



# Travel Policy

General University Reference Utility  
Policy Manual

## PENN STATE TRAVEL POLICY - EFFECTIVE JANUARY 5, 2017

### Policy Steward: Office of the Corporate Controller

This policy is designed to aid University employees in the planning and settlement of their travel when traveling on behalf of the University.

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## OVERVIEW

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### 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 in making travel plans, especially in clearly separating costs for travel related to outside business interests or personal travel;
- accept responsibility to assure that travel costs are reasonable in the eyes of the University's various stakeholders, and to charge expenses to University accounts accordingly;
- expect that all travel expenses will be scrutinized and possibly disallowed if unreasonable or unallowable.

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 and/or compliant with regulations applicable to the funds to which the expenditure is being charged. However, if upon review, expenses incurred by a traveler are deemed unreasonable (even if not specifically outlined in policy) or unallowable, the traveler may not be reimbursed or may need to make restitution to the University for those costs deemed to be unreasonable or

unallowable.

## 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).

- 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 Uniform Guidance 2 CFR 200

2 CFR Part 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS, also referred to as the [Uniform Guidance](#) 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 the Uniform Guidance in determining the costs incurred for such work. [The Uniform Guidance 2 CFR 200.474](#) addresses travel expenses specifically and this policy is designed to comply with the required standards. An individual's travel can only be paid on a federally-sponsored award if the participation of the individual is necessary for the award and the costs are a direct results of the individual's travel for the federally sponsored award. Documentation should be

maintained clarifying why the particular person is traveling, why the travel is necessary and how it benefited the project.

It is possible that the specific terms and conditions of an agreement will be more restrictive than the Uniform Guidance 2 CFR 200 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 of the trip, the traveler must contact the Financial Officer or Research Administrator for guidance.

### Export Control

All University employees must comply with U.S. laws and regulations when traveling internationally on University business, including all U.S. laws and regulations governing the export of controlled materials, software, technology, data and services. It is recommended, therefore, that an export review be obtained prior to commencement of any international travel. For international travel in support or furtherance of a sponsored research effort, whether or not such travel is reimbursed directly under a sponsored research restricted account, an export review may be obtained by contacting the Office of Sponsored Programs ([Export-OSP@psu.edu](mailto:Export-OSP@psu.edu)). For all other international travel, an export review may be requested from the University Office of Export Compliance ([Export@psu.edu](mailto:Export@psu.edu)). No export review is required for employees traveling internationally on personal vacation or attending conferences or other events solely at their own personal expense. However a review is required if the University or any third party contributes to funding any costs associated with the travel, including, but not limited to, salary reimbursement, travel expenses or incidental expenses. Failure to comply with any applicable U.S. Export Laws and Regulations may result in personal civil and/or criminal liabilities for the traveler, up to, and including, debarment, fines and/or imprisonment.

### 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 [Non-Employee Information Form](#) PRIOR to travel. The University is not permitted to reimburse noncitizens that cannot document compliance with federal immigration and IRS Visa requirements. See "[Non-U.S. Citizen Payment Guidelines](#)" for more information.

Assistance with these issues is available from the Office of Human Resources, the Office of Global Programs, Accounting Operations, and the University Tax Manager. More information is available at [http://global.psu.edu/faculty\\_staff/scholars/](http://global.psu.edu/faculty_staff/scholars/).

## **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 Procurement Services, and Purchasing Card users. 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 may be reimbursable at the budget administrator's discretion. Requests for reimbursement for permitted local travel should be managed through a log detailing local trips and should only be submitted when total reimbursement is \$25 or more or when mileage incurred during a fiscal year must be settled for year-end closing processing. Budget administrators have the authority to limit local mileage reimbursement.

## 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.

**NOTE:** Travel status assumes that the employee has an overnight stay. If an employee travels from home to another location, and then continues on to their primary work location during the day, only the additional mileage incurred beyond the normal commute is reimbursable.

## 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 OCONUS 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, the sponsoring agency, and the Uniform Guidance. 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.

[The Uniform Guidance 2 CFR 200.474](#) addresses travel expenses specifically and this policy is designed to comply with the required standards. An individual's travel can only be paid on a federally-sponsored award if the participation of the individual is necessary for the award and the costs are a direct results of the individual's travel for the federally

sponsored award. Documentation should be maintained clarifying why the particular person is traveling, why the travel is necessary and how it benefited the project.

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.

### **Travel Compensated by a Third Party**

When Penn State travel is combined with non-Penn State travel, the employee is responsible for documentation to show that Penn State did not incur any costs greater than what would have been incurred if only the Penn State portion of the travel had occurred. If a third-party offers to pay for shared travel costs, such as airfare, the employee should accept such reimbursement on behalf of the University, even if no additional cost was incurred. The goal of the employee should always be to minimize the cost to the University, especially when combined with non-Penn State business travel.

In addition, if the trip includes both Penn State and non-Penn State business travel, costs need to be appropriately allocated for the non-Penn State business portion of the trip. Penn State will not pay or reimburse for travel costs incurred for non-Penn State business travel, including private consulting, which produce incremental costs beyond those required for the Penn State portion of the trip. The employee must provide documentation showing how the total trip breaks down between Penn State vs. non-Penn State business (for example, by days) to assure appropriate allocation. Financial Officers have the authority to request additional detail as needed to assure that Penn State does not incur any incremental costs over and above those that would have been paid for the Penn State business trip alone.

Any travel reimbursements received from a third party for a trip which is also being fully or partially reimbursed by Penn State must be reported in ERS with adjustments, as appropriate, to the per diem and other travel expenses claimed. If an employee receives payment from a third party, it is the responsibility of the employee to get clear documentation from the third party regarding what the payment covers. If honorarium is received for conducting a program, and the University is paying for any of the associated travel costs, the amount of honorarium must be disclosed to the budget administrator, who has the authority to limit travel reimbursement paid by the University based on purpose of travel and compensation received.

### **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.

The TSA Registered Travel Service, and any related services to expedite airport security, will only be paid if there is a strong business justification which has been approved by the budget executive. These expenses are not permitted on general funds or federal funds and may only be paid from unrestricted miscellaneous funds.

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## **EXCEPTIONS AND SPECIAL CONSIDERATIONS**

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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 <https://guru.psu.edu/forms/RequestforTravelException.pdf>), which must be pre-approved by the Budget Administrator and Financial Officer BEFORE submitting with the ERS report.

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## **TRAVELER / APPROVER ROLES**

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### **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
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## **TRAVEL SOURCES**

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In accordance with University travel policy requirements, travelers must arrange their travel at the least possible cost to meet the business purpose of their trip.

