

TEXAS WORKFORCE COMMISSION LETTER

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Date:	May 23, 2011
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Effective:	Immediately

To: Local Workforce Development Board Executive Directors
Agency Grantees
Commission Executive Offices
Integrated Service Area Managers



From: Laurence M. Jones, Director, Workforce Development Division

Subject: Travel Costs

PURPOSE:

To provide Local Workforce Development Boards (Boards) and other Texas Workforce Commission (Commission) Grantees (Agency Grantees)¹ with information on requirements for allowable travel costs under grant award contracts and subcontracts. Specifically, this WD Letter provides information on selected travel requirements from:

- certain contracts and programs;
- the federal cost principles listed in Attachment 1;
- the Uniform Grant Management Standards (UGMS); and
- the state travel regulations listed in Attachment 1.

BACKGROUND:

The travel requirements that apply to grant award contracts originate from federal and state sources. Federal cost principles, as supplemented by the rules promulgated by the Office of the Governor under UGMS, set forth criteria for determining the allowability of costs charged to grant award contracts and subcontracts for travel of Board, Agency Grantee, and lower-tier subrecipient employees. The General Appropriations Acts passed by the 77th and later Texas legislatures also require that entities the statute classifies as state agencies for travel purposes comply with state travel regulations when using state-appropriated funds to reimburse or otherwise pay travel expenses of state employees. Program and contract-specific requirements also can exist.

¹ The Commission's Integrity of the Texas Workforce System rule §802.2(1) defines Agency Grantees as "grantees that receive funding from the Agency, such as Skills Development Fund, Wagner-Peyser 7(b), and Workforce Investment Act (WIA) statewide, to provide workforce services."

Omission of a specific applicable requirement from this WD Letter does not make the requirement inapplicable.

Attachment 1 defines terms used in this WD Letter. Attachment 2 summarizes changes from previous issuances.

PROCEDURES:

Boards and Agency Grantees must ensure that travel costs for Board, Agency Grantee, and lower-tier subrecipient employees comply with:

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- applicable federal cost principles, as supplemented by UGMS;
- applicable state travel regulations (if the entity is a state agency); and
- other applicable travel requirements (e.g., program and contract requirements).

Boards and Agency Grantees must be aware that an entity must comply with state travel regulations only if that entity is a state agency, as defined in Attachment 1. This includes Boards, Agency Grantees that are state agencies, and lower-tier subrecipients that are state agencies.

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Maximum Rates for State Agencies

Boards and Agency Grantees must be aware that for state agencies, state travel regulations limit charges for meal and lodging costs to the lesser of:

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- actual costs; or
- the maximum state rate in effect on the day the expense was incurred.

The Comptroller of Public Accounts (CPA) publishes the maximum state rates at <https://fm.x.cpa.state.tx.us/fm/travel/index.php>.

Maximum Rates for State Agencies When No Rate Exists for a Duty Point

Boards and Agency Grantees must be aware that for state agencies, when no maximum state rate exists for a specific duty point, the state's maximum reimbursement rate for that point is:

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- the general rate specified by CPA on the CPA's Travel Web page, if the duty point is in-state; or
- the rate for the nearest city or county, if the duty point is out-of-state.

State Agencies' Implementation of Changes in Maximum State Rates

Boards and Agency Grantees that are state agencies may implement a CPA-published rate increase or decrease prior to receiving a WD Letter or other notification from the Commission. Boards and Agency Grantees with lower-tier subrecipients that are state agencies may extend the same flexibility to those entities.

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Flexibility for State Agencies to Establish Rates Below Maximum State Rates

Boards and Agency Grantees must be aware that state travel regulations permit state agencies to specify reimbursement rates that are lower than maximum state rates.

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Boards and Agency Grantees must be aware that if a state agency specifies reimbursement rates that are lower than maximum state rates:

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- the state agency is responsible for enforcing the lower rates; and
- the lower rates apply only to travel expenses incurred after the state agency has notified affected individuals, including any state merit staff, in writing of the rates.

Example 1:

If a state agency provides written notice to affected individuals that *a particular rate will apply until further notice*, the notice satisfies the requirement to provide prior written notice to affected individuals of a lower rate if the maximum state rate for that expense subsequently increases, and the state agency continues to reimburse at the other rate. The state agency can later choose to specify and retroactively implement a higher rate (up to the maximum state rate in effect on a particular date) for a reasonable period.

