

The Per Diem Pendulum

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The General Services Administration (GSA) has released its new per diem rates. The rates become effective on October 1st. *Per diem* is the allowance provided to government employees for lodging (excluding taxes), meals and incidental expenses incurred while on official government travel.

How does per diem work? It often seems like there is no such thing as a federal government program that is simple. Per diem rates sound simple... but the process gets complicated fast. But in establishing per diem rates, GSA sets two different kinds of rates: a *standard* per diem rate and a *non-standard* per diem rate.

The standard rate, reviewed every three years, is an aggregate of rates for locations across the country. For fiscal year 2011—which starts on October 1, 2010—the *standard* per diem rate will jump from \$70 to \$77 to reflect the average daily rate for lodging across the country. The standard rate is used in 2,600 counties.

Reimbursement for meals and incidental expenses will not change. These rates range from \$46 through \$71 for meals per day, depending on the location, and \$5 for incidental expenses.

The result is that, for most of the United States, the standard per diem rate will be \$123 (\$77 lodging, \$46 meals and incidental expenses) beginning on October 1st.

GSA says that the overall decrease in per diem costs in fiscal year 2011 is 3.85% after factoring in meals and incidental expenses. The reason for the decline is a decrease of 5.73% in the estimated cost of hotel rates.

There are 378 areas across the country that use a *non-standard* per diem rate when determining how much a federal traveler will receive while conducting business on behalf of Uncle Sam. In the new fiscal year, the rates for 310 of these areas will decrease, while 50 areas will go up and 18 will remain the same.

In some areas, there has been a significant reduction in the per diem rate. For example, a number of SGMP members reading this will be traveling to Washington, DC, on business. When you traveled to DC in FY 2010, you received up to \$300 reimbursement. If you travel there in FY 2011, you will receive \$282.

For more information on the rates, you can use this [2010 per diem rate](#) spreadsheet and compare it to the [2011 per diem rates](#).