

5.1 Travel Policies for State Employees

5.1.1 Per Diem Compensation

Per diem compensation is not applicable for state employees, only to members of State Boards, Commissions, Committees and Councils who do not receive any salary from state funds for their services.

5.1.2 Subsistence Rates

Subsistence is an allowance related to lodging and meal costs (including gratuities) ([G.S. 138-6](#)). For the purposes of determining eligibility for allowances, travel status means being away from the employee's normal duty station or home and, while traveling, the employee must be acting in his/her official capacity as required by his/her work activities.

For the 2017-19 biennium, the maximum allowable statutory rate for meals and lodging (subsistence) is \$109.50 for in-state travel and \$125.10 for out-of-state travel. The Director of the Budget revises the subsistence rate periodically based on the percentage change in the Consumer Price Index for All Urban Consumers ([G.S. 138-6\(a\)\(5\)](#)). The payment of sales tax, lodging tax, local tax, or service fees applied to the cost of lodging is allowed in addition to the lodging rate and is to be paid as a lodging expense ([G.S. 138-6\(a\)\(3\)](#)).

The employee may exceed the part of the ceiling allocated for lodging without approval for over-expenditure provided that the total lodging and food reimbursement that the employee is entitled to for that day does not exceed the maximum allowed daily subsistence ([G.S. 138-6\(a\)\(3\)](#)).

The following schedule (effective July 1, 2017) shall be used for reporting allowable subsistence expenses incurred while traveling on official state business:

	In-State	Out of State
Breakfast	\$ 8.40	\$ 8.40
Lunch	\$ 11.00	\$ 11.00
Dinner	\$ 18.90	\$ 21.60
Lodging (actual, up to)	\$ 71.20	\$ 84.10
Total	\$ 109.50	\$ 125.10

5.1.3 Tips and Gratuity

Reimbursable gratuity or tips must be considered reasonable for items that are not already covered under subsistence. Excessive tips will not be reimbursed. A reasonable tip would be one that a prudent person would give if traveling or conducting personal business and expending personal funds.

For further guidance, the following information is provided when calculating a tip:

- Airports: Baggage Handling/Skycaps = no more than \$2.00 per bag; Shuttle Drivers = no more than \$2.00 per bag.
- Parking/Auto Related: Valets = \$2.00 per car when collecting the car; Taxi or car service drivers = no more than \$5.00 per trip.

5.1.4 Out-of-State Travel

Out-of-state travel status begins when the employee leaves the state and remains in effect until the employee returns to the state. However, in-state allowances and reimbursement rates apply when employees and other qualified official travelers use hotel and meal facilities located in North Carolina immediately prior to and returning from out-of-state travel during the same travel period.

5.1.5 Authorization for Lodging

Prior written approval by the department head or his or her designee must be obtained in order to qualify for reimbursement for overnight stays. Supervisory personnel certifying the reimbursement request as necessary and proper must require documentation from the traveler to substantiate that the overnight lodging was necessary and accomplished. The travel reimbursement calculations must involve the starting address of the employee's regularly assigned duty station or home, whichever is less, to the final travel destination, in order to receive approved reimbursement. Overnight lodging may only be authorized and paid to support business needs and final travel destinations that equal or exceed 35 miles, calculated from the employee's home or duty station, whichever is less, to the final travel destination. "Duty station" is defined as the location where the employee is assigned. The designation of an employee's home as the duty station requires the approval of the department head.

5.1.6 Reimbursement for Lodging

Each employee is responsible for his or her own request for reimbursement. Specific dates of lodging must be listed on the reimbursement request, which shall be substantiated by a receipt from a commercial lodging establishment.

5.1.7 Excess Lodging

Excess lodging authorization for in-state, out-of-state, and out-of-country travel must be obtained in advance from the department head or his or her designee. Excess lodging is allowed when the employee is in a high cost area and unable to secure lodging within the current allowance, or when the employee submits in writing an opinion that his/her personal safety or security is unattainable

within the current allowance. Excess lodging authorization is not allowed for reason of convenience or personal preference for the employee. The employee may exceed the part of the ceiling allocated for lodging without approval from department head or his or her designee provided that the total lodging and food reimbursement does not exceed the maximum daily subsistence.

