

**Penn State University  
Travel Policy**

Implemented January 1, 2007

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# **Penn State Travel Policy**

*This policy includes several references to the Employee Reimbursement System (ERS), an online reimbursement-processing system that will be rolled out in several phases beginning in January 2007.*

*Employees who are not yet using ERS are to continue using SRFC for reimbursement and should start using the new travel support form (available online at <https://guru.psu.edu/forms/ERSTravelReimbursementRequest.pdf>) for backup.*

## **Overview**

Business travel creates unique issues relative to other aspects of the workplace. Those who travel on behalf of the University hold a position of trust and responsibility. They work independently, represent the University to the outside community, and are authorized to spend University funds for travel. In contrast to this independence is the need to be accountable for spending University and public monies, which requires that the traveler demonstrate integrity and expect all travel expenses to be scrutinized.

Clearly, the traveler must avoid extravagance. The budget and financial approvers will find that the traveler's latitude in making decisions is to be respected provided that the expenses incurred are allowable under policy.

## **Philosophy**

The personal safety of the traveler, the wise use of the traveler's time, and the practical aspects of the itinerary are all to be considered in the determination of travel plans. Travel must be planned to ensure University funds are spent prudently, and travelers must exercise care to avoid impropriety.

## **Consistent Application**

Travel expenses are to be reimbursed uniformly throughout the University. This policy applies to all University employees, students, guests, and visitors whose travel is paid by the University. Adaptations needed to meet unique situations will be permitted if consistent with the prevailing principles that no unnecessary cost is to be charged to a University budget, that no personal costs are to be paid by a University budget, and that the adaptation does not contradict any provision within this policy.

## **Compliance**

The University assumes no obligation to reimburse employees, students, and nonemployees for expenses that do not comply with the principles of this policy. Expenditures that do not comply with the University travel policy will be the obligation of the traveler. Additionally, travelers who continually misuse or circumvent the principles of the policy will be subject to additional requirements

for documentation and restricted use of any Penn State Purchasing Card privileges.

### **Required Standards for Compliance**

This travel policy complies with the requirements of the many entities served by Penn State. The standards to be met include those of the Internal Revenue Service (IRS) and of federal, state, and nongovernmental sponsors. Excerpts from several of the governing regulations are referenced throughout the policy.

#### IRS Accountable Plan

For travel reimbursement to be excluded from a traveler's taxable income, the traveler must comply with the requirements of the Employee Reimbursement System (ERS) ([www.ers.psu.edu](http://www.ers.psu.edu)).<sup>1</sup>

- Reimbursement for meal expenses when no overnight travel is involved requires that the meal reimbursement be reported to the IRS as taxable income to the employee unless sufficient University business is conducted during the meal to satisfy the requirements for a business group meal or meeting. A business group meal or meeting must have a clearly defined University business purpose and be reported on a business group meal form.
- The IRS requires that any advance outstanding for more than 60 calendar days after completion of a trip is taxable as income to the traveler.

#### Office of Management and Budget Circular A-21

##### Summary

Federal Circular A-21, section 53 (available at [www.whitehouse.gov/omb/circulars/a021/a21\\_2004.html#j](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html#j)) establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. All federal agencies that sponsor research and development, training, and other work at educational institutions shall apply the provisions of this Circular in determining the costs incurred for such work. Circular A-21 addresses travel expenses specifically and this policy is designed to comply with the required standard.

It is possible that the specific terms and conditions of an agreement will be more restrictive than the OMB Circular A-21 cost principles. It is important for the traveler to review the terms and conditions of each agreement before a trip. If there is a question concerning the allowability

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<sup>1</sup> ERS is an online reimbursement-processing system that will be rolled out in several phases beginning in January 2007. Employees who are not yet using ERS are to continue using SRFC for reimbursement and should start using the new travel support form (available online at <https://guru.psu.edu/forms/ERSTravelReimbursementRequest.pdf>) for backup.

of the trip, the traveler must contact the Financial Officer or Research Administrator for guidance.

#### Fly America Act

U.S. law, 49 U.S.C. 40118, known as the Fly America Act, requires travelers whose air travel is being financed by the U.S. government to use U.S. flag air carrier service for all international air travel when available. The Federal Travel Regulations Sections 301-10.131 through 301-10.143 define U.S. flag air carrier service and provide exception criteria for the use of non-U.S. flag air carrier service. See the “Foreign Travel” section of this policy for further details.

#### Immigration and Visa Regulations

International visitors require special processing of permits in order to comply with federal immigration and IRS requirements. All visitors must complete a VISIT form (available at <http://guru.psu.edu/forms/public/VisitorsInformationSheet.pdf>) PRIOR to travel. The University is not permitted to reimburse noncitizens that do not comply with federal immigration and IRS Visa requirements. More information is available at <http://guru.psu.edu/cbb/payroll/visatype.html>.

Assistance with these issues is available from the Office of Human Resources, the Office of International Programs, and the University Tax Manager. More information is available at [www.ohr.psu.edu/intlscholars](http://www.ohr.psu.edu/intlscholars).

#### **Entertainment**

Entertainment expenditures are prohibited except in the most unusual circumstances. To qualify for reimbursement, entertainment expenditures must be clearly identified by the designated Budget Executive to be in the best interest of the University and may only be charged to unrestricted miscellaneous funds. Under no circumstances is it permitted to entertain U.S. government employees, as such is prohibited by federal law.

#### **Charging Travel and Related Business Expenses Directly to the University**

No one is authorized to have travel and related business expenses directly billed to the University other than Travel Services, Procurement Services, Purchasing Card users, and users of the DBAF form. Only a duly authorized University official may sign travel-related agreements or contracts.

#### **Commuting and Places of Work**

Commuting to work from one's home is not classified as business travel, and is not normally eligible for reimbursement. If an employee is assigned to two customary places of work in one day, the transportation to go directly from the first place to the second is reimbursable.

### **Point of Origin and Final Return for Travel**

The IRS provides standards that define the beginning and end of business travel. These standards are useful in determining whether mileage from one's home or office is to be used when reporting mileage for reimbursement.

- The traveler's home or customary workplace, whichever is last visited before commencing the trip, shall be used as the point of origin when computing transportation costs while on travel status.
- The traveler's home or customary workplace, whichever is first visited after completing the trip, shall be used as the point of final return when computing transportation costs while on travel status.

### **Long-Term Travel**

In cases of an extended travel stay in one location, it may become financially advantageous to the University for the traveler to procure alternative living arrangements to hotels and restaurant meals. In this case, actual expenses may be used instead of CONUS meal per diems and O-CONUS meals and lodging per diems. With the approval of a traveler's Budget Administrator and Financial Officer, it is permissible for a traveler to procure long-term living arrangements based on actual expenses that would not exceed the per diem allocation.

### **Continual Travel**

Employees who need to travel on a continuous basis (such as Agricultural Extension Educators) or on extended travel may settle their expense accounts every 30 calendar days. The traveler must work with the Financial Officer to justify the need, arrange for funds to be provided, and handle any special arrangements that may be required for reimbursement.

### **Sponsored Funds Travel**

All travel costs charged to grants and contracts must be reasonable and comply with policies established by Penn State and the sponsoring agency. Travel policies of federal and nonfederal sponsors vary. The specific terms and conditions of an award must be consulted before making any travel arrangements. In the event there is a conflict between a sponsor's rule and Penn State's rule, the more restrictive rule applies. When in doubt, the traveler should consult the Financial Officer or Research Administrator.

In the event that the trip is completed in the last month of a sponsored agreement, expenses must be submitted within 30 calendar days of trip completion to allow for submission of the final financial report.

### **Frequent Traveler Programs and Travel Clubs**

Travel awards from airlines, hotels, car rental agencies and other providers earned while on University business may be retained by the traveler for future University travel or for personal travel. Travelers will not be reimbursed for their use of travel awards nor will they be reimbursed for memberships in travel clubs

or special programs to obtain travel rewards. The selection of an airline, hotel, rental car, or other provider shall not be based solely on the traveler's ability to earn rewards from that provider. Any cost passed on by the vendor to the traveler for earning those rewards will not be reimbursed.

## **Exceptions and Special Considerations**

There will be times when this policy does not provide specific guidance for a situation a traveler may encounter. The traveler's Budget Administrator and Financial Officer may determine proper guidance for that situation as long as such guidance is consistent with the prevailing principles that no unnecessary cost is to be charged to a University budget, no personal costs are to be paid by a University budget, the expenses are reasonable, and the guidance does not contradict any provision within this policy.