Purchasing Services supports [Travel onLion](#), an online booking tool and provides training, support and guidance for all University employees at all campuses wishing to use the online booking tool. Purchasing Services negotiates and administers travel-related contracts for employees' use. Travelers are able to book online using [Travel onLion](#), and may contact the Travel onLion staff for assistance in using the online tool. Contact information is available at [www.travel.psu.edu/contactus.shtml](http://www.travel.psu.edu/contactus.shtml).

Travelers also have the flexibility to use travel sources or airlines that support the University's travel requirements and goals. Please note that tickets purchased externally are not accessible by Travel OnLion staff for assistance with changes in scheduling, reissuance, or problem solving. Travelers should inquire about service fees, charges for travel itinerary changes, and services offered before using a travel agency.

The flexibility provided to allow the procurement of travel through outside agencies or directly through the desired airline also comes with more accountability for the traveler to assure that:

- Airline costs are reasonable and lowest cost coach or economy
- Documentation is obtained at the time of booking to:
  - Demonstrate lowest cost coach or economy for any federally sponsored travel
  - Demonstrate that any personal portion of a trip did not incur additional costs for the University over the cost for the business trip alone
    - NOTE: Comparison documentation shall be printed from Travel onLion
- Fly America Act requirements are met as required for travel on federally supported funding

[Airfare Booking Options and Services](#), available on the Travel website, provides guidance regarding the requirements for documentation for travel booked by sources other than Travel OnLion. More detail on booking airfare is also provided in the Transportation section of this policy.

NOTE: Package travel which does not delineate costs – flights/transportation/lodging/rental cars – must be submitted with comparisons to show that the total package cost is less than the costs if purchased separately. These packages may be unallowable on sponsored travel if not properly documented through comparisons at the time of booking.

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## MEALS

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### 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 claim for reimbursement should represent only those meals consumed and paid for by the employee while on business travel. The meal and incidental expense (M&IE) per diem is established by the General Services Administration (GSA) of the federal government, and differentiates allowances by geographic location. The per diem schedule is available at the GSA site:

GSA CONUS Per Diem Rates -- [www.gsa.gov/perdiem](http://www.gsa.gov/perdiem)

CONUS Per Diem Mobile App -- <http://www.gsa.gov/portal/content/302273>

CONUS Breakdown of M&IE -- <http://www.gsa.gov/portal/content/101518>

First and last day of travel will be reimbursed at 75% of the per diem no matter what time the traveler departs or returns. This is the standard for US/GSA rules and applies to both CONUS and OCONUS travel. If a meal is provided on the first or last day of travel, the entire allocated meal cost will be deducted from the 75% M&IE rate.

As with any reimbursement request, a lesser amount may be claimed at the traveler's request. Travelers may indicate an amount to be entered into ERS as a reimbursement reduction if actual costs for meals were less than that due based on per diem, but this is not required.

## Meal Receipts

Meal receipts are not required and may not be requested by the department to support the claim for full- or partial-day per diem. This includes any individual meals paid on a purchasing card. These should be categorized as PCard Meal Expense and will be marked as non-reimbursable.

**NOTE:** Receipts are recommended to be retained by the traveler for purchasing card meals obtained at non-traditional locations, which may be considered goods and services purchases. This would include convenience stores, airport shops, and certain University venues whose primary classification may not be as a restaurant or eating place.

Itemized receipts are required for any meals being claimed for reimbursement as a 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 or, participates in a business group meal.

If meals are provided by a conference, host, or as part of hotel accommodations, then the meal per diem for that trip will be adjusted to correspond with the meals that were provided. See the meals and incidentals breakdown at GSA. 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. If the traveler has dietary restrictions for health or religious reasons that cannot be accommodated by the host or conference (traveler must take initiative to notify of such in advance), this must be documented and meal per diem may be claimed. However, the incidental per diem amount per day may still be claimed at the traveler's discretion. The incidental rate does not vary between domestic locations.

## Location

Travel throughout the day could put the traveler in several places with differing per diems. Traveler is eligible for the meal per diem in effect for the location of the last work activity rather than the location where he or she spends that night, per GSA guidelines.

## 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 and will be at 75% of the full per diem for one-day travel. Even if a traveler leaves one day and returns after midnight of the next day, one-day travel status applies unless the traveler has incurred overnight lodging.

## Business Group Meals

[EN10](#) provides full detail on University-sponsored events, under which business group meals while on travel fall. 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.

### Alcohol Restrictions

For business group meals, alcohol may only be charged to unrestricted donor funds with appropriate approval, and generally only at events involving guests and donors. Alcoholic beverages may only be purchased on unrestricted donor funds or restricted funds which specifically permit the purchase of alcoholic beverages. See policy [FN10](#) 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 day meals & incidental expense per diem for that location per [GSA Per Diem Rates](#). 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. See [FN10](#) for more detail.

### 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. 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.

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 and should not be paid as a business group meal (all attending should pay their share). 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.

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# **LODGING**

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## **Guidelines for Lodging**

Lodging expenses must not exceed the single occupancy rate unless two or more employees are staying in the same room. Staff, faculty, or students who are spouses/partners, immediate family members, or of the same sex may be asked to share a room, provided a separate bed/cot is available for each individual in the room. The University does not expect nor does it condone University staff, faculty, or students sharing a bed while on travel sponsored in whole or in part by the University (Spouses/partners are excluded if they so choose.). If an individual presents as a gender different from one's birth sex, individuals may not be compelled to share a room, but may do so if all individuals agree.

## **Lodging Receipts Required**

Reimbursement of lodging must be supported with receipts. 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.

Travelers may use services such as Airbnb, but a detailed receipt is still required for reimbursement, so travelers are encouraged to check that such receipts are available before booking through these services. The email received at the time of booking which confirms nightly booking rate, any cleaning fees, and the service charge can be used as the receipt documentation. It is important to note that the University must not be the contracting party for any agreements (electronic or otherwise) with services such as Airbnb; instead, the agreement must be between the service and the individual since it is the individual choosing this method of service, and the individual is responsible for any and all liability associated with the use of such services.

## **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.

Package travel which does not delineate costs – flights/transportation/lodging/rental cars – must be submitted with comparisons to show that the total package cost is less than the costs if purchased separately. These packages may be unallowable on sponsored travel if not properly documented through comparisons at the time of booking.

## **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.

## **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 is only available for employees while on

travel status and is not intended in situations where an employee is lodging with another employee at their residence. This reimbursement is also not available when the residence is owned by the traveler.

This type of reimbursement is **ONLY** for employees and is not an option for non-employee travel.

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## TRANSPORTATION

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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 and the round trip mileage is 750 miles or more, 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 onLion or an acceptable travel agency, obtained at the time of the decision to drive vs. fly, 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. When multiple coach fares exist, the lowest available commercial economy fare must be selected. 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.

