

Draft UW System Travel Policies

University Committee Presentation
June 1, 2015



Agenda Topics

- I. Proposed changes to Meal and Incidental Rates
- II. Proposed Changes to Lodging Rates
- III. IRS Accountable Plan Requirements
- IV. Proposed Accountable Plan Expense Report Submission Policy



I. Proposed Changes to Meal and Incidental Rates

- Shift from a per meal reimbursement to a per diem reimbursement.
 - 50% reimbursement day of travel based on location of lodging.
- Receipt submissions will not be required.
- Federal General Services Administration (GSA) per diem rates domestically.
- U.S. Department of State rates outside the U.S. (no change from current practice).



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I. Proposed Changes to Meal and Incidental Rates (continued)

Proposed Meal Reimbursement Rate Changes

MEALS	Current Reimbursement Rates					Proposed Rates - GSA					Proposed H/(L) Current	% Change
	Breakfast	Lunch	Dinner	Incidentals	Total	Breakfast	Lunch	Dinner	Incidentals	Total		
In-state												
Appleton	\$8	\$10	\$20	\$5	\$43	\$7	\$11	\$23	\$5	\$46	\$3	7%
Brookfield/Racine	\$8	\$10	\$20	\$5	\$43	\$9	\$13	\$29	\$5	\$56	\$13	30%
Madison	\$8	\$10	\$20	\$5	\$43	\$10	\$15	\$31	\$5	\$61	\$18	42%
Milwaukee	\$8	\$10	\$20	\$5	\$43	\$8	\$12	\$26	\$5	\$51	\$8	19%
In-state other	\$8	\$10	\$20	\$5	\$43	\$7	\$11	\$23	\$5	\$46	\$3	7%
Out-of-state												
Chicago	\$12	\$15	\$25	\$5	\$57	\$12	\$18	\$36	\$5	\$71	\$14	25%
Los Angeles	\$10	\$15	\$25	\$5	\$55	\$12	\$18	\$36	\$5	\$71	\$16	29%
New York City	\$10	\$15	\$25	\$5	\$55	\$12	\$18	\$36	\$5	\$71	\$16	29%
Washington DC	\$10	\$15	\$25	\$5	\$55	\$12	\$18	\$36	\$5	\$71	\$16	29%



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II. Proposed Changes to Lodging Rates

- Lodging would shift from current rates to the following:
 - In-State
 - All locations at \$83 which is the Federal GSA reimbursement rates for in-state "other" markets
 - Out-of-State
 - Federal GSA reimbursement rates + 25%
 - Would result in no change from current out-of-state reimbursement rates
- UW System has indicated they plan to negotiate with selected hotel chains and anticipates opportunities for further improvements to some hotel rates.



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II. Proposed Changes to Lodging Rates (continued)

LODGING							
In-State							
	Current Rate	Federal Rate	Proposed Rate (1)	Proposed H/(L) Current	% Change versus Current	Proposed H/(L) Federal	% Change versus Federal
Appleton	\$70.00	\$88.00	\$83.00	\$13.00	19%	(\$5.00)	-6%
Brookfield/Racine	\$80.00	\$95.00	\$83.00	\$3.00	4%	(\$12.00)	-13%
Madison	\$70.00	\$97.00	\$83.00	\$13.00	19%	(\$14.00)	-14%
Milwaukee	\$80.00	\$107.00	\$83.00	\$3.00	4%	(\$24.00)	-22%
In-State Other Locations	\$70.00	\$83.00	\$83.00	\$13.00	19%	\$0.00	0%
Out-of-State vary by location; Major Market Examples Below							
	Current Rate	Federal Rate	25% Increase	Proposed Rate	Proposed H/(L) Current	% Increase	
Chicago (4 rates during year)							
12/1-2/28 (lowest)	\$165.00	\$132.00	\$33.00	\$165.00	\$0.00	0%	
10/1-11/30 (highest)	\$242.50	\$194.00	\$48.50	\$242.50	\$0.00	0%	
Los Angeles	\$172.50	\$138.00	\$34.50	\$172.50	\$0.00	0%	
New York City (4 rates during year)							
1/1-2/28 (lowest)	\$246.25	\$197.00	\$49.25	\$246.25	\$0.00	0%	
9/1-12/31 (highest)	\$380.00	\$304.00	\$76.00	\$380.00	\$0.00	0%	
Washington DC (4 rates during year)							
7/1-8/31 (lowest)	\$202.50	\$162.00	\$40.50	\$202.50	\$0.00	0%	
3/1-6/30 (highest)	\$286.25	\$229.00	\$57.25	\$286.25	\$0.00	0%	