The Office of the Corporate Controller has the sole authority to grant exceptions to exceed the limits of this policy, and only after such a need has been reviewed by the Budget Administrator and Financial Officer. Travelers may request an exception using the Request for Exception form (available at [www.controller.psu.edu/Divisions/FinancialOfficers/TravelException.pdf](http://www.controller.psu.edu/Divisions/FinancialOfficers/TravelException.pdf)).

## **Traveler/Approver Roles**

### **Traveler**

The traveler is granted permission to spend University funds and is obligated to be familiar with the policies governing such expenditures. A summary of traveler responsibilities is listed below:

- Clearly state the business purpose of trip
- Avoid impropriety or extravagance
- Understand and comply with University and program sponsor's policies
- Ensure expenses are clearly documented, accurate, reasonable, and submitted within 60 calendar days of trip completion. More restrictive deadlines may apply to sponsored funds travel. (See the "Overview" section of this policy for more information on sponsored funds travel.)
- Certify that the traveler will not retain duplicate reimbursements for the same travel expense

### **Budget Administrator/Budget Executive**

Approval of the Budget Administrator and at times the Budget Executive is required for payment of travel expenses. A summary of their responsibilities is listed below:

- Verify the business purpose of the travel and that budgeted funds are appropriately spent for that purpose
- Establish limit for a budget's contribution to overall cost of trip

- Ensure that expenses are reasonable for the nature of the work
- Ensure that expenses are charged to appropriate budgets
- In cases of international visitors, verify each individual is eligible for reimbursement
- Refer travel expenses for one's self or those of one's supervisor to a higher-level approver

### **Financial Officer**

Following approval of the Budget Administrator, the Financial Officer is responsible for the following:

- Verify and review documentation
- Verify compliance with University policies and sponsor regulations
- Verify proper classification of object codes
- Ensure availability of funds
- Forward exceptions to Office of the Corporate Controller
- Refer travel expenses for one's self or those of one's supervisor to a higher-level approver

## **Nonemployee Travel**

### **General Guidelines for Nonemployees**

Travelers who are not employees of the University, such as job candidates, consultants, and guests of the University, are to be reimbursed in accordance with the standard travel policy for all employees. While nonemployees are not required to use the approved University travel sources, the traveler should seek to obtain the lowest available airfare. In the event a nonemployee books his or her own travel and is to be reimbursed from sponsored agency funds, the ticket must comply with applicable regulations, i.e., Fly America Act and lowest economy coach fares.

Visitors from other countries require special processing in order to comply with federal immigration and IRS requirements. All visitors must complete a VISIT form (available at <http://guru.psu.edu/forms/public/VisitorsInformationSheet.pdf>) prior to travel. The University is not permitted to reimburse noncitizens who do not comply with federal immigration and visa requirements. More information is available at <http://guru.psu.edu/cbb/payroll/visatype.html>.

### **Student Groups**

Student group travel is a trip of two or more students accompanied by a University employee with a purpose that is relevant to the University's academic mission. Each trip must be approved at the appropriate University level, and a University employee is required to accompany the group. The employee is "in charge" of the activity and must be acting within the scope of his or her employment.

- International: All international student travel requires approval from the appropriate dean or chancellor. A checklist of the necessary steps to be completed is provided at <http://guru.psu.edu/forms/8-24InternationalGroupRiskManagementChecklistFRM3.pdf>. Travel arrangements may vary, and can be made through any of the approved University sources.
- Domestic: Student group travel to locations within the continental United States will range from an extended stay in another part of the country to a trip within the state. As with field trips, if students are traveling as a group organized by the University, then they must be accompanied by a University employee acting within the scope of his or her employment, and appropriate approvals must be in place.

### Academic Field Trips

Academic field trips are common and range from an afternoon outing to a several-day trip out of town. Risk and liability issues have recently emerged concerning academic field trips. At the present time, no University policy exists for local and domestic field trips. It is important that University departments and faculty/staff/students follow adequate procedures to ensure the safety of field trip participants and to reduce liability and risk to the University.

### Guidelines

These guidelines were taken from the Financial Officers' Web site. Please note that this document is not an official policy statement. The Department of Risk Management should be consulted if you have any questions concerning safety and/or liability issues when planning a student field trip. The Department of Risk Management maintains a Web site at <http://guru.psu.edu/risk>. It currently has sections of the Web site relating to insurances, contracts, and a listing of charter bus operators who have met the University's minimum auto liability insurance requirements.

The following are suggested guidelines that should be followed when planning an academic field trip:

- Any external field trip agreements, applications, releases or similar documents, all of which are considered "contracts", must be reviewed by the Department of Risk Management and signed by an Assistant Treasurer in advance of the field trip (in accordance with policy FN11, which is available at [www.guru.psu.edu/policies/FN11.html](http://www.guru.psu.edu/policies/FN11.html)).
- A University employee is required to accompany a group if the field trip is sponsored by the University.

- A campus, college, or department should retain a list of students traveling on a field trip. A contact person, who remains on campus, should be identified in the event of an emergency.
- An itinerary should be available to the academic department or campus, especially if a field trip involves visiting multiple locations.
- Emergency communications should be available at all times. A working cell phone would be sufficient for this purpose. If the field trip is in a remote location, emergency transportation should be available at all times during the field trip.
- Personal vehicles should not be used to transport students to the field trip location. The University should provide transportation if the event is sponsored by the University.
- For lengthy field trips in distant locations within the United States or its territories, the Risk Management international travel checklist form (available at <http://guru.psu.edu/forms/8-24InternationalGroupRiskManagementChecklistFRM3.pdf>) should be completed and followed. Unlike international travel, this form does not require Dean or CEO approval. It also does not need to be forwarded to the Department of Risk Management. However, it provides a good format to follow for lengthy out-of-state visits.

To help protect both the University and its employees, the following should occur:

- Each college and/or campus location should have a procedure for faculty to notify their respective department or campus of field trips in advance.
- The purpose of the trip must be relevant to the University's academic mission and any University employee in charge of or helping to supervise the field trip must be acting within the scope of his or her employment.
- If an injury occurs on a field trip, the appropriate University injury report forms (different ones for employee vs. nonemployee) must be completed. The accident should be reported immediately to the College or Campus Safety Officer.

#### Frequently Asked Questions About Academic Field Trips

- How is an academic field trip differentiated from other trips (e.g., student organization trips)?

- An academic field trip is defined as an academic experience sponsored by the University. By definition, the University is in direct control of the event if it is sponsoring the trip.
- What if the event is not "academic" in nature, but is more a "social" experience that is still sponsored by the University?
  - If the University is the official sponsor of the event, then the University needs to be in direct control and assume responsibility for the event.
- How is "direct control" defined?
  - If the University sponsors the event, the University is responsible for properly supervising the activities of the event.
- If a student organization sponsors a field trip, is this under the "direct control" of the University?
  - Risk Management defines a field trip to mean an academic class experience under the control of a Penn State faculty employee and, therefore, by definition no student organization can sponsor a field trip.
- Is a University employee required to accompany a group if the field trip is an academic requirement or a University-sponsored academic experience?
  - Yes
- Risk Management approves charter bus agreements. If a department or group charters a bus for an event (e.g., a Penn State football game), is the trip "sponsored" by the University?
  - Risk Management reviews any bus charter agreements that are in the name of the University and it is presumed that a University employee accompanies the charter. If an employee is not accompanying the charter, the bus trip should not occur.
- Is the University responsible for an individual's behavior on a field trip? Should a "Standards of Conduct Agreement" be utilized?
  - The University is not responsible for the behavior of individuals. The University would not require a conduct agreement, but it may be considered for use, and sometimes is, by an individual department or campus.
- What type of emergency preparedness or communications is required for field trips?

- Emergency communications should be available at all times on a field trip. A working cell phone would be sufficient for this purpose. If the field trip is in a remote location, emergency transportation should be available at all times during the field trip.
- Can personal vehicles be used to transport individuals to a University-sponsored field trip?
  - If the activity is sponsored and planned by the University, travel is to be provided by the University and would include an employee accompanying the group to and from the activity. In other words, the University has a duty to provide safe transportation for University-sponsored events.

### Team Travel

Travel Services shall arrange travel for teams competing with other universities in compliance with NCAA regulations. Travel for club sports at University Park must be arranged with STA Travel, located in the HUB-Robeson Center.

### **Spouses/Families of Employees**

Family members and other companions may accompany employees on business trips if all expenses resulting from their presence are borne personally by the employee or companion. In all instances, the conduct of University business shall be of first importance during business travel. The traveler is responsible for documentation to prove that any personal travel did not result in additional costs for the University.

