



U.S. Department
of Transportation

Memorandum

**Federal Motor Carrier
Safety Administration**

SP-08-001-CE

Subject: **ACTION:** Cost Eligibility for New Entrant Safety
Assurance Program

Date: **JAN 25 2008**

From: 
William Quade
Associate Administrator for Enforcement
And Program Delivery

Reply to
Attn. of: MC-ESS

To: Field Administrators
Division Administrators

PURPOSE

This State Programs policy establishes cost principles for determining allowable costs for grants provided via the New Entrant (NE) Safety Assurance program. The purpose of this memorandum is to identify costs that are directly related to expenses incurred from participation in the NE program. This policy is effective with Fiscal Year (FY) 2008 grant funding.

BACKGROUND

Funding requests for the NE program have increased each year since the grant program was established in FY 2004. In addition, under The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) \$29 million is authorized per year for NE safety audits, and their related expenses. These factors combine and make continued financial management and grant oversight an essential requirement to the success of the NE program.

This policy is intended to identify the costs related to activities necessary for delivering the NE program that are eligible for reimbursement under the NE grant. All expenditures must be necessary, reasonable, and allowable and are subject to review and approval by the Federal Motor Carrier Safety Administration (FMCSA) as described in 49 CFR Part 18.

GUIDANCE

Generally, allowable expenses under the NE program grant funding are those costs directly related to the delivery of the NE program, which are necessary and reasonable for effective and efficient performance and management of the program. The NE program costs must be consistent with policies and regulations related to the Motor Carrier Safety Assistance Program pertaining to eligible program costs (CFR 49 part 350).

Expenditures directly related to activities necessary to deliver the NE program are eligible for reimbursement under the NE program grant. This includes administrative costs to manage the NE program, schedule carriers for safety audits (SA), complete SAs, conduct the data entry requirements in Motor Carrier Management Information System, conduct compliance reviews (CR) when required by program policy, evaluate motor carrier's NE safety management or corrective action plan, complete mandatory activities (including required training) to maintain, equipment and supplies for program delivery, and programs.

The following categories serve as a guide for determining the eligibility of costs as either a direct or pro-rated share reimbursement, under the NE program:

- (1) Supervision or management costs necessary and attributable to administration and delivery of the NE program. If the personnel are not 100 percent dedicated to the NE program, then the cost should be pro-rated in a manner consistent with the percentage of time performing duties directly related to delivery and management of the NE program;
- (2) Personnel expenses, including, training, salaries and fringe benefits. If the personnel are not 100 percent dedicated to the NE program, then the costs should be charged for actual time worked or in a pro-rated manner consistent with the percentage of time performing duties directly related to administration, delivery and management of the NE program;
- (3) Equipment, supplies and travel expenses (including per diem) directly related to delivery of the NE program; including, vehicles, uniforms and civilian clothing (up to the maximum allowable by the State's policy), communications equipment, special inspection equipment (not including Commercial Vehicle Safety Alliance decals, educational material, or portable scales), vehicle maintenance, fuel, and oil;
- (4) The CRs that are required to be conducted in place of SAs based on program policy (SafeStat A or B, non-frivolous complaint), or because the carrier fails the SA, will be eligible. The CRs that are conducted for any other reason will not be eligible for reimbursement under the NE program;
- (5) Indirect expenses for facilities or services, used in delivery of the NE program or the housing of staff, equipment, or supplies supporting the management, administration and delivery of the NE program, to the extent these costs are measurable; and
- (6) Clerical and administrative expenses are allowable to the extent their services are necessary and attributable to the NE program. If the personnel are not 100 percent dedicated to the NE program, then the cost should be pro-rated in a manner consistent with the actual time worked or as a percentage of time performing duties directly related to delivery of the NE program. The administrative costs directly related to the delivery of the NE program (i.e., scheduling, responding to Federal Motor Carrier Safety Regulations and Hazardous Materials Regulations and NE procedural questions, completion of the NE safety audit and follow-up activity in direct response to a complete NE safety audit) are eligible activities for reimbursement under the NE grant.

Activities, items or deliverables not included in the above listing are not eligible for reimbursement, unless prior approval is obtained from FMCSA.

The FMCSA Division Administrator shall review State financial records and expense reports submitted with each request for reimbursement to ensure that the State's expenditures meet the basic eligibility requirements as outlined in the policy and the State's approved NE grant plan and budget. All FY 2008 budgets must include itemized listings of all activities for proper oversight and compliance with this policy.

If you have any questions regarding this policy or need additional information or clarification please contact Michael Lamm at 202-366-6830 or via e-mail at mike.lamm@dot.gov.