

REVISED OCTOBER 2018. This document applies to all NIH grants and cooperative agreements for budget periods beginning on or after *October 1, 2018*

You are here: [7 Cost Consideration](#) > [7.9 Allowability of Costs/Activities](#)

Search NIH Grants F

7.9 Allowability of Costs/Activities

The governing **cost principles** address selected items of cost, some of which are mentioned in this section for emphasis. This section is not intended to be all-inclusive. The **cost principles** should be consulted for the complete explanation of the allowability or unallowability of costs.

This section also includes NIH-specific requirements concerning costs and activities. The allowability of costs under specific NIH awards may be subject to other requirements specified in the program legislation, regulations, or the specific terms and conditions of an award, which take precedence over the general discussion provided here. Specific program requirement may also be covered in other sections of the NIH GPS. Applicants or recipients that have questions concerning the allowability of particular costs should contact the GMO.

If a cost is allowable, it is allocable as either a **direct cost** or an **F&A cost**, depending on the recipient's accounting system. For some costs addressed in this section, the text specifies whether the cost is usually a **direct cost** or an **F&A cost**.

Unless otherwise indicated in the **NoA**, an award based on an application that includes specific information concerning any costs or activities that require **NIH prior approval** constitutes the **prior approval** for those costs or activities. The recipient is not required to obtain any additional approval for those costs/activities. Post-award requests to incur costs or undertake activities requiring **prior approval** that are not described in the approved application are subject to the requirements in **Administrative Requirements-Changes in Project and Budget**.

Consortium participants and contractors under grants are subject to the requirements of the **cost principles** otherwise applicable to their type of organization and to any requirements placed on them by the recipient to be able to comply with the terms and conditions of the NIH grant.

The **cost principles** do not address profit or fee. NIH policy allows the payment of fee on SBIR/STTR grants (see **Grants to For-Profit Organizations** chapter in IIB) but NIH will not provide profit or fee to any other type of recipient under any other grant program or support mechanism. A fee may not be paid by a recipient to a consortium participant, including a for-profit organization. However, a fee (profit) may be paid to a contractor providing routine goods or services under a grant in accordance with normal commercial practice.

[^ Back to Top](#)

Items	Explanation of Allowable Costs
	<ol style="list-style-type: none"> 1. Bonding costs arise when the Federal awarding agency requires assurance against financial loss to itself or others by reason of the act or default of the non-Federal entity. They arise also in instances where the non-Federal entity requires similar assurance, including: bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds for employees and officials. 2. Costs of bonding required pursuant to the terms and conditions of the Federal award are allowable. 3. Costs of bonding required by the non-Federal entity in the general conduct of its operations are allowable as an indirect cost to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.
Books and Journals	Allowable. If an organization has a library, books and journals generally should be provided as part of normal library services and treated as F&A costs .
Building Acquisition	Unallowable unless building acquisition or construction is specifically authorized by program legislation and is provided for in the NoA. For real property acquired with NIH grant support, the cost of title insurance may be charged to the grant in proportion to the Federal share of the acquisition cost. Filing fees for recording the Federal interest in the real property in appropriate records of the applicable jurisdiction also may be charged to the grant. (Also see Construction Grants-Allowable and Unallowable Costs and Activities in IIB).
Capital Expenditures	See Equipment and Other Capital Expenditures.
Child Care Costs	Allowable if incurred to assist individuals to participate as subjects in research projects. Such costs also may be allowable as a fringe benefit for individuals working on a grant-supported project (see Fringe Benefits and Travel Costs in this exhibit).
Collection of Improper Payments	The costs incurred by a non-Federal entity to recover improper payments are allowable as either direct or indirect costs , as appropriate. Amounts collected may be used by the non-Federal entity in accordance with cash management standards set forth in 45 CFR 75.305. (See Improper Payment).
Communications	Allowable. Such costs include local and long-distance telephone calls, express mail, and postage, and usually are treated as F&A costs .
Conference Grant Costs	See Support of Scientific Meetings (Conference Grants) chapter in IIB for allowability of costs for scientific meetings (conferences).
Consortium Agreements/ Contracts under Grants	Allowable to carry out a portion of the programmatic effort or for the acquisition of routine goods or services under the grant. Such arrangements may require NIH approval as specified in Administrative Requirements-Changes in Project and Budget. (See also Administrative Requirements-Management Systems and Procedures-Procurement System Standards and Requirements for policies that apply to the acquisition of routine goods and services and the Consortium Agreements chapter in IIB for policies that apply to recipient collaboration with other organizations in carrying out the grant-supported research).

