



**U.S. DEPARTMENT OF TRANSPORTATION**

NATIONAL HIGHWAY TRAFFIC SAFETY  
ADMINISTRATION

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**HIGHWAY SAFETY GRANT FUNDING POLICY**  
**FOR FIELD-ADMINISTERED GRANTS**

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## **Highway Safety Grant Funding Policy for Field-Administered Grants**

### **INTRODUCTION**

The basic funding eligibility factors listed in this document apply to NHTSA field administered grants in accordance with 23 U.S.C. Sections 154, 157, 164, 163, 402, 405, 406, 408, 410, and 411; with the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETA-LU), Public Law 109-59, Sections 1906, 2010, and 2011; and with Section 2003(b) of Public Law 105-178. They should be implemented in conjunction with **Office of Management and Budget (OMB) Circulars A-87, Cost Principles for State, Local and Indian Tribal Governments; A-21, Cost Principles for Institutions of Higher Education; A-122, Cost Principles for Nonprofit Organizations; and 45 CFR, Subtitle A - Appendix E to Part 74, Principles for Determining Costs Applicable to Research and Development Under Grants and Contract with Hospitals**, which provides basic guidance for all Federally assisted programs.

In addition to these cost principles, this grant funding policy is based on governing statutes, regulations and directives, and many of these supporting documents are contained in the *Highway Safety Grant Management Manual*. Sources include the following:

49 CFR-Part 18 -- Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;

23 CFR-Chapters II & III-- NHTSA and FHWA regulatory requirements applicable to 23 U.S.C., Sections 402, 405, 410, 411, 153, 154, 157, 163, and 164 and to Section 2010 of P. L. 109-59.

Implementing Guidance – Guidance published by NHTSA applicable to 23 U.S.C., Sections 406 and 408, and to Sections 1906 and 2011 of P. L. 109-59.

NHTSA Order 462-6C -- Matching Rates for State and Community Highway Safety Programs, November 30, 1993.

To be allowable, **costs must be necessary, reasonable, allocable**, and Federal funds must be used **in accordance with the appropriate statute and implementing grant regulations or guidance**. Grant management rules require governmental units to monitor sub-awards to assure compliance with applicable Federal requirements and cost principles.

For general criteria for allowable costs, please see **Part I. Basic Funding Guidance**, **Part II. Allowable Costs Under Specific Conditions for Selected Items**, or **Part III. Unallowable Costs for Selected Items**.

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## **General Program Features**

### **SAFETEA-LU PROGRAMS**

#### **Section 402 - State and Community Highway Safety Programs (23U.S.C. 402)**

Section 402 funds are to be used to support the States' Performance Plans, which contain performance goals and performance measures, based on the National Priority Program Areas and other problems identified by the States, and Highway Safety Plans for the implementation of programs that address a wide range of highway safety problems that are related to human factors and the roadway environment and that contribute to the reduction of crashes, deaths, and injuries resulting thereof. Section 402 enhances States' programs by providing resources to start up new, more effective projects; by catalyzing or accelerating State programs to address major safety issues with well-planned strategies; and by leveraging additional State and local investment in highway safety.

Prior to fiscal year (FY) 1998, NHTSA and FHWA had separate Section 402 appropriations funding highway safety grant programs. As of FY 1998, the Section 402 funds are all managed by NHTSA, and programs previously eligible for funding under FHWA's program are coded under NHTSA's Roadway Safety.

The Uniform Procedures for State Highway Safety Programs (23 CFR Part 1200) and Highway Safety Programs; Determinations of Effectiveness (23 CFR Part 1205), provide comprehensive information concerning eligible activities.

Sections 2001 and 2002 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) reauthorizes the State and Community Highway Safety formula grant program (Section 402 of chapter 4 of Title 23). A State may use these grant funds only for highway safety purposes; at least 40% of these funds are to be used by or for the direct benefit of political subdivisions of the State to address local traffic safety problems. Each fiscal year the State will sign certifications and assurances that the State complies with all applicable Federal statutes, regulations, and directives in effect with respect to the periods for which it receives grant funding.

