



**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM**

*Jennifer Haygood*

*Acting President*

January 31, 2018

**MEMORANDUM**

**TO:** Chief Business Officers  
Controllers/Bookkeepers

**FROM:** Brandy Andrews, Associate Vice President  
College Finance & Operations

**RE:** OSBM Revised Travel Policies and Procedures  
Change in IRS Mileage Rates

We received communication from the Office of State Budget and Management (OSBM) that outlined extensive changes and updates to the State Budget Manual travel policies and procedures. The attached OSBM memo also communicates the change to the Internal Revenue Service (IRS) mileage rate from 53.5 cents to 54.5 cents and the medical or moving purposes rate increase from 17 cents per mile to 18 cents, effective January 1<sup>st</sup>.

As stated in 1H SBCCC 200.5 Expenditure of State Funds: Travel and Allowances, “State funds shall be expended for travel consistent with travel procedures prescribed by the Office of State Budget and Management in the State of North Carolina Budget Manual or a policy adopted by the college’s board of trustees that is more restrictive..”.

The travel policy update incorporated several changes. While it is important that you review the OSBM memo and revised State Budget Manual, we would like to point out two key changes: Section 5.1.26 Transportation by Personal Vehicle has been changed and Section 5.1.13 Meals during Daily Travel has been repealed and removed from the manual. Meal reimbursement for daily travel (when an employee is not in overnight travel status) is no longer allowable. Any travel initiated prior to February 1 should be handled under the prior policy.

The following options still apply and should continue to be reflected in your local travel policies:

- Maximize utilization of college owned vehicles
- Make use of State term contracts for short-term rentals (State Term Contract 975B Vehicle Rental Services)
- Reimburse for use of personal vehicles

CC18-003

The revised policy impacts mileage reimbursements for use of personal vehicles. The previous 100 miles round trip *per day of travel status* does not apply. Prior travel policy calculated 100 miles per day that the employee is in travel status. Mileage reimbursed will no longer consider days that the employee is in travel status. The policy now allows for the following:

**When round trip mileage does not exceed 100 miles (regardless of the number of days traveled):** Employees can be reimbursed the business standard mileage rate set by the Internal Revenue Service (currently, 54.5 cents per mile) when using their personal vehicle for state business.

**When round trip mileage does exceed 100 miles (regardless of the number of days traveled):** Employees can be reimbursed at a rate that would not exceed .33 cents a mile.

These changes have been update in the [OSBM Budget Manual](#) posted on their website. We are working to incorporate changes in our Accounting Procedures Manual.

Attachment

OSBM memo dated January 19, 2018



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

ROY COOPER  
GOVERNOR

CHARLES PERUSSE  
STATE BUDGET DIRECTOR

January 19, 2018

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers

FROM: Charles Perusse *Charles Perusse*  
State Budget Director

RE: Change in IRS Mileage Rates and OSBM Travel Related Policies and Procedures  
Effective January 1, 2018

Effective January 1, 2018, the Internal Revenue Service (IRS) has established new mileage rates based on an annual study of the fixed and variable costs of operating an automobile. The business standard rate increased from 53.5 cents per mile to 54.5 cents, and the medical or moving purposes rate increased from 17 cents per mile to 18 cents. Accordingly, and pursuant to G.S. 138-6(a)(1), the Office of State Budget and Management will adjust the allowable rate of reimbursement for travel by officers and employees on official state business.

The Travel Policies and Regulations section of the Budget Manual has been updated to reflect the new IRS mileage rates.

OSBM has also updated Chapter 5 of the State Budget Manual concerning travel policies and procedures. The over-arching financial management objectives of these changes include:

- Deleting rarely used or outdated policies.
- Providing clarification to managers and employees that some policies may have a potential federal or state tax compliance concern or conflict and provide a process to resolve potential concerns.
- Simplifying administratively complex or confusing policies.

The most notable changes are summarized below.

- Section 5.0.1: Allows agencies flexibility to adopt more conservative policies based on their financial or executive management position.
- Section 5.1.8: Third party lodging. Authorizes the use of online residential rental services that are supported by demonstrated savings.

- Section 5.1.13: In order to comply with federal IRS policies, deletes option to allow breakfast and dinner reimbursements when no over-night stay is involved.
- Section 5.1.26: Personal vehicle reimbursement rates revised to provide clarity and reduce administrative complexity.
- Section 5.1.35: Authorizes use of ride sharing services, in addition to taxi and shuttle services.
- Section 5.3.1: Board and Commission member per diem compensation. Section is revised to be consistent with recent IRS guidance that per diem compensation may be taxable as employee type payments. It directs boards and commissions to consult their legal counsel to determine if the guidance is applicable to their unique board. If the per diem payments are taxable, it specifies that the State Controller has a payroll system mechanism that can help them deduct tax withholding amounts.
- Section 5.3.9: The \$4.50 meeting break rate is adjusted to \$5.00 for coffee, snacks and related items.
- Section 5.5.4: Licensing board member mileage adjusted to rates consistent with state employees.
- Section 5.10: Mobile Device Policies. Revises section and replaces with annual requirement that agencies are responsible for establishing appropriate use policies and periodic internal audit reviews concerning mobile devices.

Please review your department's budget and travel policies to ensure that they are consistent with these changes. If you have specific questions regarding these changes, please contact your OSBM budget analyst at (919) 807-4700.