## **Combining Business and Personal Travel**

### **General Guidelines**

A traveler may be reimbursed for uninterrupted business travel by the most direct route. When a traveler interrupts travel or deviates from the direct route for personal reasons, a reimbursement may not exceed the cost of the most direct route. If the traveler extends the duration of the trip for nonbusiness reasons and the alternate rate is lower than the direct rate for the comparable period, the reimbursement shall be for the lower rate. It is possible that the traveler may combine personal travel with a business trip that would reduce the overall cost to the University. This is acceptable provided the University's cost is not more than the business portion alone. In the event the traveler leaves the business destination, the University will not pay any expenses at the personal destination.

### **Documentation Required**

The traveler is responsible for documentation to prove that any personal travel did not result in additional costs for the University. The traveler must provide comparable price quotes from either Travel Services Online or from one of the contract travel agencies to document the difference in cost. The comparable

quote must be obtained at the same time that the travel reservation is booked. This comparison is necessary to ensure University expenditures comply with federal travel regulations. The documentation must accompany the request for travel settlement. Failure to follow this procedure will require review by the Corporate Controller, which may delay reimbursement and may result in denial of the claim.

### **Car Rental Involving Personal Use**

To be eligible for reimbursement, a rental vehicle must be required for business purposes or be an economical choice to meet business needs. If the personal use of the rental vehicle incurs costs greater than that required for business purposes, the additional cost will be the responsibility of the traveler and will not be reimbursed by the University. To determine the appropriate cost sharing, the traveler should submit price quotes for the cost of car rental for the business portion only. Any rental costs in excess of the quote for business days will be paid by the traveler. If no price quotes are provided for the business portion alone, then the cost will be prorated by day, with only the cost per business day eligible for reimbursement.

A common example would be the use of a rental car for travel between the airport and hotel at one's destination. In the case of just one traveler, shuttle service or taxi may be more economical, especially when one considers the cost of parking the car at the hotel. With a larger party traveling as a group, then a rental car might be cheaper than the sum of the individual shuttle fares. When the need for the car is not self evident, the traveler must explain the rationale and be aware that a portion of the car rental may be classified as a personal expense.

### **Extended Stay to Save Airfare**

It is sometimes possible to save airfare by scheduling an additional night's stay in one's travel itinerary. When compared to a normal schedule for the business purpose of the trip, if the documented savings in airfare offsets the increased cost of the trip to be incurred by the University, then the extended stay is acceptable. If the extended stay will not incur additional lodging, meal, or other expense to the University and the airfare is equal to or less than the normal schedule for business purposes, this is also acceptable. If the trip extends beyond the requirements for the business purpose and airfare savings do not compensate for the extension, then the additional expense of the extended trip is not allowable for reimbursement. The traveler may still select to include the personal aspect of the trip, but must assume the additional expense as personal.

### **Taxability of International Travel with Personal Use**

International travel frequently consists of both business and personal components. According to the IRS, there is a taxability issue if BOTH of the following conditions are met:

1. The total period of the trip is longer than one week, **and**
2. At least 25 percent of the trip is personal

In the event that both conditions are met, a portion of the common business expenses that are reimbursed to the traveler, including airfare, is taxable to the traveler. This requirement applies to travel outside the 50 United States and the District of Columbia.

For the purposes of calculating the percentage of business and personal time when a travel day consists of both business and personal time, the day would be classified as a business day. For purposes of this policy, sabbaticals are treated as business. For more information, review the following examples:

Trip with Taxable Element

An employee travels to London for 10 days, of which 7 days are business related and 3 days are personal; 70 percent of the trip is business and 30 percent is personal. The traveler is reimbursed for airfare and seven days of meals and lodging. The other three days of meals and lodging are considered personal and are not reimbursed. Since the trip was longer than one week and at least 25 percent personal, the employee will be taxed on 30 percent of the airfare considered personal under IRS regulations.

Trip with No Taxable Element

An employee travels to London for 10 days, of which 8 days are business related and 2 days are personal; 80 percent of the trip is business and 20 percent is personal. The traveler is reimbursed for airfare and eight days of meals and lodging. The other two days of meals and lodging are considered personal and are not reimbursed. The cost of airfare, even though it is reimbursed to the traveler, is not taxable to the traveler since the personal component is not equal to or greater than 25 percent of the trip.

**Illustrations of Combined Business and Personal Travel Issues**

**Standard Business Trip - no personal elements**

Travel by air from State College to Chicago for three-night stay  
 Depart from State College on Sunday at 9:00 a.m., return Wednesday at 9:00 p.m.

All expenses are eligible for reimbursement:

\$600	Airfare (lowest available commercial economy fare that meets the business purpose of the trip)
\$300	Lodging - three nights (Sunday, Monday, Tuesday) (assume \$100 per night)
\$200	Meals - four days per diem (Sunday, Monday, Tuesday, Wednesday) (assume \$50 is the daily per diem)
\$50	Ground transport in Chicago
\$80	Airport parking in State College (assume \$20 per day for four days)
\$20	Maximum reimbursement for miscellaneous expenses
\$1,250	TOTAL

**Standard Business Trip - Saturday night stay to reduce airfare, no personal elements**

Travel by air from State College to Chicago for four-night stay  
Depart from State College on Saturday at 9:00 a.m., return Wednesday at 9:00 p.m.

All expenses are eligible for reimbursement:

\$350	Airfare (lowest available commercial economy fare that meets the business purpose of the trip)
\$400	Lodging - four nights (Saturday, Sunday, Monday, Tuesday) (assume \$100 per night)
\$250	Meals - five days per diem (Saturday, Sunday, Monday, Tuesday, Wednesday) (assume \$50 is the daily per diem)
\$50	Ground transport in Chicago
\$100	Airport parking in State College (assume \$20 per day for five days)
\$25	Maximum reimbursement for miscellaneous expenses
\$1,175	TOTAL

**Saturday night stay to reduce airfare, with extended stay for personal reasons, includes car rental**

Travel by air from State College to Chicago for six-night stay (Thursday and Friday are personal)  
Depart from State College on Saturday at 9:00 a.m., return Friday at 9:00 p.m. (if on business only, would return Wednesday at 9:00 p.m.)

Business expenses eligible for reimbursement:

\$350	Airfare (lowest available commercial economy fare that meets the business purpose of the trip)
\$400	Lodging - four nights (Saturday, Sunday, Monday, Tuesday) (assume \$100 per night)
\$250	Meals - five days per diem (Saturday, Sunday, Monday, Tuesday, Wednesday) (assume \$50 is the daily per diem)
\$50	Ground transport for business purposes in Chicago
\$100	Airport parking in State College (assume \$20 per day for five days)
\$25	Maximum reimbursement for miscellaneous expenses
\$1,175	TOTAL

Personal expenses not eligible for reimbursement:

- No lodging for Wednesday or Thursday nights
- No meals for Thursday or Friday
- Car rental in Chicago - if car is rented, then the \$50 that would be incurred for ground transport could be applied to cost - balance of car rental is personal

- No airport parking in State College in excess of that charged for Saturday through Wednesday
- No miscellaneous expenses for Thursday or Friday

**Include nonbusiness destination for personal reasons, with Saturday stay**

Travel by air from State College to Chicago for four-night stay, then continue to Denver for four-night personal stay  
 Depart from State College on Saturday at 9:00 a.m., return a week later on Sunday at 9:00 p.m.

To determine portion of airfare that is personal, must know the cost of airfare for the business portion of trip to Chicago and return. The total airfare is \$750, and the business portion is \$350. (If on business only, would return Wednesday at 9:00 p.m.)

Business expenses eligible for reimbursement:

\$350	Airfare (is less than other airfares for the business portion of trip only)
\$400	Lodging - four nights (Saturday, Sunday, Monday, Tuesday) (assume \$100 per night)
\$250	Meals - five days per diem (Saturday, Sunday, Monday, Tuesday, Wednesday) (assume \$50 is the daily per diem)
\$50	Ground transport in Chicago
\$100	Airport parking in State College (assume \$20 per day for five days)
\$25	Maximum reimbursement for miscellaneous expenses
\$1,175	TOTAL

Personal expenses not eligible for reimbursement:

- Additional airfare of \$400 for routing from Chicago to Denver is personal expense
- No lodging for Wednesday, Thursday, Friday, or Saturday nights
- No meals for Thursday, Friday, Saturday, or Sunday
- Car rental in Chicago - if car is rented, then the \$50 that would be incurred for ground transport could be applied to cost - balance of car rental is personal if not needed for business portion of trip
- Car rental and parking in Denver - entirely a personal expense
- No airport parking in State College in excess of that charged for Saturday through Wednesday
- No miscellaneous expenses for Thursday, Friday, Saturday, or Sunday

**Including nonbusiness destination results in lower overall cost**

Travel by air from State College to Chicago for four-night stay, then continue to Denver for four-night personal stay  
 Depart from State College on Saturday at 9:00 a.m., return a week later on Sunday at 9:00 p.m. (If on business only, would return Wednesday at 9:00 p.m.)