#### **Section 405 - Occupant Protection Incentive Grant (23 U.S.C. 405)**

Section 2004 of SAFETEA-LU reauthorized Section 405 which encourages States to adopt and implement effective programs to reduce deaths and injuries from riding unrestrained or improperly restrained in motor vehicles. A State may use these grant funds only to implement and enforce occupant protection programs.

#### **Section 406 - Incentive Grants to Support Increased Safety Belt Use Rates (23**

### **U.S.C. 406)**

Section 2005 of SAFETEA-LU establishes a new program of incentive grants (under Section 406 of chapter 4 of Title 23) to encourage the enactment and enforcement of primary safety belt use laws and encourage increased safety belt use. A State may use these grant funds for any behavioral highway safety purpose or for any project that corrects or improves a hazardous roadway location or feature or proactively addresses highway safety problems. However, at least \$1 million of amounts received by each State must be obligated for behavioral highway safety activities.

### **Section 408 – State Traffic Safety Information System Improvements Grants (23 U.S.C. 408)**

Section 2006 of SAFETEA-LU establishes a new program of incentive grants (under Section 408 of chapter 4 of Title 23) to encourage States to adopt and implement effective programs to improve the timeliness, accuracy, completeness, uniformity, integration, and accessibility of State data that is needed to identify priorities for national, State, and local highway and traffic safety programs; to evaluate the effectiveness of efforts to make such improvements; to link these State data systems, including traffic records, with other data systems within the State; and to improve the compatibility of the State data system with national data systems and data systems of other States to enhance the ability to observe and analyze national trends in crash occurrences, rates, outcomes, and circumstances. A State may use these grant funds only to implement such data improvement programs.

### **Section 410 - Alcohol Impaired Driving Countermeasures (23 U.S.C. 410)**

Section 2007 of SAFETEA-LU amended the alcohol-impaired driving countermeasures incentive grant program (under Section 410 of chapter 4 of Title 23) to encourage States to adopt and implement effective programs to reduce traffic safety problems resulting from individuals driving while under the influence of alcohol. A State may use these grant funds to implement the eight impaired driving programmatic grant criteria as well as costs for high visibility enforcement; the costs of training and equipment for law enforcement; the costs of advertising and educational campaigns that publicize checkpoints, saturation patrols or other law enforcement traffic maneuvers, increase law enforcement efforts and target impaired drivers under 34 years of age; the costs of a State impaired operator information system, and the costs of vehicle or license plate impoundment.

### **Section 1906 – Grant Program to Prohibit Racial Profiling (P. L. 109-59, Section 1906)**

Section 1906 of SAFETEA-LU establishes a new grant program to encourage States to enact and enforce a law that prohibits the use of racial profiling in highway law enforcement, and to maintain and allow public inspection of statistical information for each motor vehicle stop on Federal-aid highways in the State regarding the race and



ethnicity of the driver and any passengers. States may use the grants for collecting and maintaining data on traffic stops; evaluating the results of such data; and developing and implementing programs to reduce the occurrence of racial profiling, including training.

**Section 2010 – Motorcyclist Safety Grants (P. L. 109-59, Section 2010)**

Section 2010 of SAFETEA-LU establishes a new program of incentive grants to encourage States to adopt and implement effective programs to reduce the number of single and multi-vehicle crashes involving motorcyclists. A State may use these grants funds only for motorcyclist safety training and motorcyclist awareness programs, including improvement of training curricula, delivery of training, recruitment or retention of motorcyclist safety instructors, and public awareness and outreach programs.

**Section 2011 – Child Safety and Child Booster Seat Incentive Grants (P. L. 109-59, Section 2011)**

Section 2011 of SAFETEA-LU establishes a new incentive grant program to make grants available to States that are enforcing a law requiring any child riding in a passenger vehicle who is too large to be secured in a child safety seat to be secured in a child restraint that meets the requirements prescribed under section 3 of Anton’s Law (49 USC 30127 note; 116 Stat. 2772). These grant funds may be used only for child safety seat and child restraint programs.