Example 2:

If a state agency provides written notice to affected individuals that its *policy always is to reimburse actual travel expenses up to the maximum allowed by the state rate in effect on a particular day of travel*, the state agency must notify the affected individuals in writing before applying a rate that is lower than the maximum state rate.

Flexibility for State Agencies to Use Higher Rates for Specified Individuals

Boards and Agency Grantees must be aware that state travel regulations permit state agencies to reimburse the following individuals for actual meal and lodging expenses up to twice the maximum state rate that would otherwise apply for travel within the contiguous United States:

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- the chief administrator of the state agency
- a state employee traveling with or on behalf of the chief administrator of the state agency

Flexibility for State Agencies to Increase Maximum Lodging Rate

Boards and Agency Grantees must be aware that state travel regulations permit state agencies to reduce the CPA's maximum meal reimbursement rate for out-of-state travel at a duty point and use the reduction to increase the CPA's maximum lodging rate for that duty point.

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Boards and Agency Grantees must be aware that state travel regulations permit state agencies to increase the lodging rate for a particular out-of-state location

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only upon a determination by the chief administrator of the state agency that local conditions necessitate a change in the lodging rate, and:

- the documentation includes information that the state agency has confirmed with a travel agency that no safe lodging exists at the duty point at a rate that is less than or equal to the maximum state rate;
- the state agency uses a comparative mathematical calculation to show that use of the requested rate will result in a lower total cost to the state than the maximum state rate; or
- other similar need exists.

Nonovernight Travel Limitations for State Agencies

Boards and Agency Grantees must be aware that state agencies may use grant funds for nonovernight travel only if:

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- authorized by the chief administrator of the state agency (either on a reimbursement-by-reimbursement or blanket basis);
- the traveler is not state merit staff;
- the traveler is outside his or her designated headquarters for six hours or more, but does not require an overnight stay; and
- the cost is an otherwise reimbursable travel expense.

Boards and Agency Grantees must be aware that the six-hour requirement is not a condition for payment if the individual is:

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- the chief administrator of the state agency; or
- traveling with or on behalf of the chief administrator of the state agency; however, in such cases, the chief administrator must provide advance approval for the travel.

Boards and Agency Grantees must be aware that if a state agency reimburses a traveler's meal expenses for nonovernight travel, the amount reimbursed must be reported as income on the employee's W-2. The amount is subject to income tax withholding and payment of Social Security, Medicare, and Federal Unemployment Tax Act taxes.

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State Agency Notification Requirements for Travel to Washington, DC

Agency Grantees that are state agencies for which a 3-digit agency code exists must complete the online Office of State-Federal Relations (OSFR) notification form at <http://www.osfr.state.tx.us/travelform.asp> if state employees travel to Washington, DC, for activities that:

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- involve obtaining or spending federal funds; or
- impact federal policies.

Boards must be aware that they are not subject to OSFR notification requirements.

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Boards and Agency Grantees must require lower-tier subrecipients that are state agencies for which a 3-digit agency code exists to complete the OSFR notification

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form for state employee travel to Washington, DC, for activities that involve obtaining or spending federal funds, or that impact federal policies. Lower-tier subrecipients that are state agencies, but for which a 3-digit agency code does not exist are not subject to OSFR notification requirements.

State Agency Use of State-Contracted Vendors

Boards and Agency Grantees must be aware that state travel regulations require state agencies to use state-contracted vendors for commercial lodging, air, and rental car transportation, unless use of another vendor’s rate results in a lower overall cost to the state or another exception applies under State Travel Rules at 34 Texas Administrative Code (TAC) §20.303.

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Boards and Agency Grantees must be aware that state agencies must factor all relevant costs when determining whether use of a vendor that is not a state-contracted vendor will result in a lower overall cost to the state.

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For example, some travel accommodations can be obtained at fares that are equal to or less than state-contracted rates, but do not include additional costs that are covered by state contracts, such as insurance coverage, liability, and unlimited mileage for rental cars. In addition, state-contracted airfares are for refundable tickets, with no charge for changes to scheduled flights.

State Agency Use of State-Contracted Travel Agency

Boards and Agency Grantees must be aware that state travel regulations require state agencies to use the state-contracted travel agency named on the CPA Website to obtain state-contracted airfares. Information on the state-contracted travel agency is located at <http://www.window.state.tx.us/procurement/prog/stmp/stmp-travel-agency/>.

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In addition to booking air travel, state agencies may use the state-contracted travel agency to assist with other reservations, such as rental car transportation and lodging.