In a peculiar twist of pricing, airfare can be found that results in total airfare of \$300 to include the entire trip.

Since this price is less than the stand-alone pricing for airfare to Chicago and back, the entire \$300 is permitted as a business expense.

Business expenses eligible for reimbursement:

\$300	Airfare (is less than other airfares for the business portion of trip only)
\$400	Lodging - four nights (Saturday, Sunday, Monday, Tuesday) (assume \$100 per night)
\$250	Meals - five days per diem (Saturday, Sunday, Monday, Tuesday, Wednesday) (assume \$50 is the daily per diem)
\$50	Ground transport
\$100	Airport parking in State College (assume \$20 per day for five days)
\$25	Maximum reimbursement for miscellaneous expenses
\$1,125	TOTAL

Personal expenses not eligible for reimbursement:

- No personal cost for airfare in this scenario
- No lodging for Wednesday, Thursday, Friday, or Saturday nights
- No meals for Thursday, Friday, Saturday, or Sunday
- Car rental in Chicago - if car is rented, then the \$50 that would be incurred for ground transport could be applied to cost - balance of car rental is personal if not needed for business portion of trip
- Car rental and parking in Denver - entirely a personal expense
- No airport parking in State College in excess of that charged for Saturday through Wednesday
- No miscellaneous expenses for Thursday, Friday, Saturday, or Sunday

## Designated Travel Sources

To comply with the requirement that University travelers obtain the lowest available commercial airfare, contracts have been established with specific travel agencies, referred to in this policy as designated travel sources. They are:

- Penn State Travel Services
- Penn State Travel Services Online
- Centre for Travel of State College
- eTravCo Travel

Contact information is available at [www.travel.psu.edu/contactus.shtml](http://www.travel.psu.edu/contactus.shtml).

Please note that tickets purchased outside of the University's designated travel sources are not accessible by Travel Services for assistance with changes in scheduling, reissuance, or problem solving.

## Meals

### Per Diem for Meals and Incidentals

Meal expenses and any tips related to meals will be reimbursed via the meal and incidentals per diem. The meal and incidentals per diem is established by the General Services Administration of the federal government, and differentiates allowances by geographic location. The per diem schedule is regularly updated and is available at [www.travel.psu.edu/reimbursement.shtml](http://www.travel.psu.edu/reimbursement.shtml). As with any reimbursement request, a lesser amount may be claimed at the traveler's request.

### Meal Receipts

Meal receipts are not required to support the claim for full- or partial-day per diem. Itemized receipts are required from the employee hosting the business group meal.

### Prorating Meal Per Diem

The need for prorating the meal per diem occurs when a traveler has some meals provided by a conference or host, participates in a business group meal, or is on travel status for only a partial day, which is frequently the case for first and last day of travel status. Prorating the meal per diem will be based on a 24-hour day, and the meal allocation corresponds to the hours of the day a person is on travel status.

	<b>Time of Travel Status</b>	<b>Percent of Meal Per Diem</b>
Breakfast	Travel status from 12:01 a.m. to 10:00 a.m.	20 percent of meal per diem for the location
Lunch	Travel status from 10:01 a.m. to 4:00 p.m.	30 percent of meal per diem for the location
Dinner	Travel status from 4:01 p.m. to 12:00 a.m.	50 percent of meal per diem for the location

If meals are provided by a conference or host, then the meal per diem for that trip will be adjusted to correspond with the meals that were provided. In the event that all meals for a day are provided by a conference, a business group meal, or another source, no meal per diem can be claimed for that day. However, the incidental per diem amount of \$3 per day may still be claimed at the traveler's discretion. The \$3 incidental rate does not vary between domestic locations.

### Location

Travel throughout the day could put the traveler in several places with differing per diems. The traveler is eligible for the meal per diem in effect for the location where he or she spends that night. For the final travel day, the per diem in effect will be that of the prior night's stay.

### One-Day Travel Status

Reimbursement for meal expenses when no overnight travel is involved requires that the meal reimbursement be reported to the IRS as taxable income to the

employee unless a business purpose is stated for the meal and a list of attendees is supplied. Meal per diem reimbursement will be based on destination.

### **Business Group Meals and Tips**

Business group meals are those taken with guests, colleagues, or donors during which focused business discussions take place. The cost incurred for business group meals must be prudent, reasonable, and in the best interest of the University. Business meals with vague, unfocused purposes are not eligible for reimbursement. Expenses for partners of University employees in attendance at business group meals or meetings are not approved from general funds and are only permitted on unrestricted donor funds if there is a University business purpose for the partner's presence. The documentation supporting a business group meal must include the names of those attending and the purpose of the meal. Itemized receipts are required for all business group meals.

Tips appropriately range up to 20 percent. Those over 20 percent will be considered excessive and will not be reimbursed from any source.

### Alcohol Restrictions

For business group meals, alcohol may only be charged to unrestricted donor funds with appropriate approval. Alcoholic beverages cannot be purchased on general funds or miscellaneous general research funds. See policy FN10 (available at <http://guru.psu.edu/policies/FN10.html>) for more details regarding business group meals, including restrictions on the purchase of alcoholic beverages.

### Per-Person Maximum and Employee-Only Business Group Meals

The cost per person for a business group meal charged to general funds may not exceed the established full meal per diem for that location. Amounts that exceed this per diem limit and any alcohol purchased must be approved by the senior officer of the unit as an exception, and may only be reimbursed from an unrestricted donor fund. Events involving only employees and/or students are not permitted to provide alcoholic beverages purchased from University funds, with certain limited exceptions. Business group meals attended by University employees only and paid from general funds must be x-coded.

### Hosting Obligations

The employee hosting the business group meal must complete a business group meal form listing those in attendance, the specific business purpose, and the date, cost, and location of the meal. **This data is submitted electronically when utilizing ERS.**<sup>2</sup> An itemized receipt is required for business group meals to verify the cost per person, and to ensure any alcohol purchased is properly charged to an unrestricted donor fund.

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<sup>2</sup> ERS is an online reimbursement-processing system that will be rolled out in several phases beginning in January 2007. Employees who are not yet using ERS are to continue using SRFC for reimbursement and should start using the new travel support form (available online at <https://guru.psu.edu/forms/ERSTravelReimbursementRequest.pdf>) for backup.

When in travel status, the traveler who attends a business group meal must adjust the meal per diem request to correspond with the meals provided. Only the employee who paid for the group meal is eligible to be reimbursed for the cost of the group meal.

### **Meals with Other Employees When All Are on Travel Status**

When several employees are on travel status and dine together, the fact that they are dining together does not constitute a business group meal. Since each employee is on travel status, each would have a per diem available and will be reimbursed accordingly. The purpose of the meal in this case is not to conduct business, and is not a business group meal.

## **Lodging**

### **Guidelines for Lodging**

Lodging expenses must not exceed the single occupancy rate. It is expected that the traveler will exercise prudent judgment in selection of a place to stay. Discounted room rates must be used when practical; the Big Ten consortium has negotiated room rates with the hotel chains listed at <http://www.uwsa.edu/fadmin/fppp/fppp36e.htm>.

### **Lodging Receipts**

- CONUS: Receipts are required for CONUS lodging. The receipt must state the amount of the charge, the date, the name and the location of the establishment, and an explanation of the charge. Express checkout service, where the hotel bill is placed under the guest's door on the morning of departure, is an acceptable receipt if the traveler has reviewed it and the above requirements are stated. Charges for lodging, meals, phone calls, parking or other services must be itemized. Personal expenses charged to the hotel bill such as in-room movies, laundry, mini-bar service, grooming, or exercising expenses are not allowable and are not eligible for reimbursement.
- O-CONUS: In most cases, lodging will be reimbursed on a per diem basis for O-CONUS travel. No receipts are required for reimbursement.

### **Conference Hotels**

For conference travel it is appropriate to stay at the hotel hosting the conference, assuming that the daily rate is reasonable. Reasonableness would be determined by comparing relative cost, convenience, safety, the reduced need for taxi or rental car, and the ability to interact with other conference attendees.

### **Online Hotel Booking**

With the use of online hotel booking, it is not always possible to obtain a receipt from the hotel one has booked online. In this case, the hotel did not contract for

payment with the guest but with the online booking company. Therefore, the hotel has no receipt to provide to the guest. The online receipt printed when the hotel is booked will serve as an acceptable receipt provided it reflects the dates of the traveler's stay, the location, and the amount charged.