**Section 154 - Open Container Requirements (23 U.S.C. 154)**

The TEA-21 Restoration Act established a program to encourage States to enact Open Container laws. A State that does not have a conforming Open Container law by the beginning of a fiscal year, starting with fiscal year 2001, will have certain Federal-aid highway funds transferred to the States Section 402 State and Community Highway Safety grant program during that fiscal year. These funds can be used for alcohol-impaired driving programs and hazard elimination programs. Section 154 funds used for Alcohol take on the same characteristics as Section 402 funds, and Section 154 funds used for Hazard Elimination take on the same characteristics as FHWA’s Section 148 funds. (SAFETEA-LU amended Section 154 to replace Section 152 with Section 148.)

**Section 164 - Minimum Penalties for Repeat Offenders for DWI or DUI (23 U.S.C. 164)**

The TEA-21 Restoration Act established a program to encourage States to enact Repeat Intoxicated Driver laws. A State that does not have a conforming Repeat Intoxicated Driver law by the beginning of a fiscal year, starting with fiscal year 2001, will have certain Federal-aid highway funds transferred to the State’s Section 402 State and Community Highway Safety grant program during that fiscal year. These funds can be used for alcohol-impaired driving programs and hazard elimination programs. Section 164 funds used for Alcohol take on the same characteristics as Section 402 funds, and Section 164 funds used for Hazard Elimination take on the same characteristics as

FHWA's Section 148 funds. (SAFETEA-LU amended Section 164 to replace Section 152 with Section 148.)

### **Pre-SAFETEA-LU PROGRAMS**

#### **Section 153 - Use of Safety Belts and Motorcycle Helmets (23U.S.C. 153)**

Section 153 Transfer funds are to be used for the same purposes as the Section 402 funds (see preceding section). States that fail to put into effect complying safety belt laws, beginning October 1, 1993, experience a transfer of funds from certain Federal-aid highway programs to their highway safety program. For additional information on the use of the transfer funds, please refer to the July 19, 1994 Policy Memorandum entitled NHTSA/FHWA Guidance: Section 153 Transfer Funds and 23 CFR Part 1215, Use of Safety Belts and Motorcycle Helmets: Compliance and Transfer-of-Funds Procedures.

#### **Section 157 - Safety Incentive Grants for Use of Seatbelts (23 U.S.C. 157)**

The Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21) established a program of incentive grants to encourage States to increase safety belt use rates. A State may use these grant funds for any project eligible for assistance under Title 23 U.S.C., including highway safety and highway construction programs. Funds allocated to highway safety can be used under Sections 402, 405,410, & 411, and they take on the characteristics of the program in which they are used. Funds allocated to highway construction programs are administered by the State's Highway Agency and FHWA.

#### **Section 157 - Safety Innovative Grants for Increasing Seatbelt Use Rates (23 U.S.C. 157)**

TEA-21 established a program of discretionary grants to encourage States to increase safety belt use rates. A State may use these funds only to implement plans, approved by NHTSA, to boost safety belt use through effective enforcement, targeted public information, multi-faceted partnerships, improved legislation, and other appropriate measures.

#### **Section 163 - Safety Incentives to Prevent the Operation of Motor Vehicles by Intoxicated Persons (23 U.S.C. 163)**

TEA-21 established a program of incentive grants to encourage States to establish 0.08% blood alcohol concentration (BAC) as the legal limit for drunk driving offenses. A State may use these grant funds for any project eligible for assistance under Title 23. Funds allocated to highway safety can be used for Sections 402, 405,410, & 411, and they take on the characteristics of the program in which they are used.

**Note:** These funds are retained by FHWA and accounted for by the State's Highway agency. Specific codes, QN1 for NHTSA highway safety programs and QO8 for Federal-Aid highway type programs, have been established to allow for separate

accountability.