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Billing Accounts for State Agencies

Boards and Agency Grantees must be aware that state agencies must establish a central billing account with the state-contracted travel agency in order to purchase state-contracted airfares.

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Boards and Agency Grantees that are state agencies may establish additional central billing accounts or individual card accounts as described below. This option also exists for lower-tier subrecipients that are state agencies.

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- **Central Billing Accounts**—These accounts are billed directly to state agencies and can be used for air, rail, bus, rental car, and lodging charges purchased for official state business. The central billing account is a *ghost* account—no official corporate charge card is issued. The state agency is liable for all charges to the account.

- **Individual Card Accounts**—State agency staff and Board members are eligible for an individual corporate travel charge card if the individual:
 - takes, or is expected to take, three or more trips per fiscal year; or
 - spends at least \$500.00 per fiscal year for reimbursable official state business travel expenses.

Note: The individual whose name appears on the individual corporate travel charge card is liable for all charges applied to the card.

Further information on the corporate charge card is located on the CPA Website at <http://www.window.state.tx.us/procurement/prog/stmp/>.

Boards and Agency Grantees must be aware that state agencies that choose to establish a central billing or individual charge card account must complete and submit an application to the State Travel Management Program.

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Boards and Agency Grantees must ensure that individual corporate travel charge cards issued through the State of Texas are used only for official state business travel expenses.

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State Agency Identification

Boards and Agency Grantees must be aware that state agencies can use the following as identification for obtaining state-contracted rates:

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- Individual corporate travel charge cards; or
- Identification cards developed by the state agency (i.e., if the state agency elects not to obtain individual corporate travel charge cards, or the individual fails to qualify for a corporate charge card).

Travel Requirements for Boards with State Merit Staff

Boards must:

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- ensure that state merit staff is reimbursed at the same rates as Board staff; and
- notify state merit staff of the authorized rates.

Boards must not reimburse state merit staff for meals incurred for nonovernight travel. State merit staff is subject to Commission policy for the reimbursement of nonovernight travel, thus Commission employees, including state merit staff, are not reimbursed for meals incurred during travel that does not require an overnight stay.

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Foreign Travel Limitation for Workforce Investment Act Funds

Pursuant to Workforce Investment Act (WIA) §181(e) and WIA regulations at 20 Code of Federal Regulations (CFR) §667.264(b), Boards and Agency Grantees must not use (or permit lower-tier subrecipients to use) WIA funds awarded by the Commission for travel outside:

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- the 48 contiguous United States;
- Washington, DC;
- Alaska; and
- Hawaii.

Public Information Requirements for Boards

Boards must treat all documents filed by Board members as public information. The definition and requirements for public information are set forth in [Chapter 552 of the Texas Government Code](#).

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Travel Coordinators

It is recommended that Boards and Agency Grantees designate a travel coordinator to disseminate information and monitor compliance with applicable travel requirements.

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Documentation

Boards and Agency Grantees must maintain travel documentation that adequately supports the purpose of the business conducted and the amounts charged to grant funds. Original receipts must be provided, except where not required by applicable travel requirements and local policy.

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INQUIRIES:

Direct inquiries regarding this WD Letter to Kimberly R. Emmerich, Director of Financial Operations, at Fiscal.TA@twc.state.tx.us.

ATTACHMENTS:

Attachment 1: Travel Definitions

Attachment 2: Content Changes from Prior WD Letters

RESCISSIONS:

WD Letter 05-08

WD Letter 05-08, Change 1

REFERENCE:

Workforce Investment Act §181(e)

Workforce Investment Act Final Rule, 20 CFR §667.264(b)

Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions

Office of Management and Budget Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments

Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations

Office of Management and Budget Circular A-133, §§__.105 and __.210
Cost Principles for For-Profits, 48 CFR Part 31
General Appropriations Act, 81st Texas Legislature, Regular Session (2009), Article IX, Part 5
and §6.13 (and similar provisions of subsequent General Appropriations Acts)
Texas Local Government Code, Chapter 391
Texas Government Code, Chapter 552
Texas Government Code, Chapter 660
Texas Comptroller of Public Accounts State Support Services—Travel and Vehicles Rules: Title
34, Part 1, Chapter 20, Subchapter F, Texas Administrative Code
Uniform Grant Management Standards
Textravel

FLEXIBILITY RATINGS:

No Local Flexibility (NLF): This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by “must” or “shall.”

Local Flexibility (LF): This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by “may” or “recommend.”