

**STATE OF NORTH CAROLINA
BUDGET MANUAL
OFFICE OF STATE BUDGET AND MANAGEMENT**

Effective Date July 1, 2009

Updated July 1, 2011

ence or convenience. Employee misuse of state-issued credit cards is grounds for termination. Pursuant to [G.S. 138-6\(c\)](#), requests for reimbursement shall be filed within 30 days after the travel period ends for which the reimbursement is being requested.

5.0.3 Official State Business

These policies are intended to apply only to those state employees or other persons on official state business. Official state business occurs when the State employee or other person is traveling to attend approved job related training, work on behalf of, officially represent, or provide a state service upon the State's request. Travel that would not directly benefit the State will not be reimbursable.

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.

The maximum allowable statutory rate for meals and lodging (subsistence) is \$100.25 for in-state travel and \$114.35 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 shall be used for reporting allowable subsistence expenses incurred while traveling on official state business:

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	<u>In-State</u>	<u>Out of State</u>
Breakfast	\$ 8.00	\$ 8.00
Lunch	\$ 10.45	\$ 10.45
Dinner	\$ 17.90	\$ 20.30
Lodging (actual, up to)	<u>\$ 63.90</u>	<u>\$ 75.60</u>
Total	\$100.25	\$115.55

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 per bag;
Shuttle Drivers = no more than \$2 per bag.

- Parking/Auto Related: Valets = \$2 per car when collecting the car;
Taxi Drivers = 15% of the fare and \$1 - \$2 a bag.

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 must involve a travel destination located at least 35 miles from the employee's regularly assigned duty station or home, whichever is less, to receive approved reimbursement. "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. 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. Requests for reimbursement shall be filed within 30 days after the travel period ends for which the reimbursement is being requested ([G.S. 138-6\(c\)](#)). Spe-

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cific dates of lodging must be listed on the reimbursement request, which shall be substantiated by a receipt from a commercial lodging establishment, not to exceed \$65.90 per night for in-state lodging or \$78.05 per night for out-of-state lodging.

Telephone access fees for business calls are considered a miscellaneous expense. Telephone access fees for personal calls are only reimbursable if they comply with the policy found later in this section.

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 of 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 not allowed unless approved by OSBM in advance. Requests for third party lodging must provide evidence of savings to the State. An exception may be granted by OSBM for requests that do not show a savings with sufficient justification to support the necessity for third party lodging. Third party lodging agreements are not allowed among family members.

In each case where third party lodging is being considered, the applicant must provide their budget officer and OSBM all details regarding the arrangement, including the amount to be charged, the length of stay, and contact information. A signed rental agreement and documentation of agency budget office and OSBM approval must be presented to receive reimbursement.

Universities or NCSSM designated as special responsibility constituent institutions (SRCI) pursuant to G.S. 116-30.1 may authorize third-party lodging without OSBM approval if the institution develops an internal Third-Party Lodging Policy. This policy must be submitted and approved by OSBM prior to delegation of authority from OSBM. Upon receipt of OSBM approval of the Third-Party Lodging Policy, the institution must make the policy available to all impacted campus employees. At a minimum, the policy must include the following:

1. Documentation required to show evidence of savings to the State, based on approved in-state and out-of-state lodging rates.
2. Guidelines for determining appropriate comparison hotels when requests exceed State lodging rates, but may still demonstrate evidence of savings to the State.

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3. Criteria the campus will follow to grant an exception if the request does not provide evidence of savings to the State.
4. Requirement to gain advance approval and provide a signed rental agreement in order to receive reimbursement.
5. Prohibition of lease agreements with family members.
6. Statement identifying the Chancellor or the Chancellor's designee as the approval authority for all requests.

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.

State rules and guidelines shall take precedence over federal guidelines governing the use of federal grant funds, unless specifically exempted by OSBM in advance.

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. The destination must be located at least 35 miles from the employee's regularly assigned duty station (vicinity) or home, whichever is less, to receive approved reimbursement.

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5.1.13 Meals during Daily Travel

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 and extend the workday by 2 hours.
- 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) 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 (vicinity) or home, whichever is less.

Allowances cannot be paid to employees for lunches if travel does not involve an overnight stay; however, employees can be eligible for allowances for the breakfast and evening meals when the following applies:

- 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 (vicinity) or home, whichever is less.
- Allowances for the breakfast and evening meals for employees working nontraditional shifts must have prior approval of OSBM.

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.