^ Back to Top



Travel Regulations

Responsible Officer:	EVP - Chief Financial Officer
Responsible Office:	FA - Financial Accounting
Issuance Date:	7/15/2019
Effective Date:	7/1/2019
Last Review Date:	1/31/2019
Scope:	<ul style="list-style-type: none"> • Staff and academic employees of the University. • Non-employees, including students, visiting scholars, prospective employees and independent contractors. • This policy does not apply to travel associated with work done within the scope of the UC/DOE contract for the management and operations of the Lawrence Berkeley National Laboratory (LBNL). Travel not within the scope of the LBNL contract is covered by the provisions of G-28.

Contact:	John Barrett
Title:	Tax Manager
Email:	John.Barrett@ucop.edu
Phone:	(510) 987-0903

TABLE OF CONTENTS

I. POLICY SUMMARY	2
II. DEFINITIONS	2
III. POLICY TEXT.....	3
IV. COMPLIANCE/RESPONSIBILITIES	6
V. PROCEDURES	8
VI. RELATED INFORMATION	42
VII. FREQUENTLY ASKED QUESTIONS	44
VIII. REVISION HISTORY	47
IX. APPENDIX.....	48

University employees traveling on official business shall observe normally accepted standards of propriety in the type and manner of expenses they incur. *In addition, it is the traveler's responsibility to report his or her actual travel expenses in a responsible and ethical manner, in accordance with the regulations set forth in this Bulletin.*

The University's travel reimbursement procedures contained in this Bulletin are designed to conform to the "accountable plan" rules published by the Internal Revenue Service (IRS). Therefore, University reimbursement of an employee's travel expenses shall not result in additional taxable income to the employee. Travel expenses considered by the IRS to be taxable income to the traveler are not reimbursable except for the following:

- Expenses for travel in excess of one year,
- Imputed taxable income caused by substantiated expense reports submitted after the time limit described in Section V.I.1., subject to campus discretion,
- Certain travel expenses related to moving a new appointee or a current employee (refer to BFB G-13, Policy and Regulations Governing Moving and Relocation, for more information), and
- Travel-related and childcare expenses for a spouse, domestic partner, dependent-care provider, and dependents who accompany the employee when pre-approved by the Chancellor or other senior University officer (see Section V.H.2.f).

E. Travel Restrictions

California State Law (Government Code Section 11139.8, enacted pursuant to AB 1887), effective January 1, 2017, prohibits state-funded travel to a state that has passed a law after June 26, 2015 that (1) authorizes discrimination based on sexual orientation, gender identity, or gender expression, or (2) voids or repeals existing state or local protections against such discrimination. The law also prohibits state agencies and UC from requiring employees to travel to such states. The State Attorney General must develop, maintain, and has posted online the current list of states where these travel restrictions apply. The Attorney General has also posted online a set of Frequently Asked Questions that includes a list of exceptions provided in Government Code Section 11139.8, which allow state-funded travel to states on the Attorney General's list under certain specified conditions.

d. Inbound Travel – Temporary Assignments

Individuals (including employees, independent contractors, and consultants) hired by the University for temporary assignments that do not last more than one year may be reimbursed for travel expenses, including meals and lodging. Such individuals must incur lodging expenses that ***duplicate the expenses of a permanent residence in another location and satisfy one of the following criteria:***

- The traveler has a member or members of his or her family currently residing at the permanent home; or
- The traveler intends to return to the vicinity in which his or her claimed residence is located.