(1) The in-state reimbursement rate is still very much under discussion. UW-Madison along with other UW institutions have made it clear that the federal rate by location should be used.



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III. Accountable Plan In Accordance with IRS Rules

Reimbursements to employees that are treated as paid under an accountable plan are:

- Excluded from an employee's gross income,
- Are not reported as wages or other compensation on the employee's W-2, and
- Are exempt from the withholding and payment of employment taxes.

In order to be considered an Accountable Plan, an Organization's reimbursement arrangement must meet three requirements:

1. The amounts reimbursed must have a business purpose,
2. Any amounts paid under the reimbursement arrangement which are in excess of the actual expenses incurred must be returned by the employee to the employer within a reasonable time, and
3. The reimbursed expenses must be properly substantiated within a reasonable period of time.

If any of these requirements are not met, then the reimbursements are treated as if they were made under a Non-Accountable Plan.

Amounts treated as paid under a Non-Accountable Plan are:

- Included in the employee's gross income,
- Must be reported as wages or other compensation on the employee's Form W-2, and
- Are subject to withholding and payment of employment taxes (FICA, FUTA, RRTA, RURT, and income tax).



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III. Accountable Plan In Accordance with IRS Rules (continued)

UW Current Expense Submission Guidelines

Currently UW-Madison does not have a travel expense report submission policy requiring timely filing of employee expense reports. There is a section of the UW-Madison expense reimbursement information that lists Traveler's Responsibilities including the following:

- Submit expense reports within 60 days of the last date of travel or the date the expense was incurred.
- Reconcile Cash Advances within 30 days of the last date of travel.



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III. Accountable Plan In Accordance with IRS Rules (continued) Peer Institutions Expense Report Submission Policies

Institution	Submission/Accountability
University of Illinois	After 60 days will be processed as taxable income.
Indiana University	Within 60 days or taxed; over 120 non-reimbursable.
University of Iowa	Within 60 days or may not be reimbursed.
Michigan State University	Within 30 days; if over 90 days, documented leadership approval required.
University of Michigan	Within 45 days or may not be reimbursed.
University of Minnesota	Within 60 days or may be taxable.
University of Nebraska	Per State statute, submission within 60 days or not reimbursed without exception.
Northwestern	Within 30 days; if older than 90 days, documented leadership approval required.
Ohio State University	Within 90 days to be reimbursed.
Penn State University	Within 60 days or it may not be reimbursed.



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IV. UW System Proposed Accountable Plan Requirements

Proposal to mandate travel related expense submissions within 90 days and advances within 30 days of the completion of a trip. The proposed policy would disallow expense reimbursement if the expense report was submitted after the deadline.

Considerations for UW-Madison:

- Could lead to better financial information management and reporting of travel expenses.
- May not necessarily be consistent with reporting requirements for Federal Grants and Awards administered by Research and Sponsored Programs.
- Exceptions to the policy would be expected to be handled through current escalation practices; Auditor, Approver and escalation to Dean/Director or formally established designee.
- For UW-Madison an analysis of expense reimbursement data supports that less than 10% of expense reports are submitted later than 60 days following travel, although the range beyond 60 days is very broad.



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Feedback ?



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