



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE SUITE 1000
WASHINGTON, DC 20374-5065

IN REPLY REFER TO
ACQ 021
28 Jan 99

MEMORANDUM FOR DISTRIBUTION

Subj: CLASS DEVIATION—MAXIMUM PER DIEM RATES UNDER THE FEDERAL TRAVEL REGULATIONS (FTR) (99-05)

Encl: (1) OUSD DP(DAR) memo of 23 Dec 98

1. Enclosure (1) is forwarded for your information and immediate implementation, as appropriate.
2. The Director of Defense Procurement has authorized all military departments and defense agencies to deviate from the requirements of FAR 31.205-46(a)(2)(i) to allow defense contractors the choice of satisfying the limitation on allowable travel costs by either continuing to use the FTR maximum per diem rates and the definitions of lodging, meals, and incidental expenses in effect on 31 December 1998, or by using the revised FTR rates and definitions that became effective 1 January 1999.
3. This class deviation will remain in effect until 30 September 1999, or until FAR 31.205-46(a)(2) is revised, whichever occurs first.

A handwritten signature in black ink, appearing to read "M. F. Howard".

MICHAEL F. HOWARD
Director, Strategic Operations/
Community Management



ACQUISITION AND
TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON DC 20301 3000

December 23, 1998

DP (DAR)

In reply refer to
DAR Tracking Number: 98-00014

MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS MANAGEMENT,
ASN (RD&A) / ABM
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE,
(CONTRACTING), SAF/AQC
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT)
COMMANDER, DEFENSE CONTRACT MANAGEMENT COMMAND,
DEFENSE LOGISTICS AGENCY

SUBJECT: Class Deviation from Federal Acquisition Regulation
(FAR) 31.205-46(a)(2)(i), Maximum Per Diem Rates Under
the Federal Travel Regulations (FTR)

I authorize all military departments and defense agencies to deviate from the requirements of FAR 31.205-46(a)(2)(i). Effective January 1, 1999, defense contractors may choose to satisfy the limitation on allowable travel costs by continuing to use the FTR maximum per diem rates and the definitions of lodging, meals, and incidental expenses in effect on December 31, 1998, or by using the revised FTR rates and definitions that are effective January 1, 1999.

FAR 31.205-46(a)(2) limits allowable costs for contractor employee lodging, meals, and incidental expenses to the maximum per diem rates in effect at the time of travel set forth in the FTR; the Joint Travel Regulation, Volume 2, DoD Civilian Personnel, Appendix A; or the Standardized Regulations (Government Civilians, Foreign Areas), Section 925, "Maximum Travel Per Diem Allowances for Foreign Areas."

On December 2, 1998, the General Services Administration issued a final rule that significantly changes how the FTR maximum per diem rate limitations are computed, including extracting lodging taxes from the per diem rates and allowing



payment of lodging taxes as a miscellaneous expense instead. The revised FTR rule goes into effect on January 1, 1999.

I am concerned that defense contractors may encounter a significant administrative burden and incur substantial costs in modifying their systems to comply with this new rule. At the same time, the Federal agencies are considering a FAR change to remove these maximum per diem rate limitations. Therefore, I am authorizing a class deviation to permit the use of either the FTR rates and definitions effective on December 31, 1998, or the revised FTR rates and definitions that go into effect on January 1, 1999.

This class deviation is approved until September 30, 1999, or until FAR 31.205-46(a)(2) is revised, whichever event occurs first.

A handwritten signature in black ink that reads "Eleanor Spector". The signature is written in a cursive style with a large, stylized initial "E".

Eleanor R. Spector
Director, Defense Procurement