The reimbursement for lodging shall be reduced by any amount received by the traveler for renting out his or her primary residence.

Inbound travel is subject to the provisions for outbound travelers outlined in Section V.E.2., Travel in Excess of 24 Hours. Inbound travel in excess of one year is subject to the provisions contained in Section V.E.2.a.iii., Indefinite Travel - Assignments That Exceed One Year.

e. Foreign Visiting Scholars

A foreign visiting scholar who is an ***employee of another entity*** (e.g., a foreign university) may be reimbursed for substantiated travel expenses. Such amounts are excludable from the individual's income, are not reported as compensation, and are exempt from withholding and payment of employment taxes.

A foreign visiting scholar who is an ***independent contractor*** may be reimbursed for travel expenses provided the expenses are properly substantiated and the amount of the reimbursement does not exceed the substantiated expenses. If these requirements are met, such payments are not subject to withholding or reporting.

Payments to foreign visitors, including advances for airfare, cash advances, and reimbursements for travel expenses, may be restricted by the visitor's visa status or other requirements established by the Department of Homeland Security. In most cases, additional documentation must be provided by the visitor ***in advance of reimbursement***. Refer to Accounting Manual chapter, T-182-27, Taxes: Federal Taxation of Aliens, for more information.

f. Spouse, domestic partner, dependent, and dependent-care provider travel

- i. Reimbursement of expenses for bona fide University business travel purpose

The travel expenses of a spouse/domestic partners who accompanies a University business traveler (e.g., the President, Provost, Senior Vice President, Vice Presidents, Chancellors, Laboratory Directors, Principal Officers of The Regents, or other employees as approved by the

Chancellor) are reimbursable under this Bulletin, provided it can be established that the spouse or domestic partner's presence serves a bona fide University business purpose.

Under IRS regulations, the travel expenses of a spouse or domestic partner are not taxable, provided it can be established that his or her presence serves a bona fide business purpose. A spouse or domestic partner who attends a function is considered to have a business purpose if he or she has a **significant** role in the proceedings or makes an important contribution to the success of an event. Generally, protocol or tradition dictates when the participation of a high-level official's spouse or domestic partner is required at official University functions, such as alumni gatherings, fund-raising or ceremonial activities, certain athletic events (see below), and community events. Documentation should be provided with the travel expense claim to show that the spouse or domestic partner's attendance at the function meets the above conditions (e.g., an event or meeting agenda, or a letter of invitation requesting that the spouse or domestic partner attend the meeting or event).

If a spouse or domestic partner has no significant role in the proceedings, or performs only incidental duties of a social or clerical nature, attendance does not constitute a bona fide business purpose. Such expenses are taxable to the employee and therefore may not be reimbursed under this policy.

In accordance with the Policy on Associate of the President/Chancellor, an Associate may be reimbursed for expenses related to the use of a personal automobile for University business purposes at the basic mileage rate specified in Appendix A.

- ii. Reimbursement for travel expenses of a spouse, domestic partner, dependents, or dependent-care provider

Reimbursement of travel expenses, including dependent care expenses for a spouse, domestic partner, dependent-care provider and dependents who accompany an employee or candidate for employment on bona fide University business travel may be allowed in limited circumstances when pre-approved by the Chancellor, Executive Vice Chancellor/Provost, Dean, Director, Department Chair, or other senior University officer, as designed. See Section VII., Frequently Asked Questions, for examples of limited circumstances that might be allowed. Reimbursement of expenses related to dependent care provided outside of normal working hours while an employee or candidate for employment is traveling on bona fide University business may be allowed in limited circumstances when pre-approved by the Chancellor, Executive Vice Chancellor/Provost, Dean, Director, Department chair, or other senior University officers as designated. Reimbursable expenses that do not have a clear University business purpose are taxable. Reimbursements under this policy for dependent(s) travel expenses and/or dependent(s) care are taxable.