### **Deposits and Cancellations**

Some hotels require a deposit equal to one or more night's lodging to be paid at the time a reservation is made. In this event, the traveler's credit card may be charged months in advance of the travel. This deposit may be paid with the Purchasing Card, or with the traveler's personal credit card. If the Purchasing Card is used, the traveler must provide supporting documentation with the submission of the paperwork for the Purchasing Card. If the deposit is paid with personal funds, the traveler may seek reimbursement from the University, which will be paid as an advance against the trip. When the traveler settles his or her account at the end of the trip, the amount of the advance will be applied to the reimbursement due.

When a reservation will not be needed, it is the traveler's responsibility to cancel it. The traveler will not be reimbursed for any charges or fees assessed due to failure to cancel a reservation unless there are circumstances beyond the traveler's control. Such circumstances must be noted in ERS.<sup>3</sup>

### **Lodging in a Private Residence**

In the event a traveler lodges in a private residence in lieu of a commercial establishment, the traveler is eligible for a reimbursement of actual expenses not to exceed \$25 per day. Recognizing that the University will save substantially from reduced lodging expenses, this reimbursement is intended to facilitate this choice. The traveler is required to provide the name and address of the residence in which he or she stayed. This reimbursement is not available when the residence is owned by the traveler.

## **Transportation**

Transportation must be arranged at the least possible cost to meet the business purpose of the trip. University travelers are required to comply with the rules of a number of sponsoring agencies, and transportation is a particular focus of those regulations.

### **Choice of Transportation**

The choice of flying versus driving is influenced by distance, time, cost, and one's preference. When flying is the economical choice but one chooses to drive, the

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<sup>3</sup> ERS is an online reimbursement-processing system that will be rolled out in several phases beginning in January 2007. Employees who are not yet using ERS are to continue using SRFC for reimbursement and should start using the new travel support form (available online at <https://guru.psu.edu/forms/ERSTravelReimbursementRequest.pdf>) for backup.

reimbursement may not exceed the cost of the lowest available air transport for the same points of origin and destination. The traveler must provide appropriate price quotes from either Travel Services Online or from one of the contract travel agencies to document the appropriate airfare for comparison.

When travel by car or train rather than flying extends the length of travel, one night's lodging and one day of per diem, equivalent to a reasonable travel day, may be reimbursed for the trip in each direction. If circumstances warrant additional reimbursement, the traveler should discuss the situation with the responsible Budget Administrator and Financial Officer. The goal of this provision in the policy is not to require travelers to fly against their will, but to ensure that expenses for the longer trip are not incurred unnecessarily. If the traveler is unable or unwilling to fly, then special arrangements must be negotiated.

### **Air Travel**

Airfare is to be purchased at the lowest available commercial economy fare that meets the business purpose of the trip. Where multiple coach fares exist, the lowest available commercial economy fare must be selected. The purchase of upgraded business or first-class airfare requires written approval from the Corporate Controller in advance of the purchase. If the traveler has doubts about the suitability of his or her plans, advice must be sought from the Financial Officer before purchasing the tickets.

#### Booking Airfare with a Designated Travel Source

The University has designated travel sources for booking travel, all of which comply with the required standards of OMB Circular A-21, section 53 (available at [www.whitehouse.gov/omb/circulars/a021/a21\\_2004.html#j](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html#j)).

Designated travel sources for air transportation based upon their contractual obligation to provide the traveler with lowest available airfare can be found at [www.travel.psu.edu/contactus.shtml](http://www.travel.psu.edu/contactus.shtml).

#### Booking Airfare with a Nondesignated Travel Source

University employees are permitted to purchase the lowest available commercial economy airfare from sources other than the designated travel sources if a lower cost is found. To take advantage of this flexibility, one must first consult Travel Services Online or an approved travel agency, which will serve as the benchmark for comparing prices for comparable itineraries.

**Note:** When booking airfare through a nondesignated travel source, Travel Services will not have access or authorization to assist with any changes in flight times, destination, or adjustments to the ticket in any manner. Use of nondesignated travel sources is discouraged unless the available savings are truly significant.

When a traveler purchases a ticket from a nondesignated travel source, price comparison must be made before booking the trip, and the burden of proof resides with the traveler to show best pricing. The traveler must provide printed documentation from either Travel Services Online or from one of the contract travel agencies to document the appropriate airfare for comparison. Comparisons must be made on the same day at roughly the same time to ensure a fair comparison. This comparison is necessary to ensure University expenditures comply with federal travel regulations. The documentation must accompany the request for travel settlement. Failure to follow this procedure will require review by the Corporate Controller, which may delay reimbursement and may result in denial of the claim.

#### Travel Packages

There may be occasions when a travel package consisting of airfare and hotel will result in a lower overall cost than booking each item separately. When a traveler purchases a ticket from a nondesignated travel source, price comparison must be made before booking the trip, and the burden of proof resides with the traveler to show best pricing. The traveler must provide printed documentation from either Travel Services Online or from one of the contract travel agencies to document the appropriate airfare and other components for comparison. Comparisons must be made on the same day at roughly the same time to ensure a fair comparison. This comparison is necessary to ensure that University expenditures comply with federal travel regulations. The documentation must accompany the request for travel settlement. Failure to follow this procedure will require review by the Corporate Controller, which may delay reimbursement and may result in denial of the claim.

When a travel package includes a rental car, there must be a demonstrated need for the car, and the car rental agreement must meet the insurance requirements of our car rental policy.

#### Consolidator Tickets

A consolidator ticket is an international ticket sold by a wholesaler at below-tariff costs. Consolidator tickets may only be purchased through Travel Services or through one of the contract travel agencies.

#### Unused Tickets

When a trip is postponed or cancelled, the passenger receipt identifying the unused transactions must be submitted to the Financial Officer of the unit paying for the ticket to be retained for future travel.

**Note:** Airline tickets are valid for reissue by the same-ticketed traveler from DATE OF ISSUE, not date of departure. Reservations must be canceled before the date and time of departure to permit future use of the unused tickets. If the reservation is not canceled, the ticket will have NO future value.

A totally unused nonrefundable ticket may be rewritten for that same-ticketed traveler for another University business trip, if the request is made within the time frames established by the airline. A partially unused ticket (e.g., half of a round trip) is nonrefundable and may not be applied to the purchase of a new ticket. However, the carrier may permit the unused portion to be reissued for a later date, to the same-ticketed traveler, on the same one-way routing.

The charge to the University general funds budget from the initial transaction will stand when a ticket is not used. If the charge is to a restricted account, special terms and conditions may apply, and should be discussed with the Financial Officer or Research Administrator to determine allowability.

If the ticket is eventually used for another trip, a reissue fee and any increase in airfare will be charged. Unused refundable tickets may be fully refunded, or reissued at the current applicable fare.

This policy addresses the standard rules of cancellation and reissue. Travelers must consult Travel Services or the contract travel agencies; whichever was the source of purchase, for any unique rules that apply to their particular transaction.

For unused tickets purchased outside of the designated travel sources, the traveler will need to consult with the Budget Administrator and Financial Officer to determine if reimbursement to the traveler is permitted.

### **Rail**

The University will reimburse the cost of train fare. Receipts are required. Reservations may be made at the option of the traveler. Should a sleeper car be requested, the Budget Executive must provide approval, since the sleeper car is considered an upgrade in travel accommodations.

### **Local Subway/Metro/Bus**

Use of local transportation, such as subways, metro, and buses, is often economical, but receipts are not generally available given the use of electronic cards, tokens, and debit cards. Receipts are not required for use of local transportation, and the expense is not to be considered as a miscellaneous expense.

### **Taxis and Shuttles**

Taxis and shuttles used for business purposes are eligible for reimbursement, and receipts are generally available. If receipts are not provided, then the expense must be itemized as miscellaneous and subject to the \$5 per day provision for miscellaneous expenses.

### **Guidelines Applicable to All Drivers**

Any vehicle used in the commission of University business may only be driven by a University employee, regardless if the vehicle is owned by a University department, University Fleet Services, a commercial car rental agency, or an

individual. All drivers must be 21 years or older, and hold a valid driver's license issued by a state of the United States or by a province of Canada. Students (including college work-study students) are normally not permitted to drive University-owned vehicles; however, they as well as family members may act as relief drivers when accompanying a faculty or staff member on a long trip. In the case of a rental vehicle, the relief driver must be properly insured for the vehicle being driven.

### Accident Reporting

When an accident occurs while on University business, regardless of the vehicle driven, the driver must notify the Department of Risk Management no matter how minor the accident. A University Vehicle Accident Report form must be promptly submitted. Any lawsuit or letter of representation from an attorney must be reported immediately to the Department of Risk Management.

