

**House Officers Association
Grievance #2024-13**

RESPONSE TO ASSOCIATION GRIEVANCE

I. Introduction

On January 15, 2024, the University of Michigan (“University” or “Employer”) received House Officers Association (“HOA” or “Union”) Grievance #2024-13, alleging the University violated the parties’ Collective Bargaining Agreement (“CBA”) by failing to provide a 30-day notice around an understood change in the University’s Travel and Business Hosting Expense Policy.

In specific, the Union asserts the University violated Paragraph 179 (*sic*) of the CBA that reads as follows:

To the extent practicable, the Association will be notified of any changes in the reimbursement policy thirty (30) days prior to the implementation of any change so that the Association can assist in the communication of the changes to Employees.

As a matter of clarification and context, the HOA refers to “Paragraph 179” in its written grievance, but the contractual language cited by the HOA is actually Paragraph 279 and the context of its grievance is clear to be in relationship to Paragraph 279.

As a remedy, the HOA seeks for the University “to delay the new reimbursement policy until 30 days after the resolution of this grievance and that all House Officers already impacted by the policy be made whole.”

II. Analysis

The HOA’s assertion that the University’s Travel and Business Hosting Expense Policy changed is not accurate, as in fact there was no change, substantive or otherwise, to the policy. While not discussed in the HOA’s written grievance, University Procurement Services provided notice of its intent to treat any out-of-pocket expenses “that are submitted for reimbursement more than 45 days after the transaction date” as taxable income, effective January 1, 2024. This notice was sent via email on December 12, 2023, to University of Michigan employees who had submitted an expense for reimbursement within the last year as well as department managers. The notice further indicated:

This only applies to expenses paid for with a personal payment method—card or cash—and does not apply to PCard, Travel Card, or CTA transactions. *This adjustment is due to increased enforcement by the IRS of its policy regarding the timing of the reimbursement of out-of-pocket expenses* (emphasis added).

In an article on the University’s Procurement Services website ([Late out-of-pocket reimbursements to be taxed due to IRS requirement | Procurement Services - University of Michigan \(umich.edu\)](#)), that was linked to the

aforementioned email notice, it reads, “U-M’s Travel and Business Hosting Expense Policy (SPG 507.10-1) *has always stated* (emphasis added) that ‘Employees must submit expenses via the university’s travel and expense system substantiating the amount, date, and business purpose of expenses, ideally within 10 days, but no later than 45 days’.”

As this same article progresses, it concludes with a *Frequently Asked Questions* section that further addresses this enforcement of the policy:

2. Why is this happening?

U-M’s Travel and Business Hosting Expense Policy (SPG 507.10-1) has always stated that expenses must be reconciled within 45 days, but exceptions did occur on occasion. This adjustment is due to increased enforcement by the IRS of its policy regarding timing of the reimbursement of out-of-pocket expenses. A number of U-M’s peer institutions have already altered their time requirements for the reimbursement of out-of-pocket expenses to comply with the IRS policy.

Given there was no change to the University’s Travel and Business Hosting Expense Policy, there was no obligation under Paragraph 279, or any other provision of the CBA, for the Employer to notify the union regarding the December 12, 2023 notice that had been circulated by Procurement Services. Furthermore, the HOA is unable to identify how any of its members were adversely impacted, since, again, no change in policy occurred that ultimately resulted in harm to any of its members. After review of this matter, the union has failed to identify a violation to the CBA.

III. Conclusion

Based upon the foregoing reasons, the grievance is denied.

FOR THE UNIVERSITY REVIEW COMMITTEE: s/ Brian Sumner

Senior Labor Relations Specialist

Date emailed to the HOA: February 14, 2024