### **Section 411 - State Highway Safety Data Improvements (23 U.S.C. 411)**

TEA-21 established a program of incentive grants to encourage States to adopt and implement effective programs to improve the timeliness, accuracy, completeness, uniformity, and accessibility of State data that is needed to identify priorities for national, State, and local highway and traffic safety programs; to evaluate the effectiveness of efforts to make such improvements; to link these State data systems, including traffic records, with other data systems within the State; and to improve the compatibility of the State data system with national data systems and data systems of other States to enhance the ability to observe and analyze national trends in crash occurrences, rates, outcomes, and circumstances. A State may use these grant funds only to implement such data improvement programs.

### **Section 2003b - Child Passenger Protection Education Grants (P. L. 105-178, Section 2003(b))**

TEA-21 established a program of incentive grants to encourage States to implement child passenger protection programs. A State may use these grant funds to implement programs that are designed to prevent deaths and injuries to children; educate the public concerning the proper installation of child restraints; and train child passenger safety personnel concerning child restraint use.

## **PART I. Basic Funding Guidance**

The provisions of OMB Circulars A-87, A-21, A-122, and 45 CFR, Subtitle A - Appendix E to Part 74 are applicable (depending on the identity of the entity incurring the cost) for general determination of allowable costs, and are controlling in the event of a conflict with NHTSA grant policy, except where inconsistent with statute. For the purposes of determining allowable costs, the following criteria apply: (See also **Appendix A** for items 3, 4, and 5 below)

- Allowable costs must be **necessary, reasonable and allocable**, and funds must be used in accordance with the appropriate statute and implementing grant regulations.
- Costs must be consistent with the authorizing statute and implementing regulation, guidance and must not be in violation of **Federal, State and local laws**.

### **A. Planning and Administration Costs**

As outlined in 23 CFR 1252, P&A costs are those direct and indirect expenses that are attributable to the overall management of the State's Highway Safety Plan. Costs

include salaries and related personnel benefits for the Governors' Representatives for Highway Safety and for other technical, administrative, and clerical staff for the States' Highway Safety Offices. P&A costs also include other office costs, such as travel, equipment, supplies, rent and utility expenses necessary to carry out the functions of the States' Highway Safety Offices.

## **1. Funding Ceiling for P&A:**

### ***Section 402 (including Sections 157 Incentive & 163 designated as 402 funds)***

- A maximum of 10% of annual Section 402 program funds is available as an administrative takedown. **NOTE:** Indian Nations are exempt.

### ***Section 406***

- A maximum of 10% Section 406 program funds is available as an administrative takedown.

### **New Primary Law States and Safety Belt Performance States**

- These States receive their Section 406 grant funds on a one-time basis and are allowed to carry-forward their unspent P&A into future fiscal years but must program P&A in the first year they receive Section 406 funds, otherwise they will lose this option.

### **Pre-2003 Primary Law States**

- These States may receive their Section 406 grant funds in installments each fiscal year until they receive their one-time grant total. Pre-2003 Primary Law States must program P&A in each year they receive Section 406 funds, otherwise they will lose this option and have to wait until the following year to program new Section 406 funds to P&A.

### ***Section 410 Funds under SAFETEA-LU***

- A maximum of 10% of annual Section 410 program funds.

### ***Sections 154 & 164 funds Transferred to Section 402***

- A maximum of 10% of annual Section 154 or 164 transfer funds

**Note:** The amount a State programs for 410 P&A, 154 P&A and/or 164 P&A must be related to the costs of planning and administration for only the alcohol programs and hazard elimination programs supported with these funds; these

funds can not be used to offset the planning and administrative costs for highway safety programs in general, as is the case for P&A in the non-transfer portion of the Section 402 program. This is because the use of Sections 410 funds is limited to alcohol programs and the use of Section 154 or 164 transfer funds is limited to alcohol programs and hazard elimination programs. For example, 154 or 164 P&A funds may be used to cover the costs a highway safety office incurs in developing and implementing new accounting procedures for hazard elimination programs, but not for the P&A costs to operate the Section 402 program.

