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Federal Employee Travel: Per Diem Reimbursement Rates

Background

In the course of their duties, federal employees may engage in official travel within the continental United States (CONUS), outside of the continental United States (OCONUS), and to foreign locations. When engaging in approved official travel, federal employees may make use of *per diem* reimbursements. Per diem is one method federal agencies use to reimburse the subsistence expenses employees incur during official travel. The maximum daily reimbursable amount available to federal employees varies by location. Federal per diem reimbursements include a maximum lodging allowance component and a meals and incidental (M&IE) component.

Continental United States Per Diem Rates

The General Services Administration (GSA) sets per diem rates for CONUS locations, which include the contiguous 48 states and the District of Columbia (5 U.S.C. §5702).

Lodging Allowance

GSA sets a *standard rate* for the daily lodging allowance that applies to about 85% of counties in the CONUS. The standard rate applies to areas that are less frequently traveled by federal employees and are referred to as *standard CONUS* locations. The standard CONUS lodging rate for FY2023 is \$98. GSA reviews the standard rate on an annual basis.

GSA uses a travel industry metric, the *average daily rate* (ADR), to determine lodging per diem rates. Lodging per diem rates have been based on the ADR, less 5%, since FY2005. The ADR is based on a property's room rental revenue divided by the number of rooms rented as reported by the hotel property. Lodging taxes are not included in the CONUS lodging allowance rate and are to be reimbursed as a miscellaneous travel expense. For any official travel, federal employees must provide a receipt to substantiate claimed travel expenses for lodging.

If a federal agency determines that a standard rate is not sufficient in a specific locality to properly reimburse its employees, then the agency may request that GSA conduct a study on that locality to determine whether it should become a *non-standard area* (NSA). Per diem rates for NSAs are higher than the standard per diem rate. If GSA's study determines that a change should be made, then a change will be implemented as GSA deems appropriate. GSA reviews and updates NSAs annually using ADR data. There are 316 NSAs as of FY2023.

NSAs are generally comprised of one county. In some cases, an NSA rate may apply to an area larger than one county, such as in a metropolitan area. Occasionally, an

NSA rate may apply to just a specific city and not the entire county that the city is within. In some rural areas, an NSA rate may apply to multiple counties. GSA's website includes a *Per Diem Lookup* feature that allows users to view per diem rates by location.

GSA only considers the ADR from properties that meet certain criteria. GSA's criteria include geography (i.e., ZIP codes to which federal employees travel), fire-safe certification, and various property demographics. GSA also accounts for seasonal rate fluctuations when determining lodging allowances.

GSA sometimes conducts a *special review* of an NSA outside of the established annual review process. To request a special review, a Federal Agency Travel Manager, or an equivalent in grade or title, must submit a signed letter on agency stationary stating that the current rate is insufficient along with relevant information on the geographical area to be reviewed.

If there is no lodging available at the per diem rate provided, federal employees may request that their agency approve an *actual expense* reimbursement, which may increase the amount that the employee may be reimbursed up to 300% (rounded to the next higher dollar) of the applicable maximum per diem rate (41 C.F.R. §301-11.303).

Meals and Incidental Expenses

The M&IE component of the per diem reimbursement system is intended to cover the cost of meals and incidental travel expenses incurred by federal employees during approved official travel. GSA has reviewed M&IE rates every three years since FY2016. M&IE rates include taxes and tips, so travelers will not be reimbursed separately for those expenses.

M&IE reimbursement rates vary by the location of travel. For the first and last day of official travel, employees receive 75% of the daily total M&IE rate for the temporary duty travel location. GSA's *Per Diem Lookup* webpage allows travelers to look up a specific location to see the amount listed for M&IE total, breakfast, lunch, dinner, incidentals, and first and last day of travel.

Outside of the Continental United States Per Diem Rates

The Defense Travel Management Office (DTMO), a subcomponent of the Department of Defense (DOD), sets the rates for federal employees engaging in approved official travel to non-foreign locations overseas, which includes Alaska, Hawaii, Guam, and Puerto Rico. These locations are also referred to as OCONUS locations.