5.1.8 Third Party Lodging

Reimbursement for lodging in an establishment that is being rented out by a third party or an establishment treated as an apartment building by state or local law or regulation is allowed only if the agency can document that per day lodging rates will cost less than standard in state or out of state lodging rates described in Section 5.1.2. Internal agency approved third party lodging requests and payments must include documentation contained in travel or accounts payable records that provide evidence of savings to the State. Third party lodging agreements are not allowed among family members or where such agreements or payments create a financial conflict of interest to the traveling employee or other agency managers or employees. Third party lodging may include, yet is not limited to, online website house or room rental services.

In each case where third party lodging is being considered, the applicant must provide their budget officer all details regarding the arrangement, including the amount to be charged, the length of stay, projected cost savings compared to standard lodging rates and contact information. A signed rental agreement, or a reservation and receipt, and documentation of agency budget office prior approval must be presented to receive reimbursement.

5.1.9 Penalties and Charges Resulting from Cancellations

Penalties and charges resulting from the cancellation of travel reservations (including airline, hotel, or other travel reservations and conference registration) shall be the department's obligation if the employee's travel has been approved in advance and the cancellation or change is made at the direction of and/or for the convenience of the department. If the cancellation or change is made for the personal benefit of the employee, it shall be the employee's obligation to pay the penalties and charges. However, in the event of accidents, serious illness, or death within the employee's immediate family or other critical circumstances beyond the control of the employee, the department may pay the penalties and charges.

5.1.10 Authorization for Meals

Prior written approval by the department head or his or her designee must be obtained in order to qualify for reimbursement for meals. Supervisory personnel certifying the reimbursement request as necessary and proper must require documentation from the traveler to substantiate that the payment for meals was necessary and accomplished.

5.1.11 Reimbursement for Meals

Each employee is responsible for his or her own request for reimbursement. Tips for meals are included in the meal allowance. Each meal reimbursement rate must be listed on the reimbursement request. Departure and arrival times must also be listed on the reimbursement request. The costs of meals included in other related activities (registration fees, conference costs, hotel registration, etc.)

may not be duplicated in reimbursement requests. An employee may be reimbursed, if requested, for breakfast even if their lodging establishment offers a free continental breakfast.

If funding sources involve federal or non state sources and the overseeing grant entities allow travel reimbursement rates that exceed state reimbursement rates and per diem amounts, state agencies shall utilize the lower state rates. Exceptions to this policy can be approved by the Agency head or his designee and must be included in the non state grant records.

5.1.12 Meals during Overnight Travel

A state employee may be reimbursed for meals, including lunches, while on official state business when the employee is in overnight travel status.

Employees may be reimbursed for meals for partial days of travel when in overnight travel status and the partial day is the day of departure or the day of return. The following applies:

- Breakfast: depart duty station prior to 6:00 am.
- Lunch: depart duty station prior to Noon (day of departure) or return to duty station after 2:00 p.m. (day of return).
- Dinner: depart duty station prior to 5:00 p.m. (day of departure) or return to duty station after 8:00 p.m. (day of return).
- The travel must involve a travel destination located at least 35 miles from the employee's regularly assigned duty station or home, whichever is less.

5.1.13 Meals during Daily Travel

Department Secretary or Agency Heads may set individual agency policy to allow for employee reimbursement of breakfast and dinner meals for day travel when employees are not in overnight travel status. By state statute, lunches cannot be reimbursed unless the employee is in overnight travel status or otherwise specified in [G.S 138-6](#). Agency policy should incorporate the following departure times and return times:

- Breakfast (morning): depart duty station prior to 6:00 am and extend the workday by 2 hours.
- Dinner (evening): return to duty station after 8:00 pm and extend the workday by 3 hours.
- The travel must involve a travel destination located at least 35 miles from the employee's regularly assigned duty station or home, whichever is less.

