

LAKE WASHINGTON INSTITUTE OF TECHNOLOGY

MEMORANDUM

TO: Board of Trustees
FROM: Bill Thomas
SUBJECT: Trustees Payments
DATE: February 28, 2012

As you may recall, at the February 6, 2012, Board of Trustees meeting study session, there were several questions raised regarding payments to the Board members for attending regular and special meetings and other conferences. In response to these questions, the following information is being provided.

Meetings/Committees/Functions

In accordance with State law and Board policy, Board members are to be reimbursed at the allowable per diem rate for attending Board meetings. In general, a Board member is compensated for their attendance at the following meetings and/or related activities:

- Board of Trustee monthly meetings;
- Board of Trustee committee assignments;
- Attending a meeting or function at College requests;
- Representing the College in related professional associations and/or organizations;
- Other College related business as approved (to be defined)

However, it is necessary for the Board to clearly identify which meetings, committees, or assignments are to be considered “official” business for compensation purposes.

As allowed under State regulations, members are reimbursed for meal and lodging expenses at the daily maximum allowable per diem rate for the location for each day or portion thereof spent to conduct official college business. The Internal Revenue Service has determined that this payment is made under a non-accountable plan and therefore, is subject to federal employment taxes (including income tax withholding, Social Security and Medicare taxes (OASI) and is reportable on IRS Form W-2.

The current per diem rate is \$208 for King County (effective October 1, 2011) and payments are processed through payroll and subject to all applicable taxes. In addition, State regulations require that the cost of any meals provided with meetings be deducted from the per diem reimbursement. However, the College is allowed to provide coffee and/or light refreshments at the meetings without any impact to the per diem payment to Board members.

Vicinity mileage reimbursement will continue to be paid in addition to the per diem payment and is not subject to federal tax withholding.

Reimbursement for Qualifying Travel Expenses

Travel status is defined by the IRS as “being away from your tax home (regular place of business) overnight or when substantial rest is required (IRC 62©, Pub. 463)”. Reimbursements while in qualifying travel status under federal law are not subject to federal employment taxes and are not reported on Form W-2. Board members are reimbursed for travel expenses requiring an overnight stay in accordance with College travel procedures. The College’s travel procedures meet the IRS requirements of being an accountable plan, and reimbursements made under an accountable plan are generally not considered taxable. Generally, this type of reimbursement to the Board members includes lodging, meals, and mileage with the meal allowance deducted for any meals provided by the conference

If there are any questions, please let me know.

Thank you.

C: David Woodall, President