

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 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 ~~Chancellor or~~ component university Ppresident and documented according to standard policies and procedures pertaining to employees' travel expenses. The Chancellor must approve family member travel of component university Ppresidents.

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 doesn't 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 ~~its~~ if it will be considered taxable income to the employee. The following guidelines should be used to make that determination:

a. Expenses are more likely to be taxable when:

- No formal request for family member to attend 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 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
- b. Expenses are more likely “bona fide” when:
- Formal or official correspondence requests spouse or other family member(s) of System employee makes 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~~ December 1

4. APPROVAL

Approved: John Rudley
Executive Vice Chancellor for Administration and Finance

Jay Gogue
Chancellor

Date: December 10, 2003

~~5. INDEXING TERMS~~

~~Spousal travel~~
~~Family travel~~