The [Internal Revenue Service \(IRS\)](#) considers meal reimbursement outside of overnight travel status as taxable compensation payments. If an employee receives breakfast or dinner under this section, then the agency must treat the payment as employee compensation for purposes of withholding federal, state, and FICA taxes. The Office of State Controller (OSC) has established payroll system payment mechanisms to ensure withholding of taxes for meal compensation under this section.

Department Secretaries or Agency Heads who decide to implement this section as part of their agency's travel policy, should guarantee all employees are aware of the tax implications and include the policy in the agency's internal policy and procedures manual.

5.1.14 Meals and Day-to-Day Activities

State employees may not be reimbursed for meals in conjunction with a congress, conference, assembly, convocation or meeting, or by whatever name called, of employees within a single state department, institution or agency, or between the employees of two or more state departments, institutions or agencies to discuss issues relating to the employee's normal day-to-day business activities.

5.1.15 Meals for Required Employee Attendance

A state employee may be reimbursed for meals, including lunches, when the employee's job requires his attendance at the meeting of a board, commission, committee, or council in his official capacity and the meal is preplanned as part of the meeting for the entire board, commission, committee or council. Such board, commission, committee, or council must include persons other than the employees of a single state department, institution, or agency.

5.1.16 Deleted

5.1.17 Excess Meals

No excess reimbursement will be allowed for meals unless there are predetermined charges, or the meals were for out-of-country travel. The department head or his or her designee may grant excess subsistence for meals for out-of-country travel.

5.1.18 Convention Registration

State law allows reimbursement of the actual amount of convention registration fees as shown by a valid receipt or invoice ([G.S. 138.6](#))

5.1.19 Passports

Reimbursement for costs incurred in obtaining or renewing a passport may be made to an employee who, in the regular course of his duties, is required to travel overseas in the furtherance of official state business. Passport expenses are chargeable to the same fund that supports the employee's trip .

5.1.20 Transportation by Common Carrier

Reimbursement for air, rail, or bus fare is limited to actual coach fare, substantiated by receipt. Reimbursement for fees for check-in, seat assignments, and baggage is limited to actual costs substantiated by receipt.

5.1.21 Super Saver Rates

When traveling by common carrier to conduct official state business, employees traveling to their destination earlier than necessary and/or delaying their return to avail the state of reduced

transportation rates may be reimbursed subsistence for additional travel days if, in the opinion of the department head or his or her designee, the amount saved due to the early and/or delayed travel is greater than the amount expended in additional subsistence. For example, when the reduced airfare rates require staying overnight one Saturday night, to be eligible for reimbursement, the state employee must stay overnight on the Saturday closest to the first or last day of official state business to which the employee is attending.

With sufficient justification, the department head or his or her designee can make an exception to this requirement prior to travel commencing.

5.1.22 Transportation by International Flights

Employees traveling internationally on overseas flights may be reimbursed actual business class fare (substantiated by receipt) with prior approval of the department head or his or her designee.

5.1.23 Deleted

5.1.24 Coupons or Certificates for Reduced Air Fare

Coupons or certificates for reduced air fare, if acquired by a state employee while traveling on state business at state expense, are the property of the State and should be used, to the extent possible, by the State employee on future state business trips.

5.1.25 Fees and Service Charges

With sufficient justification and documentation and with approval of the department head or his or her designee, state employees can be reimbursed for usual, customary, and reasonable fees and services charges imposed by travel agents for assistance in making travel arrangements.

5.1.26 Transportation by Personal Vehicle

It is the intent of the State that state employee travel shall be conducted in the most efficient manner and at the lowest and most reasonable cost to the state. With regard to passenger vehicle travel, whether in- or out-of-state, agency travel policies shall:

- Maximize utilization of state-owned vehicles (agency-owned or agency-assigned vehicles owned by the Department of Administration),
- Make use of State term contracts for short-term rentals (State Term Contract 975B Vehicle Rental Services), and
- Reimburse for use of personal vehicles on a limited basis in situations when the use of state owned vehicles or state term contract rental vehicles are not readily available.

