



DEFENSE TRAVEL MANAGEMENT OFFICE

Flat Rate Per Diem Policy Key Messages

EFFECTIVE November 1, 2014: New Joint Travel Regulations Policy for Long Term TDY

I. Key Messages

- In order to encourage travelers to take advantage of cost saving opportunities available for long term travel, travelers performing TDY for more than 30 days in one location (CONUS and OCONUS) will receive a flat rate per diem.
 - On the travel day to the TDY location, the traveler receives up to 100% lodging per diem at the locality rate and 75% meals and incidental expenses (M&IE).
 - For long-term TDY lasting 31 -180 days (in a single location), the authorized flat rate is 75% of the locality rate (lodging plus M&IE) payable for each full day of TDY at that location.
 - For long-term TDY of 181 days or greater (in a single location), the authorized flat rate is 55% of the locality rate (lodging plus meals and incidental expenses (M&IE)) payable for each full day of TDY at that location. Normally, TDY over 180 days is prohibited, but may be authorized at a very senior level when justified.
 - When authorized a flat rate per diem, travelers are not required to submit a lodging receipt but may be required to validate to their Approving Official that they did incur lodging costs.
- The flat rate per diem does not apply when government lodging or contracted government lodging is available AND directed, when contracted government lodging is provided at no cost, or if a traveler chooses to stay in government quarters.
 - When staying in government lodging, the traveler will be reimbursed for actual lodging costs.
- If the traveler is provided meals or government meals are available and directed, the traveler will be paid per diem at the Government Meal Rate, Proportional Meal Rate or the Incidental Expense portion of per diem, as appropriate, and flat rate per diem is not applicable.
- The traveler must incur a lodging cost in order to be reimbursed flat rate per diem. Travelers will not receive the lodging portion of per diem if they stay with friends or relatives or purchase a home at the TDY location.
- When authorized flat rate per diem, travelers are not required to itemize daily lodging expenses associated with a short-term rental (e.g., rent, electric, cable, phone).
- Any traveler unable to find suitable commercial lodging at the reduced per diem rate should contact their Commercial Travel Office (CTO) for assistance. If both the traveler and the CTO determine that lodging is not available at the reduced per diem rate, the Authorizing Official may then authorize

actual lodging (not to exceed the locality per diem rate). However, the traveler will receive M&IE at the reduced rate (75% for TDY of 31-180 days and 55% for TDY of 181+ days).

- This new policy is effective November 1, 2014.
- At this time, DTS does not automatically calculate the reduced per diem based on the length of the TDY. Travelers should follow their component guidelines for how to handle in DTS.

Background

- Congress commissioned the Department of Defense (DoD) to take a comprehensive look at travel in order to streamline processes, simplify the rules, improve compliance, leverage current technologies, and reduce the overall cost of travel without impairing DoD's mission.
- External drivers have directed the Department of Defense (DoD) to reduce travel spend.
- The National Defense Authorization Act (NDAA) 2012 established a new title 37 U.S.C., Chapter 8 – Travel and Transportation Allowances, giving Secretary of Defense and other administering Secretaries broader, more flexible authority to prescribe and implement travel and transportation policy that is simple, efficient, and relevant.
- The Department considered the following guiding principles in formulating this policy change:
 - Do no harm – reduce trip costs without harming the traveler or the mission.
 - Fair compensation - compensate travelers for expenses incurred based on actual behavior, providing travelers the flexibility to make cost effective travel choices.
 - Evidence-based decision making - use data to test and back up any recommendation.
- With very limited exceptions, when authorized commercial lodging, DoD travelers are permitted to lodge anywhere they choose, at full per diem, and are reimbursed up to the maximum lodging rate for the TDY location.
- The commercial lodging industry considers stays greater than 30 days to be “extended stays” and typically offers reduced rates to ensure occupancy. Currently, the Joint Travel Regulations (for both civilians and uniformed services) encourage travelers TDY for more than 30 days to make reservations on a weekly, monthly or other long-term basis but provide no requirement or incentive for travelers to do so.
- Data analysis demonstrates the flat rate per diem adequately covers lodging, meals, and incidental expenses, more accurately reflecting actual costs incurred during an extended TDY.
- Other Federal Agencies reduce per diem for extended CONUS TDY lasting more than 30 days.
 - Department of State reimburses up to the locality rate for the first 60 days, 50% for 61-120 days, and 25% for 121 days and beyond.
 - Department of Veterans Affairs reduces M&IE to 55% for TDY over 30 days.
 - Department of Health and Human Services reduces lodging allowance to 70% for 30-90 nights, to 75% if lodging does not include cooking facilities, and to 50% if cooking facilities are available.

