



**DEFENSE TRAVEL
MANAGEMENT OFFICE**

Reimbursable and Incidental Expense Policy Key Messages

EFFECTIVE October 1, 2014: Revised Joint Travel Regulations Incidental Expense Policy

I. Key Messages

- In an effort to simplify policy, align with industry best practices, and reduce travel costs for the Department, the Incidental Expense definition in Appendix A of the Joint Travel Regulations (JTR) will be revised to:
 - Expand the definition of incidental expenses to include various previously reimbursable miscellaneous expenses including CONUS laundry, baggage tips for uniformed members, and ATM fees.
 - Designate certain expenses such as, cell phone use and phone calls as mission-related versus travel-related expenses that are to be paid outside the travel system.
- Some travel expenses are reimbursed to travelers through the incidental portion of per diem while others are reimbursed as miscellaneous reimbursable expenses. Rules differ in many cases depending on type of travel, traveler, location and the expense. This creates complexity and confusion for the traveler and the Approving Official. This revision simplifies the treatment of these expenses incidental to travel.
- The Incidental Expense portion is paid at \$5.00/day in CONUS and at various rates in OCONUS and is primarily used for expenses such as:
 - Tips to porter, baggage carriers, bellhops, hotel maids, stewards/stewardesses, and others on ships, and hotel servants in foreign countries
 - Other necessary lodging expenses listed in the room account
 - Tax and service charges (other than vendor surcharges for using a credit card) for any of the above expenses
- This policy change means that CONUS laundry expenses, baggage tips, and ATM fees are no longer reimbursable as separate miscellaneous expenses for travel as of October 1, 2014. The incidental expense (IE) portion of per diem is intended to cover such expenses, if incurred. If the member or employee began traveling before October 1st, and incurred CONUS laundry, baggage tips, and ATM fees, only those expenses incurred before October 1st can be reimbursed.
- Today, the GTCC can be used for most, if not all expenses, eliminating the need for travelers to use cash via an ATM. In unique circumstances when this is not the case, such as travel to remote parts of Africa, Approving Officials may authorize the traveler an advance in travel pay.
- In the event the traveler justifies spending more than the applicable per diem rate on incidental expenses averaged over the TDY period, the Approving Official can authorize Actual Expense Allowance (AEA) for

reasonable and necessary meals and incidental expenses. As is the case today, justification must show itemized daily actual meals and expenses authorized with the total compared to the standard meals and incidental expense payments. The free form text field on the Non-Mileage Expense page in DTS is available to itemize expenses that do not appear in the drop down selection list.

- Data analysis demonstrates that the incidental portion of per diem is sufficient to cover those expenses if incurred while on travel.
- These changes will require travelers to adjust, but they will not burden or disadvantage them in any way.
- This policy modification will be effective October 1, 2014.
- The Defense Travel System has been modified to comply with this revised travel regulation. Those expenses now covered by the incidental expense portion of per diem (as of 1 October) have been removed from the Non-Mileage Expenses drop down menus. For more information on the DTS changes, please refer to the Release Information document at:
http://www.defensetravel.dod.mil/DTSOutreach/Software_Maintenance_Release_4_Sep2014_FY14.pdf.

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.
 - 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.
- Data analysis demonstrates that the incidental expense portion of per diem is sufficient to cover such costs incurred by the traveler. In a review of travel vouchers, we found that:
 - Only 13.27% of travelers claim ATM fees at an average of \$0.76/day
 - Only 4.2% of travelers claim CONUS Laundry expenses at an average of \$1.63/day
 - Only 0.04% of travelers claim transportation tips at an average of \$0.86/day
- DoD 7000.14-R, the Department's Financial Management Regulation states, "unless otherwise exempt, all DoD personnel (military or civilian) are required to use the Government Travel Charge Card (GTCC) for all

authorized expenses relating to official government travel.” Today, the GTCC can be used for most, if not all expenses, eliminating the need for travelers to use cash via an ATM. In unique circumstances when this is not the case, such as travel to remote parts of Africa, Approving Officials may authorize the traveler an advance in travel pay.

- Tips are gratuitous and subject to the traveler’s discretion. Although tips may be customary in certain places, they are not required.
- Communication services including cell phone use and phone calls have been deemed as mission-related expenses and are paid outside the travel system.
- Using only travel processed in the Defense Travel System (DTS), DoD estimates over \$15M in annual cost savings from this policy change.
- As with any policy change, this change 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

- By eliminating the reimbursement of outdated expenses, such as lodging room telephone use, and correcting costly practices, like frequent ATM usage, we are reducing the cost of travel. Think about it - do we go to the ATM daily to take out cash? Why should we do that when we travel for the government, particularly when we are issued a charge card that can handle our official expenses? If a traveler is TDY at a remote location where cash is necessary, data shows that the daily incidental portion of per diem is sufficient to cover ATM use fees plus any other incidentals expenses incurred. In the rare cases where a traveler incurs legitimate expenses over the per diem rate, the Approving Official can authorize Actual Expense Allowance (AEA) for reimbursement of Meals and Incidental Expenses above the per diem rate.
- 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 receive a level compensation that exceeds actual expenditures.
- Many of these expenses are either prohibited by other agencies. For example the Department of State does not reimburse laundry except for the U.S. Agency for International Development. Some of these previously reimbursed are mission-related, not travel related: mobile phones, air cards, and other technology solutions for example.
- Previously, several obsolete reimbursable expenses like telegrams, cablegrams, or radiograms and services of typists, data processors, or stenographers were removed through the Military Advisory Panel (MAP) and Civilian Advisory Panel (CAP) process and became effective in April 2013.

- 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 October 1, 2014: In an effort to simplify policy, align with industry best practices, and reduce travel costs for the Department, the Incidental Expense policy in Appendix A of the Joint Travel Regulations (JTR) will be revised to expand the definition of incidental expenses to include various miscellaneous reimbursable expenses including CONUS laundry, baggage tips, and ATM fees. These expenses will now be covered under the incidental expense portion of per diem (\$5/day in CONUS and at various rates OCONUS) and will no longer be reimbursed as separate miscellaneous expenses. This policy revision also designates certain expenses such as, cell phone use and phone calls as mission-related versus travel-related expenses that are to be paid outside the travel system.

Data analysis of travel vouchers shows that the incidental expense portion of per diem is sufficient to cover such costs if incurred by the traveler. This policy change has been coordinated with the Uniformed Services, applicable Governance Boards, and stakeholders.