The purchase of upgraded business or first-class airfare requires written approval from the Corporate Controller in advance of the purchase, with the following exceptions:

- Seat upgrades/early seat selection fees to provide more leg room or confirmed seating in coach or economy class are permitted if the cost is \$150 or less per segment where flight duration is 4 hours or more
  - Any costs exceeding this amount must be preapproved before booking and the difference in cost must be charged to unrestricted gift funds.
  - Receipts are required.
  - NOTE: Time relates to a single flight. A trip involving 3 segments, with flying times of 2 hours each would not qualify for the \$150 maximum because the flight durations are all under 4 hours. Even though total flight time is 6 hours, the time for each segment is used as the basis for the cost.
- Flights with a duration of 4 hours or more are permitted to be booked as business class, but the difference in cost from economy/coach must be paid from unrestricted gift funds.
  - Comparison airfare showing the cost for comparable coach or economy flight must be obtained at the time of booking and included as part of the documentation in the ERS report.
    - Only the cost of economy or coach can be charged on sponsored awards.
    - If comparison airfare is not obtained at the time of booking, the entire cost must be paid on unrestricted gift funds.
  - Unrestricted gift funds are limited and generally controlled by the budget executive, who may require

preapproval before booking business class.

Medical exceptions for upgraded travel will be granted based on receiving a valid statement from a medical professional and generally require renewal annually. These must be forwarded through the Financial Officer to the Corporate Controller for review and approval prior to travel. Additional costs incurred must be charged to unrestricted gift funds based on a comparison of the cost for economy or coach class.

If the traveler purchases airfare and flies from another airport, other than the one closest to the person's primary work location, and the change in location results in incurring and claiming additional travel costs to reach that airport, comparison costs for flying from a closer airport are needed, unless the cost per person (for those traveling for business purposes) of the additional travel costs to reach the airport are \$50 or less (roundtrip).

### Booking Airfare

Travelers have several options for booking airfare. Use of Travel onLion is NOT required. Refer to the [Airfare Booking Options and Services table](#), which provides a consolidated view of the options available and the requirements for each.

### Booking Airfare with Travel onLion, the University's Online Booking Tool

As an available option to travelers, the University Department of Purchasing Services provides an online booking tool, "Travel onLion", which complies with the required standards of the Uniform Guidance. The use of Travel onLion for air transportation meets the contractual obligation to provide the traveler with lowest available airfare and is accepted by the governmental audit agency. Therefore, when flights are booked with Travel onLion, no comparison documentation is required, even if the travel is federally sponsored.

### Booking Airfare With External Travel Sources

University employees are permitted to purchase the lowest available commercial economy airfare from external sources, with documentation required as follows:

**FEDERALLY FUNDED TRAVEL:** If the airfare will be charged to federal or federal pass-through grants or contracts, comparison documentation showing that the fare obtained was reasonable is required. This documentation can be obtained by printing out comparable and contemporaneous fares from Travel onLion at the time of purchase, as comparative data. If the comparisons show that the fare obtained was higher than the documented comparison fares, the traveler will be reimbursed at the comparison fare based on the information available at the time of comparison or the cost of the airfare from the external source, whichever is less.

**NON-FEDERALLY FUNDED TRAVEL:** If the cost of the airfare is \$1000 or less, no comparison documentation is required, unless business and personal travel are being combined (See Combined Business and Personal Travel Section). For airfare costing more than \$1000 per trip, travelers should print comparison airfares from Travel onLion at the time of purchase to provide the documentation that the purchase price is reasonable. Final determination if the cost of a flight is reasonable and can be appropriately charged to restricted or general funds lies with the Financial Officer. If the airfare cost does not appear to be reasonable (especially in situations where the cost is higher than others traveling to the same destination) and/or comparable fares are lower, the difference in price may either be charged to an unrestricted gift fund, or not reimbursed to the traveler.

The purchasing card can be used to purchase airfare or the traveler can choose to use a personal credit card for their individual airfare.

NOTE: When booking airfare through an external travel source, Travel onLion Staff will not have access or

authorization to assist with any changes in flight times, destination, or adjustments to the ticket in any manner. In addition, travelers need to be aware that booking trips with multiple carriers carries a higher risk for travel interruption, lost baggage, and difficulty in obtaining refunds than booking through a single carrier, where possible. In addition, reusing an unused ticket involving multiple carriers requires that all carriers be utilized on the new reservation, which can be very difficult.

When travel requirements arise during international travel, it is permissible for the employee to purchase air travel without comparisons if the traveler believes the fare is reasonable. The traveler must provide an explanation as to why it was necessary to purchase airfare during the trip rather than prior to departure.

### Travel Packages

Use of travel packages is discouraged because of the lack of detail regarding the various components of travel (airfare, lodging, transportation). There may, however, be occasions when a travel package consisting of airfare and hotel will result in a lower overall cost than booking each item separately. In that case, package travel which does not delineate costs – flights/transportation/lodging/rental cars – must be submitted with comparisons to show that the total package cost is less than the costs if purchased separately. These packages may be unallowable on sponsored travel if not properly documented through comparisons at the time of booking.

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. If a car is not needed, then the package price should be compared to the price for individually purchased air and hotel.

### Consolidator Tickets

A consolidator ticket is an international ticket sold by a wholesaler at below-tariff costs. Although consolidator tickets may be lower priced, they carry more restrictions regarding changes and cancellations. Travelers should be aware of these restrictions prior to purchasing a consolidator ticket. They should weigh the potential savings with the risk of these added restrictions.

### Unused Tickets

When a trip is postponed or cancelled, the original priced itinerary sent by the travel source should be retained. In addition, it is recommended that the employee notify the travel source of the unused ticket so that it can be placed in the traveler's profile for later use (if that service is offered).

**Note:** Most airline tickets are valid for reissue by the same-ticketed traveler provided the trip is cancelled prior to the date and time of departure. Otherwise, the ticket has no value for future travel. Rules for reissue vary from airline to airline and fare to fare. Travelers need to understand the rules related to the particular booked airfare. In some situations, especially where travel is tentative, the traveler is advised to consider the rules regarding reissuance as a cost of the travel. Travelers should consult with whatever travel source booked their trip to understand any unique rules that apply to their particular transaction.

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 should consult with whatever travel source booked their trip to understand any unique rules that apply to their particular transaction.

**Itinerary Change Fees:** When a traveler changes airline travel reservations and incurs itinerary change fees, a valid business reason for the change to the itinerary must be provided as substantiation for the charges. The traveler must contact the Financial Officer to determine whether or not additional fees due to such changes may be directly charged to restricted or general fund accounts or if the additional costs must be charged to unrestricted funds. Change fees incurred for personal reasons will not be reimbursed.

**Luggage Charges:** The University will reimburse for the first checked bag. Additional luggage charges (second checked bag or overweight) will not be reimbursed unless there is a reasonable business explanation for the charges. Receipts are required for reimbursement of baggage handling fees.