## 2. Matching Requirements for P&A:

***Section 402 (including Section 157 Incentive and Section 163 designated as 402 funds and 154 & 164 funds Transferred to Section 402) and Section 410 under SAFETEA-LU.***

- The Federal P&A share shall not exceed 50% of total P&A costs, except for select States using the sliding scale for match (See NHTSA Order 462-6C).
- No match is required for Section 163 funds, Sections 154 or 164 funds transferred to Section 402.
- No match is required for U.S. Territories (23 U.S.C. 120(i)), or for Federally recognized Indian Tribal governments (23 CFR 1252) under the Indian highway safety program.

### ***Section 406***

- No match is required.

## B. **Matching Requirements**

The State matching amount is calculated as a percentage of the total (Federal and State) program costs. **NOTE:** Those States affected by nontaxable Indian lands, Public Domain lands; National Forest, National Parks and Monuments that qualify for "Sliding Scale Matching Rates" should refer to NHTSA Order 462-6C.

***Section 402, 408, 1906 & 2003(b) (including Section 157 Incentive designated as 402 funds)***

- Federal share is not to exceed 80 %.
- No match is required for U.S. Territories, or for the Indian Highway Safety Program.

***SAFETEA-LU – Sections 405 & 410;  
TEA21 - Sections 405, 410, & 411 (including Section 157 Incentive designated as  
405, 410, or 411 funds)***

- Federal share is not to exceed 75% the first and second years.
- Federal share is not to exceed 50% the third and fourth years.
- Federal share is not to exceed 25% the fifth year and beyond (where applicable).
- No match is required for U.S. Territories, or for the Indian Highway Safety Program

NOTE: For SAFETEA-LU Section 405, first year begins in FY2004 for States awarded FY2004 and FY2005 TEA-21 grants.

***Section 2011***

- Federal share is not to exceed 75% the first, second, and third years.
- Federal share is not to exceed 50% the fourth year.

***Sections 406, 153, 154, 157, 163, 164 & 2010 funds Transferred to the Section 402 Program***

- No match is required.

**C. Political Subdivisions Participation**

Political subdivisions are State-recognized administrative units having highway safety responsibilities below the State level and responsive to an electorate residing within a defined geographic area of the State.

***Section 402 (including Section 157 Incentive & 163 designated as 402 funds)***

- At least 40% of the total Federal annual obligation limitations must be used by or for the benefit of political subdivisions of the State, unless waived in writing (DC, Puerto Rico, and Territories). **NOTE:** Does not apply to Section 157 Innovative and Indian Nations - see below.
- A total of 95% of the funds apportioned to the Secretary of Interior for Federally recognized Indian Tribal governments is for local benefit/participation (i.e. for the benefit of Indian tribes).

### *Sections 153, 154 & 164 funds Transferred to the Section 402 Program*

- At least 40% of the total Federal annual obligation limitation is to be used by or for the benefit of political subdivisions of the State. **Note:** 40% requirement doesn't apply to Sections 154 & 164 funds designated as **Hazard Elimination**.

#### **D. Proportionate Funding**

For all activities and equipment to be funded, which have components both related and unrelated to a highway safety grant, the Federal Government share shall be based proportionately on the projected utilization for the Federal (NHTSA) grant purposes. For example, the NHTSA participation in the cost of Gas Chromatograph Mass Spectrometers for quantitative testing of drug evidential samples shall be on a pro rata basis. If a State laboratory department plans to use this equipment 20% of the time to identify drugged driving evidence and 80% of the time to identify non-traffic related evidence, the NHTSA participation must not exceed 20% of the total cost of the equipment.

## **PART II. Allowable Costs under Specified Conditions or Limitations for Selected Items:**

The following costs are allowable under specified conditions. In the event of a conflict between this section and OMB Circular A-87, A-21, A-122, or 45 CFR, Subtitle A - Appendix E to Part 74, the provisions of the applicable Circular will be controlling (except where inconsistent with statute). The State may request additional information relating to allowable and unallowable cost items from the NHTSA Regional Office.