Funding. Spouse, domestic partner, dependent-care provider and dependent travel expenses may not be charged to either federal or state funds. For travel charged to a contract or grant fund, the traveler should check with the contract or grant sponsor whether these travel expenses are permitted under any special provisions of the contract or grant. Various non-state and non-federal funds controlled by the University may be used to fund spouse, domestic partner, dependent-care provider and dependent travel, but only within the restrictions, if any, governing the use of the fund and within the policy set forth in this Bulletin. See Section VII Frequently Asked Questions for more details.

g. Athletic Travel – Spouse or Domestic Partner and Other Family Members

Travel by a spouse or domestic partner who accompanies an athletic director (or assistant director or head coach) to sporting events such as bowl games and tournaments is presumed to have a bona fide University business purpose (see Section f, Spouse or domestic partner Travel, above) in situations where the NCAA or potential donors expect that certain high-ranking members of the athletic department, and their spouse or domestic partner, will participate in events associated with these athletic activities. The travel expenses of a spouse incurred in the pursuit of such activities may be reimbursed provided documentation, such as an NCAA event agenda, is provided to substantiate the business purpose of the travel. Such amounts are not taxable or subject to reporting.

Travel expenses incurred by other family members generally do not satisfy the bona fide University business purpose test and therefore are not reimbursable; however see section VI.F.ii and the FAQs in section VII for special circumstances where such expenses might be reimbursed but still treated as taxable.

Refer to Section f above for information on funding sources for spouse or domestic partner travel.

I. Reporting Travel Expenses

A travel expense claim (Form U85 or an equivalent, or an electronic version) shall be used to account for all travel advances and expenses incurred in connection with official University travel. When properly completed and approved, this form is used to reimburse the traveler for any additional amounts due. ***A travel expense claim must be processed even if no reimbursement is due the traveler.***

1. Reporting Period

The travel expense claim must be submitted to the disbursements/travel accounting office (or equivalent office on campus) within a reasonable amount of time not to exceed 45 days after the end of a trip unless there is recurrent local travel, in which case claims may be aggregated and submitted monthly. [If a Travel Card is used, campuses have the discretion to require a shorter time frame for submission of the travel expense claim]. When a trip lasts more than 90 days, the traveler must submit a quarterly report of expenditures to the disbursements/travel accounting office. Travel reimbursement requests submitted

- IRS Revenue Procedure 2010-51, 2010-51 IRB 883, Business use of auto— application of optional standard mileage rates for 2011
- IRS Notice 2019-2, 12/14/2018
- IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses

Other

- UC Travel Management Services (May 11, 2006)
- Federal Travel Regulation, Chapter 301
- NIH - Fly America/Open Skies policy (see section 7.9.1 “Travel/Employees”)
- GSA Bulletin FTR 11-02, October 06, 2010
- Code of Federal Regulations (CFR sections 200.474 and 200.432)

VII. FREQUENTLY ASKED QUESTIONS

Dependent Care Expenses and Dependent Travel Expenses

What are the types of limited circumstances that reimbursement might occur?

Examples of the type of circumstances that a Chancellor might determine a reimbursement are appropriate include:

1. Two UC employees with joint dependent care responsibilities are on University business (e.g., conference, meeting, training, etc.);
2. An employee on University travel status has a dependent who requires twenty-four hour care;
3. Prospective faculty on the final interview needs to bring their dependent(s) to the interview.

How are state funds defined?

“State funds” include funds in the following fund group codes:

- 401 – General Funds (fund numbers 199XX, excluding UCGF)
- 40411 – State Specific Funds (fund numbers 18000-18069)
- 41412 – State Special Funds (fund numbers 18070-18199)
- 40421 – State Contracts, Grants, and Cooperative Agreements (fund numbers designated by campus)
- 1003 – Plant Funds State Appropriations (fund numbers 00800-00999)

Campuses should consult with their respective budget offices to determine the funds that fall within the fund groups mentioned above.