If the driver is involved in an accident in which someone is injured or killed, or if any vehicle is damaged to the extent it cannot be driven, the driver must immediately notify the local or state police.

Should an accident occur when driving a rental vehicle on University business, the driver must notify the rental agency, the police, and the Department of Risk Management, no matter how minor the accident.

### Parking

Parking fees will be reimbursed if receipts are provided. If no receipts are provided, parking expenses must be itemized as miscellaneous subject to the \$5 per day provision for miscellaneous expenses.

#### Hotel Parking

Many hotels charge separately for parking. Valet parking is often the only option offered and is also the safest choice to the person unfamiliar with the city. It is not recommended that the traveler attempt to find alternative city parking to avoid hotel rates or valet parking. The traveler is asked to use judgment to assess his or her choices, and determine the best choice available factoring in safety, security, and convenience.

### Tolls

Tolls are eligible for reimbursement, and receipts are not required. The traveler may be required to provide an explanation of the tolls incurred.

### Traffic Violations, Parking Fines, and Towing

All fines and penalties resulting from operation of a vehicle are the responsibility of the driver. No reimbursement will be made for payment of fines and citations, or resulting towing expense.

### **University-Owned Vehicles (Departmentally Owned or Fleet)**

Any vehicle used in the commission of University business may only be driven by a University employee, regardless if the vehicle is owned by a University department, University Fleet Services, a commercial car rental agency, or an individual. The University retains the right to periodically check drivers' motor vehicle records and establish criteria to exclude employees from driving on business.

#### Eligibility to Drive a University-Owned Vehicle (Departmentally Owned or Fleet)

University-owned vehicles may be driven only by University employees. Students (including college work-study students) are normally not permitted to drive University-owned vehicles; however, they as well as family members may act as relief drivers when accompanying a faculty or staff member on a long trip. All drivers must be 21 years or older, and hold a valid driver's license issued by a state of the United States or by a province of Canada.

#### Vans for 15 or More Passengers

An employee driver must be at least 25 years of age (exceptions can be made by Transportation Services for those individuals 21-24 who have completed a "hands-on" van-driving course or who hold a Commercial Driver's License). The driver must have successfully completed a Web-based training and testing module on van operation from Transportation Services.

#### Overnight Use of University Vehicles

University vehicles are not to be parked at an employee's home overnight. Exceptions may be granted if the vehicle will be used for an early departure (prior to 7:00 a.m.) or a late return (after 7:00 p.m.) and/or the individual would reduce driving time to or from the final destination by taking the vehicle home the evening before or returning it the next day. Exceptions must be approved by the Budget Administrator whose budget will incur the University-owned vehicle charge (or the Budget Administrator's immediate supervisor if the Budget Administrator is the one using the vehicle). Even if an exception is granted, the vehicle cannot be used for personal use.

#### Insurance for University-Owned Vehicles

The University maintains supplemental liability insurance on its vehicles that includes departmental-, college-, and campus-licensed motor vehicles as required by the Pennsylvania Financial Responsibility Act. Vehicles are covered while operated in the United States and Canada.

### **Rental Vehicles - Not Through Fleet Services**

Rental vehicles may be used when the overall cost of the rental is less than the cost of other reasonably convenient means of transportation, such as taxi or airport shuttle, or when there is no other means of transportation

### **Contract Car Rental Agency - National - Code 5160279**

The University has negotiated a sole source contract for rental vehicles, which is currently with National Car Rental. Use of National Car Rental is advised due to the superior insurance provided by the negotiated Big Ten contract, and the history of positive claim settlement with National Car Rental in the event of an accident. When accidents occur in other states, it has proven to be a significant benefit to partner with National Car Rental in resolving legal issues. Loss Damage Waiver (LDW) coverage is provided by National Car Rental for the full value of the car both domestically and internationally. Supplemental liability insurance is included in the contract provider's rental price for domestic rentals only, and insures the driver for injury to passengers or others involved in an accident. Workers' compensation covers University employees for injuries sustained while engaged in University work. Price comparisons are not required when booking with National.

### **Alternative Agency for Rental Vehicles – Enterprise**

If National Car Rental is not available at the traveler's destination, then the University has negotiated a supplemental contract with Enterprise for locations where National is not available, such as at some of the Penn State campuses. The negotiated Enterprise contract also provides full insurance for Penn State travelers.

If National Car Rental or Enterprise is not available, the traveler must select from one of the other reputable nationally known rental agencies listed below. The traveler must provide a written explanation of why the alternative rental car agency was used.

### **Alamo, Avis, Budget, Dollar, Hertz, Thrifty**

In the event that an alternative car rental agency is sought, for whatever reason, the University traveler must select from one of these nationally known reputable agencies. This requirement is stipulated by the Department of Risk Management and is to ensure that any vehicles rented can be deemed safe, and that any resulting insurance issues can be addressed with a reputable nationally known corporation.

### Comparing Car Rental Prices

If the traveler chooses to compare rental prices, the cost of adding both Loss Damage Waiver (collision) and supplemental liability insurance must be added to the alternative rental rate before determining which is cheaper. After comparing prices (including both Loss Damage Waiver and supplemental liability insurance), if the traveler can justify the alternative and selects an alternative reputable nationally known rental car agency, the traveler MUST provide printed documentation to accompany the request for travel reimbursement. The National Car Rental rates can be obtained online at [www.travel.psu.edu/rentalcarinfo.shtml](http://www.travel.psu.edu/rentalcarinfo.shtml) or from one of the contract travel agencies. In the event that an alternative rental agency is used and the rate for the alternative rental exceeds the National Car Rental rate, the traveler will only be reimbursed an

amount equivalent to the applicable National Car Rental rate. Should the traveler select another car rental agency, it is incumbent upon the traveler to be fully insured and purchase both Loss Damage Waiver coverage for collision and supplemental liability insurance. The traveler will be reimbursed for the cost of the insurance provided the fully insured rental does not exceed the cost of renting from National Car Rental.

	<b>National Car Rental utilizing group contract 5160279</b>	<b>Other Reputable Rental Agency</b>
Travel within the United States	Loss Damage Waiver provided Supplemental liability insurance provided	Required to purchase Loss Damage Waiver Required to purchase supplemental liability insurance

#### Insurance and Additional Drivers

Loss Damage Waiver coverage and supplemental liability insurance are provided for all University employees when driving a National Car Rental vehicle within the United States. Non-University employees, including spouses, partners, and guests, are not covered as drivers but are covered as passengers. It is very important that special arrangements are made with the alternative reputable rental agencies if there will be additional drivers other than the traveler who rents the vehicle. Additional costs are likely to be associated with additional drivers. The University will only reimburse these additional costs if the additional driver is required for the performance of University business. All drivers of any vehicle rented outside the continental 48 United States, no matter what rental agency is used, must be registered with the rental car agency.

In the event an employee can justify using a rental company other than the contract agency, the employee is encouraged to pay for the rental with the University's Diners Club/MasterCard. Diners Club/MasterCard provides Loss Damage Waiver coverage for the full value of the car worldwide. It does not provide supplemental liability coverage, so supplemental liability coverage should always be selected.

#### International Rentals

When renting from National Car Rental internationally, the supplemental liability insurance coverage MUST be selected since it is not covered with the contract agreement. The University will reimburse the traveler for this added expense. All employees contracting with a rental car agency other than National Car Rental outside the United States MUST purchase the Loss Damage Waiver and supplemental liability insurance.

Loss Damage Waiver (LDW) coverage is provided by National Car Rental for the full value of the car both domestically and internationally. Supplemental liability insurance is included in the contract provider's rental price for domestic rentals only, and insures the driver for injury to passengers or others involved in an

accident. Collision or Loss Damage Waiver coverage is also provided for the full value of the rental car. Workers' compensation covers University employees for injuries sustained while engaged in University work.

	<b>National Car Rental utilizing group contract 5160279</b>	<b>Other Reputable Rental Agency</b>
Travel outside the United States	Loss Damage Waiver provided Supplemental liability insurance is not provided and must be purchased	Required to purchase Loss Damage Waiver Required to purchase supplemental liability insurance

The University's Corporate Diners Club/MasterCard provides Loss Damage Waiver coverage for the full value of the car worldwide. **It does not provide supplemental liability coverage.**

### **Personal Vehicles**

#### Mileage

Use of personal vehicles is reimbursed on an actual mileage basis for the business portion of the trip. Reasonable mileage must be calculated for the most direct route plus the required business travel while at the business site. The mileage rate is set in accordance with that established by the federal government. The mileage rate currently in force is found at **[www.travel.psu.edu/reimbursement.shtml](http://www.travel.psu.edu/reimbursement.shtml)**. Mileage allowances cover all operating costs, including repairs, insurance, fuel, depreciation, towing, and other auto-related expenses. The reimbursement rate includes a component for liability and collision insurance, and therefore the University will not reimburse employees for the deductible incurred in an accident on University business.