### **A. Equipment**

1. Cost of purchases for **new and replacement equipment** with a useful life of more than one year and an acquisition cost per unit (including accessory items essential to its operation) of \$5,000 or more must be pre-approved by the appropriate grant-approving official(s). The approval may be part of the approval of the Performance Plan or part of a separate written request describing how the equipment would support the State's highway safety program.
2. NHTSA funds programmed to Roadway Safety may be used for the purchase and installation of **regulatory and warning signs and supports and field reference markers** designed specifically to meet FHWA- endorsed standards only for roads off the Federal-aid system (i.e. local roads or rural minor collectors).
3. **Costs** for the following items are **subject to compliance** with any applicable

**standards and performance specifications and inclusion on the applicable Conforming Products List (CPL)** established by NHTSA, the Research and Innovative Technology Administration (RITA), the American College of Surgeons or by other nationally recognized standard-setting agencies (or by State standards and performance specifications, as long as they are at least as stringent as applicable national standards and performance specifications):

- a. **Police traffic** enforcement, speed-measuring devices, automated speed-measuring systems, red light camera systems, or other enforcement technologies, and systems used to identify and collect evidence for presentation in court and costs for certification testing of such enforcement technologies, devices and systems used by the police when conducted at testing laboratories established by NHTSA (a comprehensive list can be found online on NHTSA's website).
- b. **Alcohol/drug testing devices** and costs for re-certification of such devices (a comprehensive list can be found online on NHTSA's website).
- c. **Ambulance** costs not to exceed 25% for Federal share, unless the State submits to the appropriate NHTSA grant-approving official documentation supporting a higher percentage of highway safety utilization. Minimum requirements for an ambulance include: (1) meeting the GSA Federal Ambulance Specifications (KKK series); (2) being equipped in accordance with the essential equipment list recommended by the American College of Surgeons; (3) containing space for two litter patients and 60 inches of headroom for EMT's; (4) being manned by a minimum of one basic level EMT; and (5) having exterior vehicle lighting sufficient for identification as an ambulance.
- d. **Helicopter** costs, not to exceed 25% for Federal share, unless the State submits to the appropriate NHTSA grant-approving official documentation supporting a higher percentage of highway safety utilization. Helicopters must be equipped for emergency medical services (EMS) missions and for police traffic safety functions related to law enforcement, with an absolute priority accorded to EMS duty needs for crash site victim removal. Activity logs must be maintained to verify highway safety use and expenditure.
- e. **Automated External Defibrillators (AED)** costs, not to exceed 25% for Federal share. AED are to be used for training EMS personnel only. AED CANNOT be used to equip ambulances (or police cars or offices).
- f. **Fixed wing aircraft** costs, not to exceed 25% for Federal share, unless the



State submits to the appropriate NHTSA grant-approving official documentation supporting a higher percentage of highway safety utilization. Activity logs must be maintained to verify highway safety use and expenditures.

B. **Travel**

Costs for travel-related expenses for **out-of-State individuals** are allowable, provided such expenses are for specific services benefiting the host State's highway safety program.

C. **Training**

1. Costs of **training personnel (but not Federal civilian or military employees)**, for highway safety purposes are allowable when the training supports the objectives of the State's highway safety program. (See "Unallowable Costs" in Part III., Sections C.1. and C.2. under Training of this document). Training for Department of the Interior personnel who are assigned Section 402 responsibilities is covered under the 5% administrative take down.
2. Development costs of **new training curricula and materials** are allowable if they will not duplicate materials already developed for similar purposes by U.S. DOT/NHTSA/FHWA or by States. Costs are allowable to modify existing materials to meet particular State and local instructional needs.
3. Cost are allowable for **portable skid platforms and driving simulators**. However, proposed plans for this equipment need to be part of a NHTSA-approved training program. If the total cost of the skid platforms and driving simulators exceeds \$5,000, it falls into the major purchases category and requires NHTSA prior approval.

D. **Program Administration**

1. Costs are allowable for highway safety **consultant services** from universities, public agencies, non-government organizations and individuals for State or local highway safety support services or products consistent with the applicable OMB Circular, provided applicable State procurement procedures are followed and the State's official contract and procurement manual is maintained in the State's Highway Safety Office.
2. Costs are allowable to support a specific highway safety project with **promotional activities**, which offer incentives or encourage the general public to adopt highway safety practices. Documentation must be available to show that such activities do not violate State law. Promotional items and activities must directly relate to the project objectives.

