

PER DIEMS FOR GOVERNMENT CONTRACTORS

BY RICHARD HARTZMAN

The imposition in 1986 of a flat-rate reimbursement system for travel allowances for contractors to the federal government has created something of an outcry in the meetings and conventions industry. It means that employees within the same company may be treated differently: Those involved with government work are subject to the flat-rate system; those doing commercial work are not.

This development is a result of legislation under which government contractors are subject to the same limited per diem allowances for lodging, meals and incidental expenses as federal employees. Nevertheless, those affected should be aware that there are circumstances in which "actual and necessary" expenses will be reimbursed. Meeting attendees often are eligible for reimbursement higher than the per diem. The relevant circumstances are detailed near the end of this column.

The rationale for the change from the old policy of reimbursing actual "reasonable" travel expenses is concern for equality and economy. In the not very lengthy discussion about the law in Congress, Representative Cardiss Collins of Illinois said that the new policy was meant to "assure that government contractors who charge their employees' travel against the government contract are not able to claim more for that travel than what a federal employee performing the same travel could claim." And the Congressional Budget Office noted that the policy change "is likely to reduce somewhat government contracting costs."

Under the new flat-rate reimbursement system, the General Services Administration (GSA) establishes allowances by locality in accordance with currently prevailing average costs. The amounts are determined by surveys conducted for each place or area.

Per diem rates for all localities will be reviewed by GSA annually. The GSA also will consider requests for a review of the costs in a particular city if the traveler's experience indicates that the per diem rate is inadequate. Hence, organi-

zations representing government contractors should be encouraged to file requests for rate modifications.

THE REGULATORY LABYRINTH

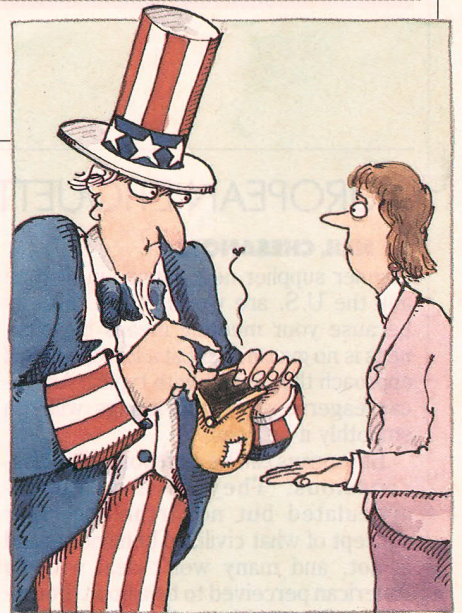
The system for determining allowances is set forth in a typical maze of federal regulations. The general principles regarding travel costs for government contractors are in the Federal Acquisition Regulation, Subpart 31. This, in turn, refers to other regulations for specific travel allowances.

- 1) The schedule of per diem rates for localities in the continental United States is outlined in the *Federal Travel Regulations*. The current schedule was published in the May 30, 1986, issue of the *Federal Register*. (For selected cities, see the chart).
- 2) The schedule of travel allowances for Alaska, Hawaii, Puerto Rico, and other U.S. possessions appears in the *Joint Travel Regulations* prescribed by the Defense Department.
- 3) Per diem travel allowances in foreign countries are set by the State Department in its *Standardized Regulations*, section 925.

Subscriptions to all three sets of regulations are available from the Government Printing Office. They are recommended for contractors who travel frequently.

CURRENT MAXIMUM PER DIEM ALLOWANCES IN SELECTED U.S. CITIES

LOCALITY	LODGING	MEALS & EXTRAS
New York City	...\$93	.....\$33
Washington, D.C.	...79	.....33
Boston	.....75	.....33
Chicago	.....72	.....33
Los Angeles	.....77	.....33
San Francisco	.....62	.....33
Denver	.....57	.....33
Dallas/Ft. Worth	.....74	.....33
Atlanta	.....62	.....33
Tampa/St. Petersburg	.....52	.....25
Phoenix/Scottsdale	.....50	.....25



ANDY MEYER

ALLOWANCES FOR ACTUAL AND NECESSARY EXPENSES

In special or unusual situations, actual and necessary costs above the maximum per diem rates are allowable to the extent authorized for federal civilian employees. These situations include:

- 1) Attendance at meetings, conferences or training sessions held where lodging and meals must be obtained at a prearranged place—the hotel where the event is being held, for example;
- 2) Travel to an area where costs have escalated for short periods during such special events as international or national sports competitions, expositions or conventions;
- 3) Attendance at an event at a site where affordable accommodations are not available within a reasonable distance. A contractor may be reimbursed for lodging costs above the allowance if transportation expenses would eat up most of the savings that would be achieved by staying further away.
- 4) Special assignment duties that necessarily incur unusually high expenses in the conduct of business. The cost of renting a suite, for example, could apply.

ALCOHOL DISALLOWANCE

As a result of separate federal legislation passed in 1985 the cost of alcoholic beverages paid for by federal government contractors is not reimbursable. The costs of these, therefore, should not show up on expense sheets. ■

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M&C urges meeting planners to send in questions and experiences that relate to the law and their profession.