Note that approximately 45% of the Systemwide Assessment Fund (Fund 69085) is from state funds. Therefore, for purposes of AB 1887 compliance (section III.E,) fund 69085 may be used to reimburse otherwise allowed travel to one of the

states listed on the California Attorney General's website as long as the total expenditures for a department's travel to any of these states do not exceed 55% of the department's total 69085 fund allocation.

What expenses are covered under a federal fund source?

Dependent care costs can only be charged to federal funds if they are above and beyond regular dependent care that directly results from travel to a conference for the federal award and are temporary during the travel period. This is subject to the circumstances where such expenses can be reimbursed as determined by the Campus Chancellor. The travel expenses of the dependent can't be charged to a federal fund.

How is "conference" defined in the Uniform Guidance?

Conference is defined in UG Section 200.432: "a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award.

How is a dependent defined for purposes of charging federal fund source?

Internal Revenue Code Section 152(c) defines "dependent" as either a qualifying child or a qualifying relative.

1. Foreign Travel Related qualifying child is an individual-

- A. Who has a relationship with the taxpayer as-
 - I. A child of the taxpayer or a descendant of the taxpayer's child, or
 - II. A sibling or stepsibling of the taxpayer or descendant of the taxpayer's sibling or stepsibling,
- B. Who has the same principal housing residence as the taxpayer for more than 6 months in a calendar tax year,
- C. Who is-
 - I. Under 19 years of age, or
 - II. Is a student under 24 years of age,
- D. Who received more than 50% of support from the taxpayer for the calendar tax year, and
- E. Who has not filed a joint return with the individual's spouse (other than for a claim of refund). I.R.C. § 152(c).

2. Qualifying relative is an individual-

- A. Who is related to the taxpayer as-
 - I. A child or a descendant of a child,
 - II. A brother, sister, stepbrother, or stepsister,
 - III. The father or mother, or an ancestor of either,

- IV. A stepfather or stepmother,
 - V. A son or daughter of a brother or sister of the taxpayer,
 - VI. A brother or sister of the father or mother of the taxpayer,
 - VII. A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law, or
 - VIII. An individual who has the same principal housing residence as the taxpayer for the taxpayer's calendar tax year,
- B. Whose gross income for the calendar tax year is less than the personal exemption under I.R.C. § 151(d),
 - C. Who received more than 50% of support from the taxpayer for the calendar tax year, and
 - D. Who is not the taxpayer's qualifying child during any time of the calendar tax year. I.R.C. § 152(d).

Foreign Travel Questions:

- How will it be determined that a trip will be primarily for *personal* reasons?
In accordance with IRS regulations, the presumption is that if the time spent on personal activities exceeds 50% of the total time, the trip will be treated as primarily *personal* unless there are other factors that would cause the trip to be treated as primarily business.
- What are the four situations where the special allocation formula for foreign travel (see section V.E.2.b) does not apply to nonbusiness expenses incurred in foreign travel?

Even if you did not spend your entire time on business activities, your trip is considered entirely for business if you meet at least one of the following four exceptions:

Exception 1: No Substantial Control. A trip is considered entirely for business if you did not have substantial control over the arranging of the trip. The fact that you control the timing of the trip does not, by itself, mean you have substantial control over the arranging of the trip. You do not have substantial control if you are: a). an employee who was reimbursed or paid a travel expense allowance; and b). are not related to your employer; and c). are not a managing executive who has the authority and responsibility, without being subject to veto by another, to decide on the need for business travel.

Exception 2: Travel Outside the United States for No More than One Week. A trip is considered entirely for business if you were outside the United States for a week or less, combining business and nonbusiness activities. A week means seven consecutive days; in counting the days, the day you left the United States is not counted, but the day that you return to the United States is counted.

Exception 3: Less than 25% of Time is Spent on Personal Activities. A trip is considered entirely for business if: a). You were outside the United States for