**In-flight Internet:** The University will reimburse for this service if the employee is required to conduct business during the flight.

**Other Fees:** The University will reimburse for any fees charged by the airlines which can be substantiated as business-related. Charges for food or beverage services are NOT reimbursable as those charges would be covered by the per diem meal allowance.

## **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.

## **Sea - Ships and Boats**

The University generally will not reimburse for travel costs related to seminars and conferences offered on-board cruise ships. Reimbursement for the costs of cruise travel is taxable to the employee. Travel aboard a cruise ship must be pre-approved by the budget executive and the Office of the Corporate Controller, and the amount reimbursed must be submitted to Payroll for tax purposes at the conclusion of the trip.

NOTE: [Charter Travel](#) is addressed below.

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

Use of local transportation, such as subways, metros 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 and should be obtained. Tips/gratuities for taxi or shuttle service should be indicated on the receipt and are reimbursable as part of the cost of the taxi/shuttle. If receipts are not provided, then the expense must be categorized as miscellaneous and subject to the \$5 per day provision for miscellaneous expenses.

Travelers may use other services such as Uber, but receipts are still required to be reimbursed. Travelers need to be aware that there is no guarantee of safety when using such services.

## **Guidelines Applicable to All Drivers**

Any licensed 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 (4 hours or more each direction) trip. In the case of a rental vehicle, the relief driver must be properly insured for the vehicle being driven. A student can only serve as a driver for University business (other than a relief driver as described above) if they meet the requirements above AND if they are acting as an employee as part of the trip and driving a vehicle is part of their University job description. Employees under the age of 21 may only drive University vehicles only if:

- a. They have documented completion of a University-sponsored driver training program during the time of their University employment;
- b. Their Motor Vehicle Record has been checked by OHR and found to contain no moving violations; AND
- c. Driving is a significant responsibility of their approved job description.

### Accident Reporting

Any accident involving a vehicle (owned, leased, rented or personally-owned) driven on University business, must be reported by the driver to the Risk Management Office within 24 hours, using the [Vehicle Accident Report Form](#). If a rental or personally owned vehicle is involved in an accident while used on University business, no matter how minor, it must be reported to the Risk Management Office. The Vehicle Accident Report Form may be found in the visor pack of fleet-serviced vehicles. For other vehicles, a copy of the form can be accessed on-line at <http://www.controller.psu.edu/Divisions/RiskManagement/claims.html> (see the "Auto Liability" section).

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. In the event of a serious injury or a fatality, please call the Risk Management and Privacy Office at 814-865-6307. If an accident occurs as a hit-and-run incident in which the other vehicle leaves the scene, police must be notified at the time the driver becomes aware of the accident.

### GPS Units

The cost for renting a GPS unit as part of a rental vehicle is reimbursable if there is a business purpose which clearly indicates a need for such a device, such as travel to multiple locations in an unfamiliar location. Generally, GPS units would be not reimbursed for conference travel, where adequate directions to reach hotels are provided and shuttle services are available for use. Departments have the authority to determine that GPS units are not appropriate expenditures.

Reduced rental costs for GPS units are part of the Big Ten contract with National Car Rental and are available at the time of reservation or rental.

### Parking

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

If the employee incurs long-term parking charges through services such as ParkMobile, a receipt may not be available. In those situations, other documentation will be accepted.

### 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.

Travelers should obtain transducers/transponders with rental vehicles to avoid fines for non-compliance with automated toll stations. More detail is available from [Travel Services](#) – see section on Toll Booths. Fines for "running" toll stations will be considered a personal 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 (see "Guidelines Applicable to All Drivers"). The University retains the right to periodically check drivers' motor vehicle records and establish criteria to exclude employees from driving on business.

### Vans for 15 or More Passengers

As outlined in BS20, large passenger van usage requires that the University employee be 25 years of age or older, or possess a valid commercial driver's license (CDL), and successfully complete two (2) WEB-based training and testing modules (accessible at the [Penn State Large Passenger Van Training](#) website).

For safety reasons, the University has instituted the following requirements:

- A maximum of fifteen (15) passengers is authorized.
- Seatbelt use is mandatory for all passengers.
- Luggage or items may not be stacked higher than the bottom edge of the windows.
- Large Passenger vans are not authorized for towing purposes.
- No materials may be carried on the vehicle roof.

### 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 liability insurance on its vehicles (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. Travelers should determine the type of vehicle (class) to rent based on expected business purpose, and must provide an explanation if a higher cost vehicle class is selected (such as luxury, convertible or SUV). The same guidelines as to who may drive apply to a rental vehicle as to other vehicles used for University business as well as restrictions regarding overnight use of rental vehicles, including the prohibition against personal use when the vehicle is picked up earlier than required for business travel, or returned later than required.

## **Contract Car Rental Agency - National - Code XZ40034 / Enterprise - Code XZ40034**

The University has negotiated a sole source contract for rental vehicles, which is currently with National and/or Enterprise Car Rental. Use of National and/or Enterprise 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 and/or Enterprise Car Rental in the event of an accident. When accidents occur in the United States, or out-of-country, it has proven to be a significant benefit to partner with National and/or Enterprise Car Rental in resolving legal issues. Collision Damage Waiver (CDW) coverage is provided by National and/or Enterprise Car Rental for the full value of the car both domestically and internationally. Liability insurance is included in the contract provider's rental price for domestic rentals and insures the driver for injury to passengers or others involved in an accident. Liability coverage is provided internationally based on the minimum requirements of that country's government. Workers' compensation covers University employees for injuries sustained while engaged in University work. Price comparisons are not required when booking with National and/or Enterprise.

The University's contracts with National and/or Enterprise Car Rental include primary auto liability and collision damage to the vehicle itself and Supplemental Liability coverage. The University has elected NOT to purchase "personal property" or Personal Accident Insurance (PAI) coverage which is an option available to the renter, and for University business the payment of this expense is NOT reimbursable.

If National and/or Enterprise Car Rental 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 Risk Management and Privacy Office 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. It should be noted that Alamo, although a part of the Enterprise and National organization, is not included in the Big Ten contract and should be treated as any other non-contract supplier.

### Comparing Car Rental Prices

If the traveler chooses to compare rental prices, the cost of both Collision Damage Waiver and supplemental liability insurance must be added to the alternative rental rate before determining which agency is cheaper. After comparing prices (including both Collision 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 and Enterprise Rent a Car rates, as well as direct Penn State links to both companies, 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 Collision 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. As directed by the Risk Management and Privacy Office, travelers are not permitted to rely on their personal car insurance coverage or a personal credit card coverage on University business rentals.

