Possible Options for Issue of Employees Paying for Up-front Travel Costs

Prior to the implementation of options #3, 4 and 5, we would need to hire 1-2 new, full-time staff people for the Operations area of the Controller’s Office and/or Purchasing to administer these new travel options. Options #1 and 2 can be absorbed within current staffing levels.

1. **Open up the Expedia Corporate system to allow hotel and rental car charges to be billed to the University Amex Central Billing card.**

   **Pros:**  Alleviate issue of faculty, staff and students to have to cover these expenses.

   **Cons:**  A traveler will still need to provide a personal credit card to the hotel at time of check-in for room incidentals and for security purposes at the time the car is picked up at the rental car agency.

   Unauthorized costs (i.e. no-show rooms, upgraded room types, upgraded vehicles, rental vehicle options, etc.) will be applied to the central billing card.

   The program will not cover miscellaneous expenses for the employee (i.e. parking, internet, fuel, etc.)

   Although the traveler will need a personal credit card at the time of room check in or car pick up, this will allow them to avoid having to pay for their hotel and rental car charges. The individual would be responsible for hotel incidentals (internet, parking, room service, movies, etc.) and rental car upgrades and extras (upsized car, navigation system, etc.), however the Expedia option would cover the basic charges. Keep in mind that this will increase the size of the credit card reconciliation file from Expedia Corporate, as well as increment workload pending the volume of unauthorized costs charged to the card.

2. **Provide option for Corporately-promoted, personal-liability travel cards to faculty and staff (aka Amex Corporate Program)**

   **Pros:**  Alleviate issue for faculty and staff to have to cover expenses on their own personal credit card.

   No liability for the University.

   Card holders would be responsible for all charges on the card.

   Card holders would pay bill directly to the credit card company.

   Encourages card holder to submit travel voucher in a timely fashion so that their credit card statement can be paid.
Cons: Faculty and staff with poor credit will be denied cards by the credit card company.

Currently each card holder is personally responsible for the $55 annual fee.

The University could co-sign cards denied to employees with a credit risk. All charges on a co-signed card would become a liability of the University whether personal or business related. In this case, a form would need to be developed in coordination with Human Resources to allow balances to be deducted from an employee’s pay check in the case of default.

3. Provide option for Corporately-promoted, University-liability central billed travel cards to faculty and staff

Pros: All faculty and staff would have the option to obtain a card, regardless of credit history.

Cons: The University would be responsible for paying the bills directly to credit card company via a central billed master account.

Large volume of faculty and staff will sign up for this option, regardless of whether there is a financial need. Card holders will be less fiscally responsible with the University paying the bill and may not submit a reimbursement request.

The University may choose to provide credit cards to faculty and staff, paying the annual fee (if annual volume not met), to be used specifically for travel-related expenses either through the currently existing American Express program or through some other credit card company. The preference with this option (and the least liability to the University) is to offer personal liability cards. This would make each card holder personally responsible for using the card and for making payments to the card provider. Issues of non-payment would be handled between the card holder and the credit card company directly, with the University bearing no responsibility. For University travelers who have bad credit and who are not able to obtain a personal credit card, the University would have to co-sign the credit application bearing responsibility for payment default on the account.

For this type of card, the University can set 2 types of limits on individual cards: 1) Dollar limit, and 2) T&E merchants vs. Non-T&E merchants. This would assist with ensuring that unallowable charges (i.e. retail establishments) are not placed on the cards.

Corporate liability cards will make the reconciliation process much more complex and time consuming for the Controller's Office staff. Each charge would need to be audited
against a person's travel voucher to ensure that the traveler wasn't potentially being reimbursed for something that was charged to a University card (i.e. double-dipping).

4. Provide Travel Advances

**Pros:** Will address all issues relating to self-funding of travel.

**Cons:** Will require a write off of outstanding advances on a periodic basis if departments terminate a faculty or staff person before their travel takes place.

- Require the Controller’s Office to report unpaid advances to the IRS as reportable income to maintain the status of our “accountable reimbursement plan”.

- Require coordination between the Controller’s Office and Human Resources to withhold travel advances from payroll checks.

- Large number of faculty and staff would select this option if made available, regardless of financial need.

- May require multiple deductions for the single advance.

This is a necessity for travelers who cannot afford the types of expenses that credit cards will not cover (i.e. meals, taxis, tips, tolls, etc.). The easiest way to streamline this process (and minimize the risk to the University) is to issue the check to the traveler via Accounts Payable and deduct the full amount out of the person's next (or paycheck immediately following the dates of travel) paycheck via the Payroll process. The traveler would be required to submit paperwork to the Controller's Office that would include estimates of needed funds, along with an authorization to deduct the amount from their paycheck. Again, by deducting the full amount out of their paycheck, it will minimize the reconciliation process of the Controller's Office, and it will encourage travelers to submit their travel voucher in a timely and accurate fashion. A crucial issue here is that departments must plan ahead prior to the trip departure.

5. Utilize University Pro-Cards

**Pros:** Increase University revenues based on dollar volume (i.e. incremented potential rebate of 1.11%; over $30M 1.24%)

**Cons:** Will increment the number of individual pro-cards issued.

Would require additional staffing in Purchasing and Controller’s Office to audit and follow up on customer issues.
Without a 100% review process, double-dipping will occur.

Would have 2 different departments attempting to monitor and enforce a Controller’s Office policy.

Purchasing and the Controller's Office are in agreement that it would not be in our best interest to intertwine travel-related expenses on the pro-card. This would be too confusing from a reconciliation standpoint. The University of Kentucky processes travel on their pro-cards, but they have six (6) full-time auditors who handle the program.

**Recommendation: (in priority)**

Option #1: Enable the Expedia Corporate system to allow employees to be able to book hotels and rental cars to the University central billing card. This would be quick and easy and would not require any additional staffing.

Option #2: Continue to offer and expand the Amex Corporately-promoted, personal-liability program. Faculty and staff who are denied a card may request that the University co-sign for the issuance of a card.

Option #3 & 4: Either one will be labor-intensive and require annual write-offs to cover departmental mistakes in administering the programs.

Option #5: Not considered.