceed the maximum amounts established by the Director of DOA and approved by the Joint Legislative Budget Committee pursuant to A.R.S. §38-624(C). The lodging rates are exclusive of taxes; therefore, districts may reimburse employees for actual expenses up to the maximum lodging reimbursement amounts listed in DOA's reimbursement rates table plus any applicable taxes. If two employees share lodging while traveling, the reimbursement amount per person may not exceed the allowable single-room rate plus tax.

To be eligible for reimbursement, employees must be in authorized travel status and be at least 50 miles from their duty post and home. Lodging receipts must be itemized and include the name, address, and telephone number of the establishment; and travel claims must indicate the time and place travel begins and ends, odometer readings, and employee and authorized signatures.

Although the lodging reimbursement rate generally may not exceed the listed maximum, an exception may be made for conference lodging. DOA guidelines allow employees staying at a conference-designated hotel to be reimbursed at the conference-lodging rate. Conference-designated lodging includes lodging at the hotel at which the conference is being held or other hotels listed in the conference brochure. Accommodations at alternate hotels in the immediate vicinity of the conference may be considered as conference-designated lodging when no vacancies exist at the hotels listed in the conference brochure. However, reimbursement for lodging may not exceed the conference hotel's least expensive single-room rate plus tax. A copy of the conference brochure must be submitted with the travel claim to support the excess reimbursement.

To use DOA's reimbursement rates table, first locate the state to which the employee will travel. If the specific city is listed, use those lodging/meal rates. If the city is not listed, refer to the county in which the city is located and use the applicable rates. If the county is not listed, use the following default rates:

Lodging	\$60.00
Meals & Incidentals	\$34.00

Meal reimbursements include the actual amount spent for a meal, not to exceed the maximum meal reimbursement amounts. When necessary, the meal and incidental expense rate should be allocated between meals as follows:

Breakfast	\$ 7.00	\$ 8.00	\$ 9.00	\$ 10.00	\$ 11.00	\$ 12.00
Lunch	10.00	11.00	13.00	14.00	16.00	17.00
Dinner	<u>17.00</u>	<u>20.00</u>	<u>22.00</u>	<u>25.00</u>	<u>27.00</u>	<u>30.00</u>
	\$34.00	\$39.00	\$44.00	\$ 49.00	\$ 54.00	\$ 59.00

To obtain the lodging and meal reimbursement rates for Alaska, Hawaii, and out-of-country locations, contact the General Accounting Office of DOA at (602) 542-1750, or download the rates at perdiem.hqda.pentagon.mil/perdiem/perdiemrates.html. If using this method, print a copy to include with the travel claim as support for the rate used. The meal and incidental expense rate quoted by DOA should be allocated between meals as follows: 20 percent for breakfast, 25 percent for lunch, and 55 percent for dinner.

A meal reimbursement cannot be claimed when substantial meals are provided at no expense to the employee at a state institution, on an airplane, included in conference registration fees, or provided on a complimentary basis by the facility where the employee is lodged. A substantial meal is one that contains a serving of protein in the form of meat, poultry, fish, seafood, or eggs.

The Internal Revenue Service (IRS) requires employees to be traveling "away from home" in order to exclude reimbursements for meals from their income. The phrase "away from home" means to require someone to travel overnight, or long enough to require substantial "sleep or rest" (further defined by IRS regulations). As a result, all meal reimbursements for travel with no overnight stay must be reported as a taxable employee benefit. For travel with an overnight stay, meal reimbursements for the day of and the day after the actual overnight stay should be excluded from income.

If you have questions or need assistance, please call the Office of the Auditor General, Accounting Services Division at (602) 553-0333, or the Arizona Department of Education, School Finance Operations Unit at (602) 542-5695.

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