	<b>National Car Rental utilizing group contract XZ40034</b>  <b>Enterprise Rent a Car utilizing group contract XZ40034</b>	<b>Other Reputable Rental Agency</b>
Travel within the United States	Collision Damage Waiver provided  Supplemental liability insurance provided	Required to purchase Collision Damage Waiver  Required to purchase supplemental liability insurance

### Insurance and Additional Drivers

Collision Damage Waiver coverage and liability insurance are provided for all University employees when driving a National or Enterprise Car Rental vehicle within the 50 United States. Spouses, partners, children over 21 years of age living with employee and non-University employees/guests of the University whose expenses are being paid by Penn State are covered by the vehicle's insurances as both passengers and drivers and are permitted to act as relief drivers with no additional fee charged. All others traveling in the rental car are covered only as passengers. If they intend to act as a relief driver, they must be listed on the rental agreement as an additional driver and pay the additional driver fee. All drivers of any vehicle rented outside the 50 United States, when renting from a company other than National or Enterprise, must be registered with the rental car agency.

Students age 18 or older are eligible renters under the Big Ten contract, but only for business, and must provide documentation through a letter from the supervisor. More information is available [here under Eligible Renter](#).

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 Purchasing Card. The Purchasing Card provides Collision 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

All employees contracting with a rental car agency other than National or Enterprise Car Rental outside the continental United States MUST purchase the Collision Damage Waiver and supplemental liability insurance. See below chart for insurance coverages.

Collision Damage Waiver (CDW) coverage is provided by National and Enterprise Car Rental for the full value of the car in the United States. Outside of the U.S., deductibles may apply; the renter should purchase whatever coverage is available to reduce the deductible. The University will centrally absorb any remaining collision deductible after all buy-downs have been purchased. Liability insurance is included in the contract provider's rental price for domestic rentals and as required by the law in all other countries except Canada and Mexico. This insures the driver for injury to passengers or others involved in an accident. Some countries may also have a liability insurance deductible that must be paid by the University in the case of an accident after all buy-downs have been purchased. Some countries offer insurance coverage to waive the

deductible and should be purchased when available. Workers' compensation covers University employees for injuries sustained while engaged in University work. Any accident involving the vehicle **MUST** be reported to the local police, no matter how minor the accident may be.

	<b>National Car Rental utilizing group contract XZ40034</b>	<b>Enterprise Rent a Car – utilizing group contract XZ40034</b>	<b>Other Reputable Rental Agency</b>
Travel outside the United States	Collision Damage Waiver for the full value of the car and Supplemental Liability provided as required by the law in the country of rental. (Asia, the Pacific Basin, Latin America and the Caribbean only)	Collision Damage Waiver for the full value of the car and Supplemental Liability provided as required by the law. (Europe, Middle East and Africa only)	Collision Damage Waiver and Supplemental liability insurance are not provided.  Required to purchase Collision Damage Waiver  Required to purchase supplemental liability insurance

The University's Purchasing Card provides Collision Damage Waiver coverage for the full value of the car worldwide. **It does not provide supplemental liability coverage.**

## Truck Rentals

When trucks need to be rented on University business from commercial vendors such as Budget, Ryder and Penske, please refer to University Policy [BS20](#) for details.

## 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 ERS Mileage calculator must be used to calculate the appropriate mileage reimbursement (with the exception of multiple trips, which can be documented through a mileage log). The mileage rate currently in force is listed within the [Mileage Reimbursement Rates](#) Planning Tool on GURU. 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 and the round trip mileage is 750 miles or more, 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 onLion, or from an external travel source 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. The employee is also required to complete the [Vehicle Accident Report](#) and submit to the Risk Management and Privacy Office.

### Local Mileage

Employees may use their personal vehicles to travel across campus or to off-campus locations. . Requests for reimbursement for permitted local travel should be managed through a log detailing local trips and should only be submitted when total reimbursement is \$25 or more or when mileage incurred during a fiscal year must be settled for year-end closing processing. Budget administrators have the authority to limit local mileage reimbursement.

## **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 Risk Management and Privacy Office and Purchasing Services are both involved in ensuring that requirements concerning insurance, safety, and reliability are met. More information is available at <http://www.controller.psu.edu/Divisions/RiskManagement/>.

### Air Charters

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

### Bus Charters

Bus companies are reviewed by the Risk Management and Privacy Office to certify that the carrier has adequate insurance. Only bus companies on this list are approved for University use. This list is available on the Risk Management and Privacy Office website under "[Accepted Charter Bus Lines](#)."

### 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 Risk Management and Privacy Office.

### Privately Owned Aircraft

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

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## **OTHER EXPENSES AND RECEIPTS**

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### **Other Expenses**

#### 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 that are not submitted with a detailed itemized bill are subject to the \$5 per day cap for miscellaneous expense.

## Receipts Required

### 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 OCONUS Travel (outside the continental United States)

Meals, lodging, and incidentals will be reimbursed on a per diem basis, but all other valid business expenses require receipts for reimbursement. Lodging receipts may be required for travel on some types of funds. **Written approval from the Budget Executive with consultation with the Financial Officer is required in advance of the trip if either the lodging and/or meal OCONUS travel is to be reimbursed on an actual basis.** IRS regulations require that if the actual reimbursement method is approved, all lodging and/or meal expenses for the entire trip must be claimed on an actual basis and supported by receipts. Please note that the traveler is permitted to claim actual expenses for OCONUS without approval or receipts if the actual expenses total less than the permitted OCONUS per diem.

## 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 and Tolls** - Receipts are not required for these expenses for CONUS travel and are not to be collected.

The University will reimburse actual miscellaneous expenses incurred up to a combined total of the \$5 per day cap 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
  - Note: Checked Bag fees charged by airlines can be reimbursed, if there is a business purpose, with appropriate receipt.
- Parking meters
- Phone calls

The per diem rates for meals and incidentals established by the General Services Administration of the federal government include the established per day cap 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 OCONUS Travel

Meals, lodging (in most cases), and incidentals will be reimbursed on a per diem basis for OCONUS travel. The \$5 miscellaneous expense is built into the OCONUS per diem rates and therefore does not apply to OCONUS travel. No receipts are required for reimbursement if the per diem basis is used.

### Non-Reimbursable Expenses

Expenses which may be incurred due to University business travel, but which are personal in nature, such as laundry, dry cleaning, grooming services, dependent care costs, pet-sitting/boarding and house-sitting expenses, are not reimbursable or payable by the University, from any source of funds.

## 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, or may be asked to complete the [Substantiation Form for Lost or Unobtainable Receipts Form](#) used for the purchasing card.

# 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 damage is to be reported to the Risk Management and Privacy Office as soon as possible. This can be accomplished by accessing the Risk Management Office website. Workers' Compensation covers any personal injury to employees conducting University business.

