**Staff Senate Mileage Reimbursement Work Group**

**Report on Research Conducted – 12/3/11**

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**MILEAGE REIMBURSEMENT RATES**

Current Missouri State Mileage Reimbursement Rate: .37/mile

Average of all institutions in Missouri: .47/mile

Average of our Benchmark Institutions: .517/mile

**Conclusion:** Missouri State University is paying much less than the average of all other institutions in Missouri and our Benchmark Institutions.

**REIMBURSEMENT POLICIES**

**State of Missouri Policy**: The standard mileage reimbursement rate is deemed to represent the total cost to own and operate a personal vehicle and is **generally** tied to the mileage reimbursement rate established by the Internal Revenue Service. The state fleet mileage reimbursement rate reflects the average cost of operating a mid-size sedan in the state vehicle fleet.

 **Current State of Missouri Rate: .37/mile**

**Federal (IRS) Mileage Rate Policy (Summary)**: An independent contractor conducts an annual study for the Internal Revenue Service of the fixed and variable costs of operating an automobile to determine the standard mileage rate for business, medical, and moving use.

 **Current IRS Rate: .51/mile**

**Missouri State University Policy:** A driver is reimbursed at a per-mile rate not to exceed the rate approved by the Administrative Council based on actual mileage of the most direct route between points of the driver's official domicile (e.g., Springfield, Mountain Grove, West Plains), destination, and return.  If additional in-city mileage is claimed, this fact must be clarified on the [Travel Expense Report](http://apps.missouristate.edu/financialservices/forms/travel/travel_expense_report_new.pdf) when submitted for reimbursement.

**Conclusion:** Missouri State University appears to be following the State of Missouri in setting a reimbursement rate much lower than the federal rate and therefore is no longer taking into account the actual cost to own/operate a vehicle.

**Mileage Reimbursement Rate vs. Gas Prices 2004 – Present**

**GAS PRICES VS. REIMBURSEMENT RATES**

|  |  |  |
| --- | --- | --- |
| DATE | Gas Price Average | Reimbursement |
| 07/01/11 - 06/30/12 | 3.51 | 0.37 |
| 07/01/10 - 06/30/11 | 3.14 | 0.37 |
| 05/01/10 - 06/30/10 | 2.72 | 0.42 |
| 02/01/10 - 04/30/10 | 2.69 | 0.47 |
| 07/01/09 - 01/31/10 | 2.52 | 0.48 |
| 07/01/08 - 06/30/09 | 2.52 | 0.48 |
| 07/01/07 - 06/30/08 | 3.15 | 0.46 |
| 07/01/06 - 06/30/07 | 2.55 | 0.42 |
| 07/01/05 - 06/30/06 | 2.47 | 0.38 |

**Conclusion:** There is not a direct correlation between the mileage reimbursement rate at Missouri State and the actual cost to operate a vehicle.

**Proposed policy**: The work group would like to propose the following mileage reimbursement policy for Missouri State University: “A driver is reimbursed at a rate equal to the current IRS reimbursement rate, minus 3 cents.” This would not be a “general guideline”, but a set policy.

**PROPOSED POLICY**

Total Cost for Mileage Reimbursement in FY2011: $412,484.29

Proposed rate increase: (.51 - .03) .48/mile

Cost of rate increase based on FY2011: $112,630.07

**Conclusion:** The work group believes that changing the Missouri State mileage reimbursement policy will keep Missouri State University at a level consistent with the majority of other institutions in Missouri and will bring us closer to the average rate of our Benchmark Institutions. Further, the work group recognizes that current budget issues may make this policy difficult to implement without creating a hardship for both Cost Centers and individual departments. However, since there appears to be no correlation between the true cost to operate a vehicle and the changes in mileage reimbursement rates, it’s obvious to this work group that the reduction in reimbursement rates has been done as a cost-saving measure. Unfortunately, this reduction has had a negative impact on a small group of Missouri State employees, many which are in entry-level positions with lower salaries.