DTMO's website includes a *Per Diem Rate Lookup* feature that allows users to view per diem rates by OCONUS location.

Lodging Allowance

Under 5 U.S.C. §5702, the President (or his or her designee) sets the OCONUS per diem rate. In 1955, Executive Order 10621 delegated this authority to the Secretary of Defense. DOD established DTMO in 2011 (DOD Instruction 5154.31), including the Per Diem Travel and Transportation Allowance Committee (PDTATAC). PDTATAC is the component of DTMO responsible for setting per diem rates for OCONUS locations.

DTMO reviews lodging per diem rates annually and maintains a table of the rate review schedule of OCONUS locations. DTMO collects and analyzes hotel data to set lodging allowance rates. To be considered, hotels must meet certain criteria. Specifically, hotels must be included in a list approved by the Federal Emergency Management Agency (FEMA). The data collected for each eligible hotel includes the price of a single room, seasonal rate variations, discounts available to government travelers, and the number of rooms at the collected price.

Agencies may request a rate change outside of the established rate review schedule, referred to as an *Out-of-Cycle (OOC) Rate Review*, by submitting a letter including (1) the location, the insufficiency of the local per diem rate, the number of government employees or uniformed service personnel impacted, and the number of times an actual expense allowance was used in the previous year by travelers to the location; (2) a complete Hotel and Restaurant Report (DS-2026) providing up-to-date price data from the location; and (3) documentation verifying all price data reported in the attached DS-2026. Travelers may use an actual expense allowance while the OOC Rate Review is processing.

Meals and Incidental Expenses

DTMO reviews restaurant data every three years to set M&IE rates. Selected restaurants must be reasonably priced and accessible to government travelers. For the first and last day of official travel, employees receive 75% of the total daily M&IE rate for the temporary duty travel location.

Foreign Per Diem Rates

The Office of Allowances within the Department of State (DOS) sets per diem rates monthly for federal employees traveling to foreign locations. Updated per diem rates become effective on the first of each month.

Lodging Allowance

The Office of Allowances reviews all per diem rates that are denominated in a foreign currency on a monthly basis to assess the effect of exchange rate fluctuations. The Office of Allowances maintains a virtual platform called *eAllowances* to record information regarding rate adjustments. The Office of Allowances' website allows travelers to search per diem rates by country or by the post name of interest. In this context, *post* refers to the place designated as the official station of the employee, regardless of whether he/she is detailed elsewhere or resides at another place with the authorization or approval of the head of his/her agency (DOS Standardized Regulations).

Lodging allowances for foreign countries are based on the cost of a single room, including any mandatory service charges and taxes, reported in the DS-2026. Travelers to foreign locations are encouraged by the Office of Allowances to request information on hotel discounts for U.S. government employees. If there is a major event that makes the established per diem rate at a given location obsolete (e.g., visits from the President of the United States, summits, and major conferences), travelers may be approved for an actual expense reimbursement of up to 300% of the published per diem rate. In some circumstances, the Office of Allowances may make a short-term change to the per diem rate to accommodate major fluctuations in rates.

If there are foreign locations without an established per diem rate that federal employees travel to frequently, travelers use the rate listed as *other* on the Office of Allowances' website. To establish per diem rates for a new area, the lead agency at the nearest post is required to collect and submit survey data for that location to the Office of Allowances.

Meals and Incidental Expenses

The M&IE maximum reimbursement rate for foreign areas is intended to cover the cost of meals and incidental travel expenses incurred by federal employees during approved official travel. The Office of Allowances reviews the M&IE rates for foreign areas on a monthly basis. These rates include taxes and tips. Laundry and dry-cleaning expenses are included in the *incidentals* category of the M&IE rate. The Office of Allowances' website allows travelers to search M&IE rates by country or by the post name of interest.

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