Agencies are encouraged to establish policies that promote efficient travel, such as ride-sharing. When State-owned resources are not available, the agency may procure vehicles through the State's term contracts or reimburse use of personal vehicles. If a state employee chooses to use a personal vehicle, actual mileage is reimbursable. Mileage is measured from the closer of duty station or point

of departure to destination (and return). A state employee shall be reimbursed the business standard mileage rate set by the Internal Revenue Service (**54.5 cents per mile effective January 1, 2018**) when using their personal vehicle for state business when the trip does not exceed 100 miles per trip. For business travel trips that utilize personal vehicles and exceed 100 miles per trip, the employee shall be reimbursed at a rate that would not exceed 33 cents a mile. Parking fees, tolls, and storage fees are reimbursable when the required receipts are obtained. Fines for traffic and parking violations are the responsibility of the state employee. Internal agency exceptions to this policy can be granted by agency heads, or their designees, if an agency has a unique clearly documented business need that is not directly addressed by this OSBM policy. These exceptions are public records and shall be made available upon request by OSBM staff, auditors or interested third parties.

5.1.27 Transportation by a Rental Vehicle

For both in-state and out-of-state travel, rental vehicles shall be obtained through the State's term contracts when available. Unless prior approval has been obtained from the department head or his or her designee, the state employee shall bear the difference in cost when renting a vehicle from a class that exceeds the cost of a standard vehicle on the State's term contract for short-term vehicle rentals. No reimbursement will be made for rental insurance purchased because state employees are covered under the State's auto insurance program. However, reimbursement for automobile rental insurance will be permitted for individuals engaged in state business during travel to international destinations. Rental vehicles are not authorized for personal use.

5.1.28 Transportation by State Vehicle

Procedures for obtaining and using state vehicles owned by the Division of Motor Fleet Management (Department of Administration) are set out in the [Rules and Regulations](#) provided by that division.

5.1.29 Transportation by Chartered Aircraft

The use of charter aircraft must be approved by the department head or his or her designee, provided the following is substantiated and put in writing:

- A state aircraft is not available or not appropriate for the size of the party traveling or the destination airport.
- The use of a charter flight is more economical than a commercial flight.
- The use of a charter flight is necessary because of unusual travel circumstances.

5.1.30 Deleted

5.1.31 Non-state Employee Riders

Non-state employees may accompany state employees in state-owned vehicles when they have a business interest in the purpose of the trip and their presence is related to state business. Students of state universities, colleges, and institutions may be passengers in state-owned vehicles to attend

athletic events and other activities officially sanctioned by the institution, provided the proper account is reimbursed at the standard mileage cost rate by the student activity fund involved. Spouses and children of state employees may accompany them in state-owned vehicles, if space is available and all travel is strictly for official state business ([G.S. 143-341\(8\)\(i\)\(7\)](#)) grants Department of Administration rule-making authority in this area]. Hitchhikers are not permitted to ride in state-owned vehicles.

5.1.32 Transportation by State Vehicle at Destination

At the employee's destination, state-owned vehicles may be used prudently for travel to obtain meals and for de-minimis personal purposes. Examples of de-minimis personal travel would include stopping for lunch, picking up a prescription at a pharmacy and related errands. No common carrier or public transportation fares are reimbursable on a trip on which an employee uses a state-owned vehicle, unless it is shown that such transportation was more economical in a particular situation.

5.1.33 Commuting

No reimbursement shall be made for the use of a personal vehicle in commuting from an employee's home to his duty station. (No mileage reimbursement is allowed to employees on "call back" status.) For the State's policy on compensation to employees on "call back" status, see the [State Human Resources Manual](#).

