

Switch to Per Diem Meal Reimbursement

(May 21, 2021)

Happy spring consultant partners! What better time to talk about travel-related expenses than now, when the country is opening back up and things might slowly be getting back to (the new) normal.

As you may know, NDOT currently reimburses consultant travel-related meal and incidental (M&I) expenses at actual costs, not to exceed the [Federal GSA per diem rate](#). Meal receipts are required to be submitted with each invoice as justification for these costs, and obtaining, saving, and managing these receipts can often be a time-consuming task for consultants and NDOT. Now the time is right for a change.

Catalyst for change:

On January 1, 2021, the State of Nebraska switched from the “actual cost” to a **per diem** method for reimbursement of employee’s meal and incidental (M&I) expenses incurred while on approved travel status. This move was primarily to simplify the reimbursement process for employees and to reduce the amount of time necessary to review and approve expense reports. One stipulation of the change to per diem was that it not result in a significant increase in M&I reimbursement costs paid by the State. The reimbursement rate is set by the Nebraska Department of Administrative Services within a range of 65% - 100% of the Federal GSA per diem rate. Based on a statewide analysis of historical meal reimbursement data, 70% was calculated as the rate most closely approximating the historical experience on a statewide level. The Consultant Services Section reviewed a representative sample of consultant invoices over the last year and concluded that 70% is generally representative of M&I reimbursement rates for consultants as well. Since the State per diem rate is linked to the Federal GSA per diem rate (at 70%), the State per diem rate may change at the start of each Federal fiscal year (October 1st).

A comparison of the current per diem rates for all locations in Nebraska, excluding Douglas Co.:

Federal GSA per diem rate for M&I expenses = \$55.00
State/NDOT per diem rate for M&I expenses = \$38.50 (70% of \$55)

What is changing:

In NDOT’s professional service agreements, the provisions governing travel-related expense reimbursements are contained in an exhibit called the “Fees and Payments Exhibit”. NDOT has revised this exhibit to make the switch from actual cost to per diem for M&I reimbursement to fully realize the benefits of per diem and to maintain consistency with the rest of State government. NDOT intends to start using this revised exhibit in all new professional service agreements beginning no later than June 1st. This also includes all agreements issued by NDOT on behalf of a Local Public Agency (LPA), but may not include agreements between an LPA and consultant (LPAs may initiate a change with consultants on their own accord). If you would like a preview of these new exhibits for CPFF and SRC payment methods before your next agreement, or view a tracked changes comparison document highlighting the new changes, visit our Templates page [here](#).

Exhibit Templates

- Fees and Payments Exhibit
 - [CPFF - Actual Cost Plus Fixed Fee \(04.08.2021\)](#)
[Comparison between 8.12.2020 and 4.08.2021](#)
 - [SRC - Specific Rates of Compensation \(04.08.2021\)](#)
[Comparison between 8.12.2020 and 4.08.2021](#)

When is it changing:

NDOT intends to give consultants flexibility when transitioning to the new per diem provisions by allowing the start date to coincide with the start of each consultant’s normal monthly billing period in June. If their billing period starts June 1st, then the new requirements go into effect beginning June 1st. If their June billing period begins on June 13th, then the new requirements go into effect beginning June 13th. In any case, the new requirements must become effective to every consultant no later than July 1st.

Existing Agreements:

Over the next couple of weeks, NDOT will also execute a new agreement with each consultant that will replace the Fees & Payments Exhibits in all the consultant's current (existing) agreements. This will create consistency among all agreements the consultant has with NDOT, regardless of when the agreements were issued. Local Public Agency (LPA) agreements issued by the state on behalf of LPAs will also be revised.

NDOT took a similar approach last year to implement previous changes to the Fees & Payments Exhibit related to meal reimbursements, extended stay situations, and the 90-day limit for costs submitted on an invoice. Those changes were accomplished by executing a single agreement starting with the letters "VH" (ex. VH2005) with each consultant. If you currently have active agreements expect to see a new VH21xx agreement headed your way soon to complete the transition to per diem for all.

Final Thoughts:

It should be noted that there are no changes to the process for obtaining reimbursement for travel costs. Consultants must still fill out an [NDOT Form 163 – Invoice Travel Log](#) (now updated to reflect per diem) and submit it with their invoice, however no receipts for meal and incidental expenses are required. Receipts for grocery expenses or expenses such as water, hydration drinks, and gum are also not required as these are all covered under the new per diem reimbursement method. If an agreement has extended stay provisions such as monthly rental for lodging facilities, those will not be affected by the changes in the new Fees & Payments Exhibit.

Forms

- NDOT 163 - Invoice Travel Log
 - Version 9.12.2020 - Meals @ Actual Costs: [Excel](#) | [PDF](#) | [Travel Log Example](#)
 - Version 6.01.2021 - Meals @ Per Diem: [Excel](#) | [PDF](#) | [Travel Log Example](#)

Finally, NDOT is looking forward to spending less time reviewing travel-related expenses and hope this change will also reduce your company's time to prepare invoices. If you have any questions about these changes contact a member of our Consultant Services team.

-NDOT Consultant Services Team