

**BUSINESS AFFAIRS MEMORANDUM 2017 - 01**

**TO:** All Departments

**FROM:** Paul Forte  
Vice Chancellor for Business Affairs

**DATE:** February 6, 2017

**REFERENCE:** Change in OSBM Mileage Reimbursement Rate

On December 1, 2016, the Office of State Budget and Management (OSBM) updated, and then subsequently revised on January 1, 2017, policy 5.1.26 in the State Budget Manual regarding changes to the reimbursable mileage rate. Accordingly and pursuant to G.S. 138-6(a)(1), OSBM will adjust the allowable rate of reimbursement for travel by officers and employees on official state business that operate from funds deposited with the State Treasurer.

It is the intent of the State that employee travel shall be conducted in the most efficient and cost effective manner. With regard to passenger vehicle travel, agency travel policies shall:

- Maximize the utilization of state-owned vehicles
- Make use of State-term contracts for short-term rentals
- Reimburse state employees for use of personal vehicles on a limited basis.

The three main changes to this policy include:

- Use personal auto without having to obtain denial letter for use of state-owned vehicle.
- The formula used in calculating the reimbursement will use **maximum average miles per day** in the calculation instead of using maximum roundtrip mileage calculation.
- The change in the mileage rates (see Table A below)

Referring to Table A below, travel reimbursements will now be dependent on a **100 miles averaged per day calculation**. The employee shall be reimbursed at the IRS Business Standard Rate for the first 100 miles averaged per day. For any miles **in excess** of the 100 miles averaged per day calculation, the employee shall be reimbursed at the IRS Medical or Moving Rate.

	If travel started in <b>Dec 2016</b>	If travel started in <b>Jan 2017 or later</b>
IRS Business Standard Rate (100 miles avg/day)	\$0.54	\$0.535
IRS Medical/Moving Rate (Miles in excess of 100 miles avg/day)	\$0.19	\$0.17

Table A

For detailed examples, see Appendix 1. If you have specific questions regarding the new IRS mileage rates, please contact the Controller's office at 262-2110.

PF/kws

Prior to Dec 2016 Rules Jan 2017 Rule Notes

Miles Dec 2016 Rules Dec 2016 Rule Notes

**Example #1** *One day trip < 75 miles*

Day 1	Boone to Hickory to Boone	70 \$	37.80 \$	37.80 \$	37.45	Since miles < 75, use the higher IRS rate Dec calc < 100, all miles @ .54 Jan calc < 100, all miles @ .535
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**Example #2** *One day trip > 75 miles*

Day 1	Boone to Charlotte to Boone	185 \$	62.90 \$	70.15 \$	67.95	Old calc = since miles > 75, used .34 for all miles Dec calc = First 100 miles @ .54, next 85 miles @ .19 Jan calc = First 100 miles @ .535, next 85 miles @ .17
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**Example #3** *3 day trip > 75 miles, roundtrip > 100 miles averaged per day*

Day 1	Boone to Columbia, SC	200				
Day 2	no travel	0				
Day 3	Columbia, SC to Boone	200				
Total		400 \$	136.00 \$	181.00 \$	177.50	Old calc = since miles > 75, used .34 for all miles Dec calc = First 300 miles @ .54 b/c 3 day avg > 100 miles/day, next 100 miles (33 1/3 miles per day) @ .19 Jan calc = First 300 miles @ .535 b/c 3 day avg > 100 miles/day, next 100 miles (33 1/3 miles per day) @ .17

**Example #4** *4 day trip > 75 miles, roundtrip < 100 miles averaged per day*

Day 1	Boone to Columbia, SC	150				
Day 2	no travel	0				
Day 3	Business Travel	8				
Day 4	Columbia, SC to Boone	150				
Total		308 \$	104.72 \$	166.32 \$	164.78	Old calc = since miles > 75, used .34 for all miles Dec calc = all miles @ .54 b/c 4 day avg < 100 miles/day Jan calc = all miles @ .535 b/c 4 day avg < 100 miles/day

**Example #5** *4 day trip > 75 miles, roundtrip > 100 miles averaged per day*

Day 1	Boone to Orlando, FL	600				
Day 2	no travel	0				
Day 3	Business Travel	8				
Day 4	Orlando, FL to Boone	600				
Total		1208 \$	410.72 \$	369.52 \$	369.52	Old calc = since miles > 75, used .34 for all miles Dec calc = First 400 miles @ .54, remaining 808 miles @ .19 Jan calc = First 400 miles @ .535, remaining 808 miles @ .17

**Example #6** *7 day trip > 75 miles, roundtrip > 100 miles averaged per day*

Day 1	Boone to Orlando, FL	600				
Day 2	no travel	0				
Day 3	no travel	0				
Day 4	no travel	0				
Day 5	no travel	0				
Day 6	Business Travel	8				
Day 7	Orlando, FL to Boone	600				
Total		1208 \$	410.72 \$	474.52 \$	474.52	Old calc = since miles > 75, used .34 for all miles Dec calc = First 700 miles @ .54, remaining 508 miles @ .19 Jan calc = First 700 miles @ .535, remaining 508 miles @ .17

Same amount of miles (\$1,208) but \$105 more under New Rules just because the traveler is gone 3 more days

Same amount of miles but \$105 more under New Rules just because gone a week.