5.1.34 Use of Public Safety Vehicle for Commuting

No state employee shall be exempt from payment of reimbursement for commuting except as provided for in [G.S. 143-341\(7a\)](#). The provisions of this rule do not apply to clearly marked police and fire vehicles or unmarked law-enforcement vehicles that are used in undercover work and are operated by full-time sworn law enforcement officers whose **primary duties** include carrying a firearm, executing search warrants, and making arrests. The Department of Administration shall report quarterly to the Joint Legislative Commission on Governmental Operations on individuals who use state owned vehicles between their official work stations and their homes, who do not reimburse the State for these trips.

The rate of reimbursement shall approximate the benefit derived from the use of the vehicle as prescribed by federal law and shall be determined by the Department of Administration. Reimbursement shall be for 20 days per month regardless of how many days the individual uses the vehicle to commute during the month. Reimbursement shall be made by payroll deduction each month from the employee's check and deposited as a refund of expenditure to the fund/center and account where the motor fleet bill is paid.

5.1.35 Travel to/from Airport at Employee's Duty Station

Reimbursement for travel between the employee's duty station or home (whichever is less) and the nearest airline terminal (or train/bus station if applicable) and for parking may be made under the following circumstances. For travel by:

- Taxi, car service, mobile phone ordered car service, or Airport Shuttle - actual costs with receipts.
- Private Car - the business standard mileage rate set by the Internal Revenue Services for a maximum of two round trips with no parking charge, or for one round trip with parking charges. Receipts are required for airport parking claims.
- Use of Public Transportation – In lieu of using a taxi or airport shuttle, employees can be reimbursed without receipts \$5.00 for each one-way trip either from the airport to the hotel/meeting or from the hotel/meeting to the airport or the actual cost of the travel with the submission of receipts.

5.1.36 Travel to/from Airport at Employee's Destination

Reimbursement for travel to and from the airline terminal (or train/bus station if applicable) at the employee's destination may be made where travel is via most economical mode available as listed below:

- Taxi, car service, mobile phone ordered car service, or Airport Shuttle service – actual costs with receipts.
- Rental Vehicles - may be used with the prior approval of the department head or his or her designee (receipt required).
- Use of Public Transportation – In lieu of using a taxi or airport shuttle, employees can be reimbursed without receipts \$5.00 for each one-way trip either from the airport to the hotel/meeting or from the hotel/meeting to the airport or the actual cost of the travel with the submission of receipts.

5.1.37 Parking

Parking expenses are reimbursable while in the course of conducting official State business as long as such expenses are determined reasonable and clearly show that there was care taken to keep the costs to the State as low as possible.

5.1.38 Travel Involving Trips Other than to and from the Airport

The actual costs of taxi and shuttle service fares are reimbursable when required for travel on official state business. The request must be documented with a receipt. The use of public transportation is reimbursable for actual costs with a receipt.

5.1.39 Authorization for Out-of-Country Travel

All out-of-country travel must be authorized by the department head or such department official designated by him or her.

Out-of-country travel status begins when the employee leaves the country and remains in effect until the employee returns to the country. If the employee and other qualified official travelers use hotel and meal facilities located outside North Carolina, but within the continental United States, immediately prior to and upon returning from out-of-country travel but during the same travel period, out-of-state subsistence rates shall apply.

5.1.40 Travel Advances

All employees who travel on state business may be issued advances when authorized by the department head or his or her designee in order that personal funds will not be required. Fiscal records must be maintained by the department for proper control.

Eligibility for advances and reporting requirements are as follows:

- State employees who have not been issued state credit cards for travel purposes.
- Travel advances for occasional travel must not exceed the estimated cost of the trip. Advances must be deducted from the reimbursement request on the travel expense report that is to be submitted within 30 days after the travel period or June 30, whichever comes first.
- Travel advances for regularly scheduled travel for employees who travel each month may be made through an annual advance of funds equal to the average monthly expense. All reimbursement requests shall be filed and paid monthly for incurred expenses and the advance must be repaid as of June 30 annually or earlier if required by the agency. If it is determined that the monthly reimbursement has averaged less than the annual advancement, the advance must be reduced to the newly established amount.