- General Liability Insurance covers any accidental injury or property damage the traveler may cause to others while on travel status. If the harm to another is intentional, then the employee is personally responsible.
- Health Insurance: Employees traveling on University-affiliated business are AUTOMATICALLY covered by an international health insurance program provided by HTH Worldwide. This is the same coverage required of our students when they travel internationally, and will automatically cover the faculty/staff member whether they are traveling by themselves or along with students on a trip – there is no need for the faculty/staff to separately purchase coverage. The HTH coverage applies to all international trips which are for University-affiliated reasons; if a faculty/staff member travels for a University-related purpose, but adds on vacation time at the beginning or end of the trip, the entire length of the trip is covered by this insurance. This insurance will be primary over any other health insurance the individual may carry, including Highmark Blue Shield benefits secured through the University's employee benefit plans, and there will be no out-of-network or deductible/co-pay on the part of the employee for services covered by HTH. However, it is very important that when medical services are required, HTH must be informed in advance except in the most extreme emergency, so they can direct the traveler to covered Western-quality medical providers and hospitals in the area of the faculty/staff member, anywhere in the world. HTH may be contacted by email at [assist@HTHworldwide.com](mailto:assist@HTHworldwide.com) ([link sends e-mail](#)) or by telephone at 001-610-254-8771.
- If an employee travels internationally purely for personal reasons (vacation, personal consulting, etc.) they must purchase coverage to protect themselves during their personal travel; one option is to use the same insurer, at <https://www.geobluetravelinsurance.com/>
- 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.

Contact the [Risk Management Office](#) if questions or additional information is needed.

# FOREIGN TRAVEL

## Purpose

The policy sections below pertain to payment or reimbursement for costs related to foreign travel. All employees travelling internationally must also abide by the [International Travel Requirements Policy](#).

## Travel Classifications - CONUS/OCONUS, Domestic/Foreign

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

	CONUS Rates	OCONUS Rates
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 OCONUS travel is a flat daily rate in lieu of actual subsistence expenses that include meals, lodging, and certain incidentals (tips, local phone calls, currency conversion, and excess baggage costs). 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).

Per diem lodging for travelers staying at US military bases will be based on the DOD rates for that military installation.

## 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, lodging accommodations or host.

First and last day of travel will be reimbursed at 75% of the per diem rate. Provided meals will be deducted from this 75% rate.

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.

### Per Diem for Foreign Travel with Overnight Airline Travel

In situations where the traveler's first and/or last day of travel includes an overnight portion and lodging expenses are not incurred, the lodging per diem for that day is not permitted. The meal per diem for that day should be based on the departure location.

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

It may be permissible for an employee to claim OCONUS expenses on an actual basis in lieu of the per diem basis. In certain cases, it may be preferable to handle lodging as per diem, and meals as actual, or vice versa. If expenses are to be claimed on an actual basis and are expected to exceed the OCONUS per diem amount, the traveler must explain in writing why the per diem basis is not suitable for lodging and/or meals and obtain written approval in advance from the Budget Executive with consultation with the Financial Officer. IRS regulations require that if the actual reimbursement method is approved, all expenses for that type of expenditure (lodging, meals or both) for the entire trip must be claimed on an actual basis and supported by receipts. If the difference between the actual cost basis and per diem is significant, any difference in cost may have to be charged to unrestricted funds, at the discretion of the Financial Officer. Note that travelers are always able to request reimbursement at the actual cost basis for foreign travel if it is less than the OCONUS per diem amount.

## **Foreign Travel Using Sponsored Funds**

Foreign travel policies of federal and non-federal sponsors vary. The traveler must review the terms and conditions of his sponsored agreement and the sponsoring agency before making travel arrangements. In the event there is a conflict between a sponsored agreement policy (terms and conditions) and Penn State's policies, the more restrictive policy applies.

[The Uniform Guidance 2 CFR 200.474](#) stipulates that an individual's travel can only be paid on a federally-sponsored award if the participation of the individual is necessary for the award and the costs are a direct results of the individual's travel for the federally sponsored award. Documentation should be maintained clarifying why the particular person is traveling, why the travel is necessary and how it benefited the project.

For foreign travel on federal programs, that require written approval from the Procuring Contracting Officer (PCO) or the Administrative Contracting Officer (ACO), travel requests should be submitted to the PCO/ACO no later than 10 business days prior to departure, and 30 days for travel to sensitive countries. The PCO/ACO will scrutinize each request to ensure that only the minimum travel, consistent with accomplishment of the official business, is authorized.

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.

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.



Air travel financed by the U.S. government, except Department of Defense (DOD) funds, may use the Open Skies Agreement as an exception to the Fly America Act.

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 travel agent who booked the travel must complete and sign the [Fly America Act Waiver Checklist](#) at the time of booking to insure accurate documentation of the authorized exception at the time of booking. When travel is booked externally, Purchasing's Travel onLion staff cannot complete the form because they did not book the travel and have no knowledge of the booking limitations that occurred when the travel was booked.

Travel onLion may be used when exceptions to the Fly America Act are required. Travel onLion staff will provide support and will complete the [Fly America Act Waiver Checklist](#) since they will have knowledge of the booking limitations at the time the travel was booked.

When a non-US flag carrier is used for foreign travel which is funded in whole or in part by the US government or will be claimed as a cost on a federal award, the [Fly America Act Waiver Checklist](#) must be completed PRIOR to booking. The checklist must then be attached as back-up for the appropriate ERS report. If the Waiver Checklist is not completed and non-US flag carriers were used, these costs will not be permitted on federally-funded accounts.

### 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**

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.

## **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**

IRS CALCULATION RULE: For purposes of establishing whether the trip was more than seven days, do not count the day in which the person leaves the United States. However, do count the day in which the individual returns to the United States. Thus, in counting days, look at when the person leaves the United States to when he/she returns to the United States, but do not count the day in which the person leaves the United States.

2. At least 25 percent of the trip is personal

IRS CALCULATION RULE: Once you have established that the foreign travel is more than seven days, the calculation of the percentage of personal time should include all days that the person is outside the United States, including travel days en route.

Example: Individual leaves New York on Dec. 1, arrives in Japan on Dec. 2, leaves Japan on Dec. 10 and arrives in NY on Dec. 11, there are 10 days for purposes of calculating whether the trip exceeded

seven days (Dec. 2 – 11). However, all eleven days (Dec. 1-12) are counted in determining the personal time percentage.

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.

NOTE that if a trip includes non-Penn State business travel, such as personal consulting, this can be so noted for purposes of taxes, but the airfare and other travel costs incurred must be appropriately allocated to the non-business travel and the portion related to non-Penn State business will not be payable or reimbursable by Penn State. See the section on "Travel Compensated by a Third Party" in the Overview.

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.