- Departments of Interior and Commerce pay a flat reduced per diem of 55% of lodging plus M&IE for TDY of 30 days or more.
- Using only travel processed in the Defense Travel System (DTS), DoD estimates over \$22M in annual cost savings from this policy change.
- As with any policy change, this proposal was coordinated with the Services and submitted to the labor unions for comment. All policy and allowance changes are vetted through DoD Governance Boards, specifically the Military Advisory Panel (MAP), the Civilian Advisory Panel (CAP), and when applicable, significant policy changes are approved by the Per Diem, Travel and Transportation Allowance Committee (PDTATAC), a senior level board to the MAP/CAP.

Talking Points for Leadership

- Our current policies for paying lodging plus meals and incidental expenses for extended TDY do not include any incentive for travelers to save government funds. With very limited exceptions, when authorized commercial lodging, DoD travelers are permitted to stay anywhere they choose, at full per diem, and are reimbursed up to the maximum lodging rate for the TDY location.
- By applying industry best practices and incentivizing travelers to take advantage of the economic opportunities of long term travel, we are reducing the costs of travel for the Department.
- The good news is that we have not approached this alone; we vet and work with each of the Uniformed Services and their civilian counterparts to work through and implement these changes. Our partners support these changes; they have seen the data, and they know that in order to meet their mission, even with reduced budgets, they cannot continue to reimburse travels at a level of compensation that exceeds necessary expenditures.
- Both in industry and at other Federal agencies, travelers are reimbursed at a reduced per diem rate for travel over 30 days. These new flat rates for extended travel are a common sense approach that reflect the reality of the economics of travel and still provide fair compensation to our travelers.
- This policy change also simplifies travel expense management—travelers are not required to submit lodging receipts or itemize utilities and furniture rental when renting a home, if receiving the flat rate per diem.
- As we consider new policies/programs/solutions, we apply three guiding principles: do no harm, fairly compensate, and use data to test and back up any recommendation. In the current fiscal environment we can no longer afford to enrich our travelers with outdated travel policy.

II. Draft Announcement

EFFECTIVE November 1, 2014: In order to encourage travelers to take advantage of cost saving opportunities available for long term travel, travelers performing TDY for more than 30 days in one location (CONUS and OCONUS) will receive a flat rate per diem. For Long-term TDY of 31 -180 days, the authorized flat rate is 75% of the locality rate (lodging plus meals & incidental expenses – M&IE) payable for each full day of TDY at that location. For long-term TDY of 181 or greater days, the authorized flat rate is 55% of the locality rate (lodging plus M&IE) payable for each full day of TDY at that location. On the travel day to the TDY location, the traveler

receives up to 100% lodging per diem at the locality rate and 75% meals and incidental expenses (M&IE). When authorized flat rate per diem, travelers are not required to submit a lodging receipt, but may be required to demonstrate that they incurred valid lodging expenses. All TDY in excess of 180 days must be justified and authorized/approved at a senior level.

The commercial lodging industry considers stays greater than 30 days to be “extended stays” and typically offers reduced rates to ensure occupancy. Travelers may also consider furnished apartments or similar types of lodging which are typically cheaper than room rates in commercial lodging.

Any traveler unable to find suitable commercial lodging at the reduced per diem rate should contact their Commercial Travel Office (CTO) for assistance. If both the traveler and the CTO determine that lodging is not available at the reduced per diem rate, the Authorizing Official may authorize reimbursement of actual lodging expenses (not to exceed the locality per diem rate). However, the traveler will receive M&IE at the reduced rate.

This policy change has been coordinated with and approved by the Uniformed Services and applicable Governance Boards and stakeholders.