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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 Meals and Commercial Air Travel

Employees are allowed to claim reimbursement for meals even though they are shown and offered as a part of one's flight schedule on a commercial airline.

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\(a\)\(4\)\]](#).

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 check – in fees 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. 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.

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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 Frequent Flyer Miles

Frequent flyer miles earned by a state employee while traveling on state business at state expense are the property of the State. Frequent flyer miles accumulated by an individual state employee during previous state business trips should, to the extent possible, be used by the State employee accumulating the frequent flyer miles while traveling on future state business trips.

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

Actual mileage is reimbursable. Mileage is measured from the closer of duty station or point of departure to destination (and return). The business standard mileage rate set by the Internal Revenue Service (**55.5 cents per mile effective July 1, 2011**) will be paid. Parking fees, tolls, and storage fees are reimbursable when the required receipts are obtained. A state employee shall be reimbursed the business standard mileage rate set by the Internal Revenue Service when using their personal vehicles for state business when the round trip does not exceed 100 miles or when a state-owned vehicle is not available. However, if a state employee chooses to use a personal vehicle when a state-owned vehicle is available, all departments and agencies will reimburse the employee at the motor fleet rate for mileage of **30 cents per mile (effective May 1, 2010)**.

5.1.27 Transportation by a Rental Vehicle

Rental vehicles may be used; however, rental vehicles are not to be used at state expense solely for the convenience or personal preference of the employee. A receipt is necessary for reimbursement. 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.

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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. Every individual who uses a permanently assigned state-owned passenger motor vehicle, pickup truck, or van to drive between his official workstation and his home shall reimburse the State for these trips at a rate computed by the Department of Administration.

Note: Agencies are allowed one vehicle wash per month for permanently assigned Motor Fleet Management vehicles not to exceed \$15.00. A reimbursable tip not to exceed \$2.00 per wash is allowed with appropriate receipt.

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 Use of Aircraft Owned by a State Employee

Reimbursement for costs incurred in the use of aircraft, owned by a state employee, on official state business may be approved by the department head or his or her designee, provided the following is substantiated and put in writing:

- The use of the aircraft owned by a state employee is necessary because of unusual travel circumstances and is not for the sole convenience of the employee who owns the plane.
- The use of the aircraft, owned by a state employee, at the rates published below, is cheaper than any other method of air travel.
- The allowable reimbursement rate for aircraft owned by a state employee is \$0.68 per mile per passenger.

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.

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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, but not for private purposes or for entertainment while off duty. 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 Personnel 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 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 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.

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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 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; however, rental vehicles may not be used for the sole convenience of the employee (receipt required).
- Use of Public Transportation – In lieu of using a taxi or airport shuttle, employees can be reimbursed without receipts \$5 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. Any parking rates considered excessive and only for the convenience of the traveler will not be reimbursable. An example of excessive or inappropriate parking would be the use of an airport's hourly parking lot for an overnight trip.

5.1.38 Travel Involving Trips Other than to and from the Airport

The actual cost 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:

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- **State employees who have been issued state credit cards** for travel purposes should not be issued travel advances, unless there is substantiated justification.
- **Travel advances for occasional travel** must not exceed the estimated cost of the trip and may not be issued more than five working days prior to the date of departure. 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 thorough 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 advance-ment, the advance must be reduced to the newly established amount.

5.2 Travel Policies for State Officials

5.2.1 Political Functions

State officials, both elected and appointed, sometimes attend political functions or meetings. The following policies are intended to be guidelines for the payment from state funds for travel and subsistence costs surrounding the attendance of state public officials at political functions or meetings.

5.2.2 Travel Related to a Political Function

No state funds may be used to pay travel and/or subsistence costs for a state official while attending a political function or meeting. In the event a state-owned aircraft is used, the reimbursement rate will be the actual operating cost rate per flight hour. If a state-owned vehicle is used, the reimbursement rate to the State will be the motor pool rate.

5.2.3 Travel Related to Official State Business that Includes Political Functions

If a trip includes both official state business and political functions or meetings, state funds may be used to pay up to one-half of the travel and/or subsistence costs. In the event that a state-owned aircraft is used, the cost to the State will be charged at the regular rate per flight hour and the charge to a non-state source will be at the actual operating cost rate per flight hour. If a state-owned vehicle is used, the reimbursement rate to the State will be the motor pool rate.

5.2.4 All Other Travel

Travel reimbursement policies and regulations for all other travel for state officials is the same as for state employees.