A list of participating countries and reclamation information is available at <http://vat.taxback.com/resources/vat-chart-for-us-companies.html>. The employee is responsible for completing the VAT Reclamation; the submission procedure must be initiated through the Employee Reimbursement System (ERS). For detailed information, see the [Value Added Tax Reclamation Submission Procedure](#). In the event a VAT refund is to be claimed, the employee is responsible for submitting original receipts to Accounting Operations, even if the per diem method is used for reimbursement.

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## **PAYMENT METHODS**

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## **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 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.

## **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. Please reference the [Request for Travel Advance](#) form for more information regarding the request and settlement of travel advances.

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# **NONEMPLOYEE TRAVEL**

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## **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. The traveler should seek to obtain the lowest available airfare. If this is not possible due to the guest's itinerary or preferences, documentation, such as a memo from the budget administrator of the department inviting the guest, must be provided to justify the higher costs. 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 [Non-Employee Information Form](#) PRIOR to travel. The University is not permitted to reimburse noncitizens who do not comply with federal immigration and visa requirements. See "[Non-U.S. Citizen Payment Guidelines](#)" for more information.

## **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. More detail on student group travel is provided in University Policy [FN20– Student Group Travel Policy](#) (Formerly Policy TR13).

### **Team Travel**

Purchasing Services shall arrange travel for Intercollegiate Athletics varsity teams competing with other universities in compliance with NCAA regulations.

## **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. This includes costs for visas/passports for family members accompanying employees on sabbatical leave or business travel, as well as any medical expenses for family members related to such travel. 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.

When the University is sponsoring group travel, the Budget Executive has the responsibility to determine whether non-employees – including spouses and families of employees - and non-students will be permitted to participate in the trip. Factors in this decision will include the costs incurred, role of the employee in the supervision of the group, potential assumption of responsibility for community members, and other considerations. Units are strongly recommended to work with the Risk Management and Privacy Office to review each situation.

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## **COMBINING BUSINESS AND PERSONAL TRAVEL**

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### **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 onLion or an external travel source 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. The cost of fuel for a rental vehicle used for both business and personal travel should be prorated based on the allocation of personal and business miles.

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**

**IRS CALCULATION RULE:** For purposes of establishing whether the trip was more than seven days, do not count the day in which the person leaves the United States. However, do count the day in which the individual returns to the United States. Thus, in counting days, look at when the person leaves the United States to when he/she returns to the United States, but do not count the day in which the person leaves the United States.

2. At least 25 percent of the trip is personal

**IRS CALCULATION RULE:** Once you have established that the foreign travel is more than seven days, the calculation of the percentage of personal time should include all days that the person is outside the United States, including travel days en route.

**Example:** Individual leaves New York on Dec. 1, arrives in Japan on Dec. 2, leaves Japan on Dec. 10 and arrives in NY on Dec. 11, there are 10 days for purposes of calculating whether the trip exceeded seven days (Dec. 2 – 11). However, all eleven days (Dec. 1-12) are counted in determining the personal time percentage.

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.

NOTE that if a trip includes non-Penn State business travel, such as personal consulting, this can be so noted for purposes of taxes, but the airfare and other travel costs incurred must be appropriately allocated to the non-business travel and the portion related to non-Penn State business will not be payable or reimbursable by Penn State. See the section on "Travel Compensated by a Third Party" in the Overview.

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 a 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:

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\$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

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## TRAVEL SETTLEMENT

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All travel incurred on behalf of the University is to be settled through the Employee Reimbursement System (ERS). This system allows the settlement of charges on the purchasing card, as well as personally paid expenditures, to properly settle amounts due to the University based on purchasing card use, and to the employee based on personally paid expenses. The system also applies rules outlined in this policy, such as per diem amounts, to all travel reports on a consistent basis. All ERS reports also follow an approval path as established by the Financial Officer, and expenses submitted shall be disallowed if found not to be reasonable, appropriate or in compliance with University policy.

Employees may enter data into an ERS report for settlement, or may designate a delegate to do so on their behalf. All employees must confirm the amounts being submitted for settlement for accuracy. This can be done in two ways:

- Signing into ERS to personally review and submit the expense report.
- Signing the EMPLOYEE EXPENSE REPORT with Expense Certification [listed on the Print menu as Detail Rpt EMPLOYEE (Submit Certification)] which a delegate must print from the system after entering all the data into ERS. The signed report must then be scanned into the system as part of the receipt process. The employee must contact their Finance Office to request assignment of submit permissions for a delegate.

**Settlement of travel charges must be completed within 60 days of the completion of the trip**, but should be completed as soon as possible after the conclusion of the travel. If the travel is funded by a sponsored award, the settlement should be completed within 30 days. Employees who do not settle travel expenses, whether on the purchasing card, travel advance or for reimbursement, within 60 days of the end of travel, may not be eligible for reimbursement of expenses paid personally and may have the purchasing card charges and/or travel advance amount deducted from their paycheck, as outlined in the Purchasing Card Cardholder Agreement, at the discretion of the Budget Executive or the Corporate Controller's Office.

Employees booking airfare through a departmental Travel Arranger shall provide the Travel Arranger with all required information for reporting of airline and related charges in ERS. If a ticket booked through a Travel Arranger is not used, the employee must notify the Travel Arranger. 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.

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## FURTHER INFORMATION:

For questions, additional detail, or to request changes to this policy, please contact the Office of the Corporate Controller.

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Effective Date: January 5, 2017  
Date Approved: January 5, 2017  
Date Published: January 5, 2017

### Most Recent Changes:

- January 5, 2017 - Updated the "Insurance and Additional Drivers" verbiage in the TRANSPORTATION section, to reflect that National Car Rental has extended PSU's contract to all students age 18 or older for business rentals only.

### Revision History (and effective dates):

- October 7, 2016 - Editorial changes to the INSURANCE section, clarifying policy updates to health insurance and international travel.
- August 2, 2016
  - LODGING- In "Lodging Receipts Required," verbiage was added to the end of the second paragraph to clarify the requirements when using services such as Airbnb.
  - FOREIGN TRAVEL- Edits have been made to bring this policy in sync with the new International Travel Requirements Policy and maintain the intended focus of this policy, which is one which provides guidance for the settlement & reimbursement aspects of international travel. The EXPORT COMPLIANCE has been removed (covered in detail in policy AD89, *University Export Compliance Policy*); a PURPOSE section has been added to inform users right up front that this policy relates just to payment or reimbursement for costs related to foreign travel, and that users should refer to the new International Travel Requirements policy for "administrative" requirements relating to international travel. The COUNTRIES UNDER STATE DEPARTMENT ADVISORY section has also been removed, as it is now thoroughly covered in the new *International Travel Requirements* policy.
- July 1, 2015 - Updated to reflect travel changes per the implementation of the OMB Uniform Guidance, air travel upgrades, etc . Changes, BY SECTION, include:
  - OVERVIEW
    - Revision to Office of Management and Uniform Guidance 2 CFR 200
    - Addition of an Export Control section
    - Clarifications to Immigration and Visa Regulations
    - Clarifications to Commuting and Places of Work
    - Clarifications to Sponsored Funds Travel
  - EXCEPTIONS
    - Updated paragraph #2 to clarify changes to the exceptions process.
  - TRAVEL SOURCES
    - Verbiage added on Airfare Booking Options and Services and other information to provide guidance on proper booking of airfare.
  - MEALS
    - Per Diem for Meals and Incidentals
    - Meal Receipts

