U.S. Department
of Transportation

Federal Motor Carrier
Safety Administration

Memorandum

SP-02-001-CE

Subject: Cost Eligibility for MCSAP Overtime

Date: DEC 1 2 2001

From: Chief, State Programs Division
Motor Carrier Safety Programs

Reply to Attn. of: MC-ESS

To: Division Administrators
State Directors

The FMCSA is responsible for administering the Motor Carrier Safety Assistance Program (MCSAP) to ensure the uniform adoption and consistent enforcement of commercial vehicle safety and hazardous material transportation regulations. Over the years, MCSAP has grown and evolved into a mature multi-faceted performance-based commercial vehicle highway transportation safety program with new and expanded program authorities, resources and personnel. As a result, we have received numerous and diverse inquiries concerning the eligibility of overtime expenditures in the performance of program-related activities.

The issue of cost eligibility for overtime expenditures has been one of continuous inquiry by State MCSAP grant recipients. This is evident by the fact that eight State program policy reference guidelines on the issue of overtime-cost eligibility have been issued since the inception of the program: SP-85-002-CE, SP-85-016-CE, SP-85-021-CE, SP-86-004-CE, SP-86-006-CE, SP-86-012-CE, SP-86-018-CE, and SP-87-009-CE. In general, the historical issue surrounding overtime centered on whether or not the overtime activity was incidental to the performance of an activity or a planned program effort.

We recognize that today our program is expanding with new initiatives and activities, yet grant recipients are facing static levels in staffing and program resources. This combination has hindered many States' ability to increase staffing to deliver new or additional activities in their MCSAP. More recently, the events of September 11th have necessitated that we look for expanded commercial vehicle driver inspections, to ensure the safety and security of our National CMV Transportation System.

In view of the aforementioned issues related to the MCSAP and an evaluation of our policies, we are issuing this policy in an effort to grant greater flexibility to our State grant recipients, while maintaining consistency and uniformity within our MCSAP. This policy hereby rescinds all previously issued policies (referenced above) regarding the MCSAP cost eligibility of overtime.

Overtime Policy

We are authorizing States to annually allocate a fixed amount of program funds for expenditures associated with overtime, either incidental or planned, to conduct otherwise eligible MCSAP activities. The amount eligible for allocation toward overtime shall be an amount not to exceed 15 percent of the State's basic program funding (excluding incentive funding), based on the State's annual basic program formula allocation.

Our new policy grants maximum flexibility to the States in planning, scheduling and implementing performance based strategies and activities to address CMV safety within their Commercial Vehicle Safety Plan (CVSP). It is important to note that this policy establishes the annual maximum MCSAP overtime expenditure allowance; the underlying activities supporting the overtime costs must be eligible MCSAP activities.

A State's use of overtime funding shall not diminish from the level or effort dedicated toward the completion of national MCSAP program elements. Additionally, the activities to be performed with overtime funds must be eligible MCSAP activities supporting the State's CVSP objectives and approved by the FMCSA Division Administrator/State Director. We encourage and fully expect that s will dedicate to the maximum extent possible their overtime allowance toward the completion of additional MCSAP safety inspections focusing on the safety and performance of commercial vehicle drivers, particularly "driver only" inspections.

The FMCSA Division Administrator/State Director shall review financial records and expense reports annually to ensure that the State's expenditures for overtime comply with this policy.

If you have any questions regarding this policy or need additional information, please feel free to contact your respective Headquarters State Program Division contact or Service Center State Program Specialist.

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