When flying is the economical choice but one chooses to drive, the reimbursement may not exceed the cost of the lowest available air transport for the same points of origin and destination. The traveler must provide appropriate price quotes from either Travel Services Online or from one of the contract travel agencies to document the appropriate airfare for comparison.

#### Insurance

When an employee's personal vehicle is driven on University business and the vehicle is involved in an accident, the vehicle owner's insurance policy will be primary, and the University's auto liability coverage will be secondary, if the accident is serious enough to exhaust the primary coverage. Employees driving personal vehicles on University business are responsible for reporting all accidents to their insurer, since there are serious coverage consequences for failure to report an accident.

### **Charter Travel**

When commercial transportation does not accommodate the specific schedule and needs of a group of travelers, there are approved methods and vendors to be

used to secure charter transportation. The Department of Risk Management, Travel Services, and Procurement Services are all involved in ensuring that requirements concerning insurance, safety, and reliability are met. More information is available at <http://guru.psu.edu/risk/>.

#### Air Charters

The charter of any non-University owned aircraft presents serious liability issues to the University. All aircraft charters must be coordinated through Travel Services. Federal aviation regulations must be met in addition to University requirements concerning safety, insurance, and reliability. The Department of Risk Management must give final approval for all aircraft charters.

#### Bus Charters

Bus companies are reviewed by the Department of Risk Management to certify that the carrier has adequate insurance, and the approved companies are listed at <http://guru.psu.edu/risk/buslines/index.cfm>. Only bus companies on this list are approved for University use.

#### Ship and Boat Charters

The chartering of boats and ships is excluded from the University's general liability insurance, and therefore all requests for use of such vessels, excluding small watercraft such as canoes and rowboats must be submitted to the Department of Risk Management.

#### Privately Owned Aircraft

No University employees are permitted to fly privately owned aircraft, unless approval is obtained from the Department of Risk Management.

## **Receipts**

### **Receipts Required**

#### Communication Expenses

All costs for business communications will be reimbursed, including costs to send and receive faxes, phone calls, documents, and packages and costs to prepare and copy meeting materials. Connections to Internet services will not be reimbursed from sponsored research projects, but are eligible for reimbursement from other sources. Receipts are required for all of these expenses.

Phone calls are to be itemized as miscellaneous expenses and are subject to the \$5 per day cap for miscellaneous expenses. When using a personal cell phone or calling plan, the traveler's reasonable estimate of the expense will be accepted. Reimbursement for use of a personal cell phone may be included as a miscellaneous expense subject to the \$5 per day cap, or be subject to policy BS19, which is available at <http://guru.psu.edu/policies/BS19.html>. The traveler may determine which method best fits the circumstance.

### Receipts Required for CONUS Travel (continental United States)

- Lodging
- Commercial transportation
- Car rentals
- Business group meals one hosts
- Any expense which the traveler does not wish to classify as miscellaneous subject to the miscellaneous daily reimbursement cap

### Receipts Required for O-CONUS Travel (outside the continental United States)

Business expenses that are not included in the per diem require receipts for reimbursement. Meals, lodging, and incidentals are included in the per diem and typically do not require receipts for reimbursement; however, lodging receipts may be required for travel on some types of funds. **Written approval from the Budget Administrator is required in advance of the trip if all O-CONUS travel is to be reimbursed on an actual basis.** IRS regulations require that if the actual reimbursement method is approved, all expenses for the entire trip must be claimed on an actual basis and supported by receipts.

### **Receipts Not Required**

#### Receipts Not Required for CONUS Travel

**Meals** - Receipts are not required for meals for CONUS travel and are not to be collected.

**Local Subway/Metro/Bus** – Receipts are not required for these expenses for CONUS travel and are not to be collected.

### **Miscellaneous**

The University will reimburse actual miscellaneous expenses incurred up to a combined total of \$5 per day with no requirement for receipts for CONUS travel. This reimbursement is intended to cover expenses appropriate for travel but for which receipts are not generally available, such as:

- Baggage handling and storage
- Parking meters
- Phone calls and use of one's personal calling plan or cell phone

The per diem rates for meals and incidentals established by the General Services Administration of the federal government includes \$3 per day for incidentals for all locations. Any tips or gratuities paid to service personnel, whether related to meals, lodging, or other services, are included in this meal and incidental per diem and will not be reimbursed separately.

#### Receipts Not Required for O-CONUS Travel

Meals, lodging (in most cases), and incidentals will be reimbursed on a per diem basis for O-CONUS travel. No receipts are required for reimbursement.

## **Lost Receipts**

When a receipt is lost, the traveler must make a good faith effort to obtain a duplicate, which is typically possible when one pays with a credit card. If a duplicate receipt cannot be obtained, the traveler will provide a written explanation within ERS.<sup>4</sup> In the event there are three occasions of lost receipts, reimbursement will require review by the Office of the Corporate Controller.

## **Insurance**

Employees traveling on University business are covered by several types of insurance, for injuries to themselves, property, or damage incurred to others. Any injury to persons or property is to be reported to the Risk Management Department at the first opportunity.

Workers' Compensation covers any personal injury to employees conducting University business.

General Liability Insurance covers any accidental injury the traveler may cause to others while on travel status. If the harm to another is intentional, then the employee is personally responsible.

Medical Emergency Insurance will cover necessary transport to suitable medical care for the traveler if appropriate care is not available, such as in under-developed countries.

Automobile Insurance is the most common type the traveler will need to address. For more information on automobile insurance, see the "Transportation" section of this policy.

## **Foreign Travel**

### **Travel Classifications - CONUS/O-CONUS, Domestic/Foreign**

Terminology for foreign travel differentiates between domestic and foreign destinations, and reimbursement methods distinguish between CONUS (continental United States) and O-CONUS (outside continental United States). These terms are used throughout sponsored funding programs, and do affect the method of reimbursement.

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<sup>4</sup> ERS is an online reimbursement-processing system that will be rolled out in several phases beginning in January 2007. Employees who are not yet using ERS are to continue using SRFC for reimbursement and should start using the new travel support form (available online at <https://guru.psu.edu/forms/ERSTravelReimbursementRequest.pdf>) for backup.

## Travel Classifications

	<b>CONUS Rates</b>	<b>O-CONUS Rates</b>
Domestic travel includes these areas:	48 continental United States	Alaska, Hawaii, Canada, US Territories*
Foreign travel includes these areas:	None	All locations EXCEPT: Alaska, Hawaii, Canada, US Territories*
Reimbursement method	Meals and incidentals - Per diem reimbursement All other expenses - Actual reimbursement	Meals, lodging, and incidentals - Per diem reimbursement All other expenses - Actual reimbursement (receipts required)

\*Puerto Rico; Guam; U.S. Virgin Islands; American Samoa; Northern Mariana Islands; Midway Islands; Wake Island; Johnston Atoll; Baker, Howland, and Jarvis Islands; Kingman Reef; Navassa Island; Palmyra Atoll

## When Trip Encompasses Time in Both Foreign and Domestic Locations

- If a trip is made **with** an interruption to conduct business at a domestic location prior to departing for a foreign location, then the portion of the trip to the domestic location is considered domestic travel, and the balance foreign travel.
- If a trip is made **without** an interruption to conduct business at a domestic location prior to departing for a foreign location, then the entire trip is considered foreign travel.

## University Per Diem Reimbursement for Foreign Travel

Per diem for O-CONUS travel is a flat daily rate in lieu of actual subsistence expenses. The per diem rate includes meals, lodging, and certain incidentals (tips, local phone calls, currency conversion, and excess baggage costs). Receipts are not required for reimbursement of expenses included in the per diem. All other valid O-CONUS business expenses require receipts for reimbursement. The per diem rate to be applied each day is that of the lodging location for that night. The per diem rate tables are comprised of a lodging portion and a meals and incidentals expense portion (M&IE).

## **Partial Per Diem for Foreign Travel**

The need for prorating the meal per diem occurs when a traveler has some meals provided by a conference or host, or is on travel status for only a partial day, which is frequently the case for first and last day of travel status. Prorating the meal per diem will be based on a 24-hour day, and the meal allocation corresponds to the hours of the day a person is on travel status.

