



University of California  
Office of the President

Senior Vice President—  
Business and Finance  
Research Administration Office

**Memo**  
Operating  
Guidance

No. 06-01  
February 6, 2006

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CONTRACT AND GRANT OFFICERS (CAMPUS AND LAB)\*  
VICE CHANCELLORS--ADMINISTRATION

**Subject:** Travel Rates in State Agreements

Policy:

For the past few years, the University had been relying on an e-mail from the State Dept. of General Services, Office of Legal Services, (DGS/OLS) to verify that State agencies can provide a clause which states that University employees travel at University approved travel rates in their University agreements. This policy has now been incorporated into the State Contract Manual, section 3.18: "Agreements with UC may allow reimbursement at UC travel rates rather than require DPA travel rates." <http://www.documents.dgs.ca.gov/ols/scm/REV-10/CHAPTERS%201%20THROUGH%203.pdf>

University employees must all have access to the same travel rates. University employee travel funded by any extramural award should not be different from that provided all University employees in the University Travel Policy, *G-28, Policy and Regulations Governing Travel*.  
<http://www.ucop.edu/ucophome/policies/bfb/g28.html>

Invoicing:

State agreements with the University should not require that the University provide the State agency with receipts or itemized travel documentation. The University is the office of record for University-incurred expenses. Approved payment of a University travel voucher is sufficient for invoicing for that cost without providing individual trip documents. When State program personnel have questions about the purpose of a trip or travel expenses claimed on an approved University invoice, it would be appropriate for them to contact the University Principal Investigator for any necessary explanation of a travel charge.

Indirect Costs:

A couple State agency Contract Officers recently informed campuses that they were instructed by either DGS/OLS or their own agency attorneys that indirect costs cannot be charged on travel expenses. Travel expenses are in the approved base of campus indirect cost calculations. The special State agency indirect cost rate of 25% modified total direct costs (MTDC) includes travel in the MTDC base. (See waiver no. 03R-125.) The information that indirect costs cannot be charged on travel expenses may be the result of some misunderstanding about how University travel rates are calculated. University travel rates are based on actual expenses. There is no overhead or "burden" included in

\*Note: The addressees above represent the standard distribution of Contract and Grant Memos. Additional addressees, if any, may be added based on the subject of the Memo. See cc's.

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these University rates. Therefore, it is appropriate to include travel expenses in the MTDC base when calculating indirect costs for a State agreement budget.

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