- Prorating Meal Per Diem
  - Location
  - One-Day Travel Status
  - Per-Person Maximum and Employee-Only Business Group Meals
  - Meals with Other Employees When All Are on Travel Status
- LODGING
  - Guidelines for Lodging
  - Lodging Receipts Required
  - Online Hotel Booking
  - Lodging in a Private Residence
- TRANSPORTATION
  - Air Travel
  - Travel Packages
  - Unused Tickets
  - Luggage Charges
  - In-flight Internet (addition)
  - Other Fees
  - Taxis and Shuttles
  - Parking
  - Traffic Violations, Parking Fines, and Towing
  - Vans for 15 or More Passengers
  - Rental Vehicles - Not Through Fleet Services
    - Insurance and Additional Drivers
    - Travel Outside the United States (table)
  - Personal Vehicles
    - Local Mileage
- OTHER EXPENSES AND RECEIPTS
  - Other Expenses
  - Receipts Required
  - Receipts Not Required
  - Non-Reimbursable Expenses
  - Lost Receipts
- FOREIGN TRAVEL
  - Export Compliance (added this section)
  - University Per Diem Reimbursement for Foreign Travel
  - Partial Per Diem for Foreign Travel
  - Foreign Travel Using Sponsored Funds
- April 10, 2015 - Editorial changes. In PAYMENT METHODS, changes were made in the "Travel Advances" section to reflect the creation of the new Request for Travel Advance Form for the processing of Travel Advances when issued at the discretion of the Financial Officer. In TRAVEL SETTLEMENT, changes were made to better define personal expenses settled through ERS (discussed in the first paragraph-- changed to "personally paid expenditures", or "personally paid expenses"). Added verbiage in the "Settlement of travel charges" paragraph (3rd paragraph) that reflects the creation of the new Request for Travel Advance Form, as it pertains to the settlement process.
- April 9, 2015 - Editorial change to the LODGING section. In "Guidelines for Lodging," verbiage that the Big Ten consortium has negotiated room rates, along with a web link, have been removed because this is no longer true and applicable as stated.
- December 2, 2014 - Editorial change to TRANSPORTATION section. Addition of a "Truck Rental" section, including linking to Policy BS20, to provide truck rental information in the Travel Policy when users are reviewing the information about rental vehicles.
- April 24, 2014 - In the TRAVEL SETTLEMENT section, editorial changes were made. Where travel is funded by a sponsored award, requirements for settlement of the travel charges has been changed from settlement within 45 days to settlement within 30 days.
- April 24, 2014 - In FOREIGN TRAVEL section, editorial changes were made. Addition of last paragraph under

- the "Fly America Act" verbiage to clarify the requirements when using a non-U.S. flag carrier, and linking to the Fly America Act Waiver Checklist which must be used.
- March 17, 2014 - Editorial changes to the "Rental Vehicles - Not Through Fleet Services" section; National and Enterprise now use the same contract code.
  - January 20, 2014 - Editorial changes to the "Guidelines Applicable to All Drivers" section, to coincide with changes made to policy BS20 pertaining to those who drive while on University business.
  - November 25, 2013 - Editorial changes. Addition of information in the "Contract Car Rental Agency" section, primarily pertaining to Enterprise Rent a Car, such as codes and collision damage waiver info.
  - October 24, 2013 - Editorial change. Addition of policy steward information, in the event that there are questions or requests for changes to the policy.
  - June 14, 2013 - Verbiage added in FOREIGN TRAVEL section; see *Foreign Travel Using Sponsored Funds* section under "Fly America Act." Paragraph 3 was added, allowing the use of the *Open Skies Agreement* as an exception to the Fly America Act for Air travel financed by the U.S. government (except Department of Defense [DOD] funds).
  - July 30, 2012:
    - In response to Core Council recommendations, Penn State Procurement Services is discontinuing its Travel Services Department and, beginning August 17, will no longer provide full-service travel booking. Training and support for Travel OnLion, the University's on-line self-booking tool, will continue to be offered for the convenience of faculty and staff. As always, the use of Travel OnLion is not mandated. (NOTE: The EXCEPTIONS AND SPECIAL CONSIDERATIONS, TRAVELER/APPROVER ROLES, MEALS, LODGING and OTHER EXPENSES AND RECEIPTS are unchanged for this update).
    - In OVERVIEW, removal of ALL references to the DBAF, as effective July 1, 2012, the DBAF is no longer a payment option for travel. Clarification of reimbursement of noncitizens verbiage in Immigration and Visa Regulations.
    - "Renamed" TRAVEL SERVICES/DESIGNATED TRAVEL SOURCES to TRAVEL SOURCES; verbiage revised throughout to reflect current travel options and practices.
    - In TRANSPORTATION, revisions made to the "Air Travel" section, requiring comparison costs when flying from an airport other than the one closest to a traveler's primary work location; the addition of an Airfare Booking Options and Services table for a consolidated view of the options available; clarification of the "reasonableness test" when booking with a Non-designated Travel Source; clarifications in "Consolidator Tickets" on from who they may be purchased; in "Unused Tickets," clarification about rules that apply; removal of "NOTE" from "Itinerary Change Fees" (approvals SHOULD be obtained when changes are made).
    - In INSURANCE, verbiage revised to reflect current practices.
    - In FOREIGN TRAVEL, verbiage revised in "Fly America Act" and "Value-Added (VAT) Reclamation" sections to reflect current travel options and practices.
    - In PAYMENT METHODS, references to DBAF (Direct Bill for Airfare) have been removed. Effective July 1, 2012, the DBAF will no longer be a payment option for travel. Diners Club / Mastercard Corporate Card Programs verbiage removed.
    - In NONEMPLOYEE TRAVEL, "Travel Team" verbiage revised to reflect current operations.
    - In COMBINING BUSINESS AND PERSONAL TRAVEL, revised the "Documentation Required" section to clarify particulars for travelers providing 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 onLion or an external travel source to document the difference in cost.
    - Addition of a "TRAVEL SETTLEMENT" section to provide clarification on ERS and settlement issues.
  - January 1, 2010 - Policy migrated back from the Travel Services website to the Policy section of GURU, with revisions per ONR.
  - January 1, 2007 - New policy (published on Travel Services website, not on GURU).

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