

UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM

SECTION: Fiscal Affairs

NUMBER: 03.A.21

AREA: General

SUBJECT: Employee's Family Travel Expenses

1. PURPOSE

This document establishes the guidelines for employee's spousal or other immediate family member(s)' travel. For purposes relating to travel expenses, immediate family is defined as those individuals who reside in the same household and are related by kinship, adoption, or marriage, as well as foster children.

2. POLICY

- 2.1. If the attendance of an employee's family member at an event furthers a legitimate public purpose, his or her expenses may be reimbursed. The presence of an employee's spouse must further business objectives.
- 2.2. Travel costs and related business expenses of an employee's family member, on occasion when his or her presence can be demonstrated to serve a legitimate public purpose, may be reimbursed when pre-approved by the component university president and documented according to standard policies and procedures pertaining to employees' travel expenses. The Chancellor must approve family member travel of component university presidents. The Chancellor's approval authority for his/her own family member travel expenses is delegated to the Executive-Interim Vice Chancellor for Administration and Finance. If the travel for the Chancellor's family member is approved, the same rules that apply to the Chancellor's travel arrangements, payments, and reimbursements, in accordance with [SAM 03.A.03](#), Sections 2.13 and 2.14 will also apply to the Chancellor's accompanying family member.
- 2.3. There may be cases in which the business purpose of the family member travel serves the component university and for which reimbursement is appropriate, but the business purpose does not meet the higher standard set by existing tax law. If the purpose of the spouse's travel does not qualify as a "bona fide business purpose" under federal tax law, the amount reimbursed or paid directly is considered to be taxable income to the employee.
- 2.4. Each travel reimbursement for an employee's family member must be evaluated on a case-by-case basis to determine if it will be considered taxable income to the employee. The following guidelines should be used to make that determination:

2.4.1. Expenses are more likely to be taxable when:

- There is no formal request for family member to attend the event(s);
- Family member(s) are not required to attend meetings, be given advanced assignments, or make presentations at the event(s);
- Family member(s) will perform only “helpful” services, such as limited note taking, secretarial services, attendance only at social functions, etc;
- Only System employees and family member(s) will attend the event(s);
- Family member(s) will participate in substantial tourist activities (shopping, sightseeing, etc); and
- Children or other family member(s) will make the trip.

2.4.2. Expenses are more likely “bona fide” when:

- Formal or official correspondence requests for the spouse or other family member(s) of System employee to make the trip or attends event(s);
- Spouses are required to attend meetings, be given advanced assignments, or make presentations at the event(s);
- Family member(s) will perform “necessary” services by acting as a representative of the component university in a substantial manner;
- Non- System individuals (donors, alumni, recruits, etc.) will attend event(s);
- Family member(s) will not participate in tourist activities; and
- Children or other family member(s) will not make the trip.

Questions regarding these guidelines should be directed to the System Tax Director.

- 2.5. Generally, expenses that may be taxable include transportation, lodging, and meals. However, travel by a spouse or other family member in a System chartered aircraft in which over 50 percent of the aircraft capacity is comprised of System employees or team members traveling for business reasons is generally not taxable. Also, if there is no additional cost for a spouse or other immediate family member to stay in a hotel room with the employee, the cost of the room is not taxable.

2.6. Since reimbursement from state-appropriated funds is limited to state employees and officials, the cost of an employee’s family travel must be paid from funds other than state-appropriated funds.

3. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice Chancellor for Finance

Review: Every three years on or before March 1

4. APPROVAL

Approved: Carl P. Carlucci
~~Executive-Interim~~ Vice Chancellor for Administration and Finance

Renu Khator
 Chancellor

Date: May 1, 2013

REVISION LOG

Revision Number	Approval Date	Description of Changes
1	01/03/1995	Initial version
2	09/27/2000	Applied revised SAM template to meet current documentation standards. Rewrote Section 2.1 concerning legitimate business purpose and objectives for attendance of employee’s spouse to be reimbursed. Rewrote Section 2.2 on preapproval of an employee spouse’s travel expenses by the Chancellor or university president; the Chancellor approves spousal travel of university presidents. Emphasized the cost of the employee’s spousal travel being paid by state-appropriated funds. Changed the responsible party to the AVC for Finance.
3	12/10/2003	Applied revised SAM template to meet current documentation standards. Rewrote Sections 2.3, 2.4, and added Section 2.5 to include guidelines for determining whether the travel of a UHS family member is bona fide or taxable. Changed review cycle from annually on or before March 1 st to every three years on or before March 1 st . Added the VC for Administration and Finance to the approval cycle. Added “family travel” to Section 5, Indexing Terms

Revision Number	Approval Date	Description of Changes
4	12/03/2010	Applied revised SAM template to meet current documentation standards. The last sentence in Section 2.2 clarifies that the Chancellor approves family travel for the component university presidents; as such, “Chancellor or” was removed from the previous sentence in Section 2.2. Removed Section 5, Indexing Terms
Interim	10/11/2012	Add information to Section 2.2 that if travel for the Chancellor’s family member is approved, the same guidelines that apply to the Chancellor’s travel arrangements, payments, and reimbursements will apply to the Chancellor’s accompanying family member per SAM 03.A.03, Sections 2.13 and 2.14
5	05/01/2013	This SAM is being submitted for review and approval to remove the Interim designation
<u>6</u>	<u>TBD</u>	