3. Federal grant funds may be expended in **support of police-directed operations** to uncover unlawful practices associated with minimum drinking age laws. Funds may be utilized in the **purchase of alcoholic beverages (also see Part III, D.4.)**, but in no case for consumption, in "sting" type operations as long as the operations are not in conflict with any Federal, State or local laws.
4. Costs of **meetings and conferences**, where the primary purpose is the dissemination of highway safety-related technical information, are allowable, including meals, transportation, rental of meeting facilities, and other incidental costs. Adequate records must be maintained to document that the primary purpose of the meeting was for dissemination of technical information.

E. Public Communications

Costs are allowed for the purchase of program **advertising space** in the mass communication media as part of a comprehensive program designed to address specific highway safety goals identified in a state's Performance Plan . This includes the purchase of television, radio time, cinema, internet, print media, and billboard space (See 402 Purchase Media Guidance in the Highway Safety Grant Management Manual for additional conditions or limitations). **Note:** Television public service announcements and advertising created with the aid of Federal funds must contain closed-captioning of the verbal content.

### **PART III. Unallowable Costs for Selected Items:**

The following items are unallowable:

A. **Facilities and Construction**

1. Costs for **highway construction, maintenance, or design** (other than design of safety features of highways incorporated into Roadway Safety guidelines).
2. Costs for **construction or reconstruction** of permanent facilities, such as paving, driving ranges, towers, and non-portable skid pads.
3. Costs for **highway safety appurtenances** including longitudinal barriers (such as guardrails), sign supports (except as allowed under Allowable Costs with Conditions for selected Items, Part II.A.2.), luminaire supports, and utility poles. (FHWA safety construction Federal-aid funds are available.)
4. Costs for construction, rehabilitation, or remodeling for any buildings or structures or for purchase of **office furnishings and fixtures**. The following are some examples of those items:

Desk	Credenza	Storage Cabinet
Chair	Bookcase	Portable Partition
Table	Filing Cabinet	Picture, Wall Clock
Shelving	Floor Covering	Draperies & Hardware
Coat Rack	Office Planter	Fixed Lighting/Lamp

5. The cost of **land** (**except** for Section 2010 motorcycle safety grant funds used to purchase facilities which include the purchase of land).

B. **Equipment**

1. Costs for the purchase of both fixed and portable **truck scales**. (Motor Carrier safety program funds are available for truck scales.)
2. Costs for **traffic signal preemption** systems. (FHWA Federal-aid highway program funds are available.)

C. **Training**

1. Costs to pay for an **individual's salary** while pursuing training or to pay the salary of the individual's replacement, which is considered supplanting, except to the extent that the individual's salary is already supported with highway safety funds under an approved project.
2. Costs of training **employees of Federal and military agencies**. **Note:** Training for Department of the Interior personnel who are assigned Section 402 responsibilities are covered under the 5% administrative take down.

D. **Program Administration**

1. **Supplanting**, including: (a.) replacing routine and/or existing State or local expenditures with the use of Federal grant funds and/or (b.) using Federal grant funds for costs of activities that constitute general expenses required to carry out the overall responsibilities of State, local, or Federally-recognized Indian tribal governments.
2. NHTSA highway safety grant funds designated for any **research** purposes for which funds are authorized under 23 USC 403.
3. NHTSA highway safety grant funds used to defray expenses incurred or sought to be incurred for activities of **Federal civilian or military agencies or employees**. **Note:** For Department of the Interior, personnel expenditures for the Section 402 program are covered under the 5% administrative take down.
4. **Alcoholic beverages** (also see **Part II, D.3.**) for any consumption purposes,

- including controlled settings for the training of law enforcement officers in techniques for determining driver impairment.
5. Costs of **entertainment**, including amusement and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities).
  6. NHTSA highway safety grant funds for **commercial drivers'** compliance with specific Federal Motor Carrier Safety Regulations.