	<b>Time of Travel Status</b>	<b>Percent of Meal Per Diem</b>
Breakfast	Travel status from 12:01 a.m. to 10:00 a.m.	20 percent of meal per diem for the location
Lunch	Travel status from 10:01 a.m. to 4:00 p.m.	30 percent of meal per diem for the location
Dinner	Travel status from 4:01 p.m. to 12:00 a.m.	50 percent of meal per diem for the location

If any meals are provided by a conference or host, then the meal per diem for that trip will be adjusted to correspond with the meals that were provided. In the event that all meals for a day are provided by a conference, business group meal, or another source, no meal per diem can be claimed for that day. However, the incidental amount, which varies by location, may still be claimed at the traveler's discretion.

### **Permission Required to Use Actual Expenses in Lieu of Per Diem**

It may be permissible for an employee to claim all O-CONUS expenses on an actual basis in lieu of the per diem basis. If expenses are to be claimed on an actual basis, the traveler must explain in writing why the per diem basis is not suitable and obtain written approval in advance from the Budget Administrator. IRS regulations require that if the actual reimbursement method is approved, all expenses for the entire trip must be claimed on an actual basis and supported by receipts.

### **Foreign Travel Using Sponsored Funds**

The traveler must review the terms and conditions of his sponsoring agency concerning foreign travel before making arrangements. The Fly America Act requires use of a U.S. flag air carrier when traveling on a federally supported project.

#### Fly America Act

U.S. law, 49 U.S.C. 40118, known as the Fly America Act, requires travelers whose air travel is being financed by the U.S. government to use U.S. flag air carrier service for all international air travel when available. The Federal Travel Regulations Sections 301-10.131 through 301-10.143 define U.S. flag air carrier service and provide exception criteria for the use of non-U.S. flag air carrier service.

Travelers using a non-U.S. flag air carrier requesting reimbursement from a U.S. government-sponsored project must qualify for an exception under the act. The traveler must complete the Fly America Act Exception form. The exception form must be signed by the traveler and a representative of Travel Services (or the

contract travel agency that booked the original itinerary) and submitted with the travel settlement request. The traveler is encouraged to complete the exception form before booking the trip to ensure that the costs will be allowable on the federally sponsored project. The traveler must use a U.S. flag air carrier on every portion of the route where service is provided unless the traveler qualifies for a waiver. Note that cost and/or personal convenience are not included in the exception criteria used to determine the non availability of a U.S. flag air carrier. Travel Services Online cannot be used when exceptions to the Fly America Act are required.

#### Code-Shared Flights

Some flights may qualify as a U.S. flag air carrier if they are code-shared flights. The determining factor for identifying the use of a U.S. flag air carrier is the air carrier's designator code, which precedes the flight number (e.g., NW2222).

#### **Passports and Visas**

Travel Services and the contract travel agencies provide assistance in obtaining passports and visas. Reimbursement is permitted for actual passport and visa fees for business travel; however, the expense may not be eligible as a direct cost to a sponsored program. Since a passport can be used for multiple trips over several years, the cost is not a project-specific expense and therefore is not allowed on most sponsored projects as a direct cost. Visas are generally required in relation to a specific trip and therefore the cost is generally allowable as a direct cost for a sponsored project.

#### **Countries Under State Department Advisory**

The U.S. State Department maintains a list of countries for which travel advisories have been issued. Such advisories are listed on the State Department Web site at [www.travel.state.gov](http://www.travel.state.gov).

Plans for travel to countries under State Department Advisory must be reviewed with the Department of Risk Management to ensure proper insurance coverage for the traveler. Individuals traveling abroad must consult the sponsor's guidelines to ensure compliance, and obtain prior approval when required.

#### **Taxability of International Travel with Personal Use**

International travel frequently consists of both business and personal components. According to the IRS, there is a taxability issue if BOTH of the following conditions are met:

1. The total period of the trip is longer than one week, **and**
2. At least 25 percent of the trip is personal

In the event that both conditions are met, a portion of the common business expenses that are reimbursed to the traveler, including airfare, is taxable to the traveler. This requirement applies to travel outside the 50 United States and the District of Columbia.

For the purposes of calculating the percentage of business and personal time when a travel day consists of both business and personal time, the day would be classified as a business day. For purposes of this policy, sabbaticals are treated as business. For more information, review the following examples:

### **Illustrations of International Travel Combining Business and Personal Expenses**

#### Trip with Taxable Element

An employee travels to London for 10 days, of which 7 days are business related and 3 days are personal; 70 percent of the trip is business and 30 percent is personal. The traveler is reimbursed for airfare and seven days of meals and lodging. The other three days of meals and lodging are considered personal and are not reimbursed. Since the trip was longer than one week and at least 25 percent personal, the employee will be taxed on 30 percent of the airfare considered personal under IRS regulations.

#### Trip with No Taxable Element

An employee travels to London for 10 days, of which 8 days are business related and 2 days are personal; 80 percent of the trip is business and 20 percent is personal. The traveler is reimbursed for airfare and eight days of meals and lodging. The other two days of meals and lodging are considered personal and are not reimbursed. The cost of airfare, even though it is reimbursed to the traveler, is not taxable to the traveler since the personal component is not equal to or greater than 25 percent of the trip.

### **Value-Added Tax (VAT) Reclamation**

Value-Added Tax (VAT) is a national sales tax on goods and services, which is levied by many countries around the world. In 1987, the European Union (EU) began offering refunds of VAT to foreign companies that travel to participating EU countries for business purposes.

Depending on the country, VAT may be refunded on hotels, restaurants, car rentals, parking, gasoline, diesel fuel, transportation within the country, business entertainment, telecommunications, conferences, trade shows, training courses, and professional fees. Certain VAT is not refundable, such as on alcohol and laundry services.

The employee is responsible for completing the VAT Reclamation. A list of participating countries and reclamation information is available at [www.travel.psu.edu/valueaddedtax.shtml](http://www.travel.psu.edu/valueaddedtax.shtml).

In the event a VAT refund is to be claimed, the employee is responsible for submitting original receipts to the Financial Officer, even if the per diem method is used for reimbursement.

## **Payment Methods**

### **Purchasing Card Activated for Travel**

The Purchasing Card may be used for travel expenses including transportation, meals, and lodging if the cardholder has signed the Purchasing Card agreement for travel. Charges to the Purchasing Card are billed directly to the University. The Purchasing Card agreement for travel is necessary in the event some of a traveler's expenses may not be eligible for reimbursement. The travel agreement authorizes the University to recoup any unallowable expenses charged to the Purchasing Card via payroll deduction. Use of the DBAF or Purchasing Card also provides the traveler with \$200,000 of travel accident insurance.

Unallowable expenses charged to the Purchasing Card will be netted against reimbursement due to the traveler. In the event that the unallowable expenses exceed the reimbursement due, the difference will be charged to the employee as a reduction of the next payroll amount. Employee authorization is given for these steps when the employee accepts the terms of using the Purchasing Card for travel.

The employee is not required to sign the travel agreement as a condition to travel; however, the agreement is necessary for the Purchasing Card to be activated for travel expenses. If the traveler does not wish to use the Purchasing Card for travel, then the travel options will not be activated on that card, and the traveler will seek reimbursement for travel expenses at the completion of the trip.

### **DBAF (Direct Bill for Airfare)**

The DBAF function is an internal billing process that permits airfare to be charged directly to a University budget and relieves the traveler of advancing personal funds for purchase of tickets. Use of the DBAF or Purchasing Card also provides the traveler with \$200,000 of travel accident insurance.

### **American Express and Diners Club/MasterCard Corporate Card Programs**

American Express and Diners Club/MasterCard personal liability charge cards are available to University employees. Charges to these cards are the personal obligation of the cardholder. These cards permit the traveler to separate University-related expenses from those on his or her personal credit cards. Travelers may contact Travel Services to obtain an American Express and/or Diners Club/MasterCard corporate card.

### **Personal Funds**

The employee may choose to incur all or part of his or her travel expenses on a personal credit card and then request reimbursement for the allowable expenses upon completion of the trip.

**Travel Advances**

Special circumstances may warrant issuance of a travel advance. Travelers facing hardship or those with unusual circumstances should review their situations with the Financial Officer to find a solution for their travel needs. If a traveler is authorized to use a Purchasing Card for travel expenses, then he or she will not be eligible to receive a short-term travel advance, unless there are extenuating circumstances that require cash. Travel advances are generally discouraged, and must be regarded as a last resort for handling travel expenses. Cash advances should be settled within five business days of returning from the trip.

**About Travel Services**

Travel Services is designed to address the business travel needs of the University faculty and staff, and is located at 104 Procurement Services Building at University Park. This office negotiates and administers travel-related contracts, designs travel-related services, and directs the Travel Management Program. Travel Services also functions as a full-service travel agency and is available to provide services and advice for all University employees at all of our campuses.