



U.S. Department
of Transportation

Memorandum

**Federal Motor Carrier
Safety Administration**

Subject: Eligibility of Memberships, Subscriptions
& Professional Activity Costs
(Dues and Memberships) Within FMCSA Grants

Date: MAY 01 2017

From: William A. Quade 
Associate Administrator for Enforcement

**Reply to
Attn. of:** MC-ESS

To: FMCSA Staff

PURPOSE:

Federal Motor Carrier Safety Administration (FMCSA) grantees routinely participate in professional organizations that are involved in national commercial vehicle/driver safety issues. These organizations often charge annual dues or other membership fees. This policy provides direction to FMCSA staff responsible for the oversight of grants and explains which parts of dues and memberships are not eligible costs within FMCSA grant programs. This direction applies to grants and cooperative agreements awarded by FMCSA.

BACKGROUND:

For an item to be allowable as either a direct or indirect cost, it must be necessary and reasonable for proper and efficient performance of the Federally funded program and linked to the activities conducted under the funded grant or cooperative agreement (see 2 CFR §§ 200.403-405 for more details). Based on these requirements, the purpose of the professional organization and its nexus to commercial vehicle safety must be clearly documented to approve dues and memberships as eligible expenses.

Section 200.454 of title 2, Code of Federal Regulations, details the criteria under which memberships, subscriptions, and professional activity costs are allowed under a Federal grant or cooperative agreement:

- (a) Costs of the non-Federal entity's membership in business, technical, and professional organizations **are allowable**.
- (b) Costs of the non-Federal entity's subscriptions to business, professional, and technical periodicals **are allowable**.
- (c) Costs of membership in any civic or community organization **are allowable** with prior approval by the Federal awarding agency or pass-through entity.
- (d) Costs of membership in any country club or social or dining club or organization are **unallowable**.
- (e) Costs of membership in organizations whose primary purpose is **lobbying are unallowable**

According to 2 CFR § 200.450, “the cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans” and “costs incurred in attempting to improperly influence either directly or indirectly, an employee or officer of the executive branch of the Federal government to give consideration or to act regarding a Federal award or a regulatory matter” are unallowable costs. As some professional organizations also engage in lobbying, awareness of this activity is critical when an FMCSA employee is determining cost eligibility.

Although the Agency’s grants were consolidated from nine programs to four by the Fixing America’s Surface Transportation Act, Public Law Number 114-94 (2015), the regulations and Office of Management and Budget guidance applicable to lobbying costs were not changed.

POLICY:

Lobbying: FMCSA grant funds **may not** be expended by a grantee or sub-grantee for lobbying. If a grantee is paying membership fees and/or dues to a professional organization with a Federal award, it is the grantee’s responsibility to obtain and retain sufficient information from the professional organization so that FMCSA can determine that Federal funds were not illegally used for lobbying activity.

If a professional organization engages in lobbying, the portion of the organization's dues that is used for lobbying is unallowable and may not be billed to the Federal award. If the professional organization does not notify their members of the portion of the dues or membership fees that are applied to lobbying activities, then the grantee should request such information from the organization and expense appropriately.

Dues and Memberships: FMCSA recognizes that certain costs for dues and memberships are appropriate. In many cases, the Agency has acknowledged allowable costs relating to professional organizations within its Notices of Funding Availability and Comprehensive Policy. In addition, FMCSA has previously evaluated and approved dues and membership costs within its individual grant programs, when the dues and membership costs adhere to the cost principles referenced above.

However, there are several considerations that must be applied when evaluating the eligibility of dues and membership fees:

- (1) Dues and memberships for professional organization(s) or association(s) must be in the name of the grantee **and not** in the name of another individual or party;
- (2) Dues and/or membership fees used to pay for personnel outside the grantee’s (or sub-grantee’s) organization **are not allowed.**
 - a. Private sector representatives or other entities **are not eligible.** This includes membership fees used to pay for the travel costs for board members of an organization or association, who are not members of the grantee’s organization;

- b. It should be noted that this **does not prohibit** a recipient of a Federal award from appointing another State agency as a participant in a particular organization on behalf of the grantee. For example, a State's Highway Patrol allowing a representative from the same State's Department of Motor Vehicles to represent the grantee;
- (3) Dues and membership fees that include travel expenses for grantee's employees must adhere to the grantee's written travel policy or follow Federal travel cost guidance if no specific policy exists.

Examples of Dues or Fees That May Be Allowable:

Guidance that FMCSA staff may consider when assessing an organization's involvement in national commercial vehicle safety issues include:

1. Does the organization develop and implement standards applicable to the conducting and documentation of commercial motor vehicle (CMV) safety inspections or other national commercial vehicle safety priorities?
2. Does the organization serve as a central clearinghouse for fees and taxes and distributes the funding to the States?
3. Does the organization serve as a central clearinghouse of data used by multiple States and is critical to the implementation of national CMV safety initiatives or projects?
4. Does the organization perform work that is of benefit to the grantee (relating to the purposes of their federal award) and more cost effective than an individual state by state (or grantee by grantee) approach?

The Office of Safety Programs will provide updated information each year on professional organizations and related dues and memberships within its funding opportunity notices.

IMPLEMENTATION DATE: This policy is effective immediately.

Should you have any questions or need additional information, please contact Thomas Liberatore, Chief, State Programs Division at (202) 366-3030, or by email at Thomas.Liberatore@dot.gov.