E. **Lobbying**

1. **Federal** - the cost of **influencing the U.S. Congress and Federal agency officials** for activities associated with obtaining grants, contracts, cooperative agreements or loans.
2. **State and Local** - No Federal funds may be used for any activity specifically designed to **urge or influence a State or local legislator to favor or oppose the adoption of any specific legislative proposal pending** before any State or local legislative body. Such activities include both direct and indirect (e.g., grassroots) lobbying activities, with one exception. This does not preclude a State official whose salary is supported with NHTSA funds from engaging in direct communications with State or local legislative officials, in accordance with customary State practice, even if such communications urge legislative officials to favor or oppose the adoption of a specific pending legislative proposal.

**APPENDIX A**

**GRANT FUND REQUIREMENTS**

Program Area	State Match	Planning & Administration	Local Use	Miscellaneous Information
Section 402	20% of total program costs; <b>Exception:</b> Select States use a sliding scale for State Match; <b>Exempt:</b> Indian Nations & Territories	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Note</b> - Indian Nations restricted to 5% administrative takedown. <b>Match:</b> 50% match; <b>Exception</b> - Select States use a sliding scale for State Match; <b>Exempt</b> - Indian Nations & Territories	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC, Puerto Rico;  Note: Indian Nations and Territories A total of 95% of federal funds must be spent for local benefit/participation of Indian tribes.	
Section 405 - K2 SAFETEA-LU	*Years Match 1-2 25% 3-4 50% 5-6 75% (of total program cost) *Beginning in FY04 for States awarded TEA-21 405 funds in FY03 and FY04. <b>Exempt:</b> Territories.	None	None	State will maintain its aggregate expenditures from all other sources for occupant protection programs at or above the average level of expenditures for FYs 2004 & 2005
Section 406 - K4 SAFETEA-LU	None	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Match:</b> None required	None	At least \$1 million of grant funds received by each State must be obligated for behavioral highway safety activities.
Section 408 – K9 SAFETEA-LU	20% of total program costs; <b>Exempt:</b> Territoires.	None	None	State will maintain its aggregate expenditures from all other sources for highway safety data programs at or above the average level of expenditures in its 2 fiscal years preceding the date of enactment of the SAFETEA-LU.
Section 410 – K8 SAFETEA-LU	Years Match 1-2 25% 3-4 50% 5-6 75% (of total program costs) <b>Exempt:</b> Territoires	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Match:</b> 50% match; <b>Exception</b> - Select States use a sliding scale for State Match; <b>Exempt</b> - Territoires	None	State will maintain its aggregate expenditures from all other sources for alcohol traffic safety programs at or above the average level of such expenditures in its 2 fiscal years preceding the date of enactment of SAFETEA-LU.
Section 1906 - K10 SAFETEA-LU	20% of total program costs <b>Exempt:</b> Indian Nations & Territoires	None	None	
Section 2010 - K6 SAFETEA-LU	None	None	None	State will maintain its aggregate expenditures from all other sources for motorcyclist safety training programs and motorcyclist awareness programs at or above the average level of such expenditures in its 2 fiscal years preceding the date of enactment of SAFETEA-LU.
Section 2011 - K3 SAFETEA-LU	Years Match 1-3 25% 4 50%	None	None	State will maintain its aggregate expenditures from all other sources for child safety seat and child restraint programs at or above the average level of such expenditures in its 2 fiscal years preceding the date of enactment of SAFETEA-LU. Child Safety seat purchases limited to 50% of annual award.
Section 154 & 164	None	<b>Ceiling:</b> P & A funds restricted to 10% of	<b>AL:</b> At least 40% of Federal	AL - Alcohol funds take on the characteristics of Section

Program Area	State Match	Planning & Administration	Local Use	Miscellaneous Information
Transfer AL - Open Container & Repeat Offender Funds HE - Open Container & Repeat Offender Funds TEA-21		federal funds received annually; <b>Match:</b> None required	funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC, Puerto Rico, & HE - Open Container & Repeat Offender Funds	402 funds and HE - Hazard Elimination funds take on the characteristics of FHWA ' s Section 148 funds.
Section 157 Incentive funds designated as Section 402 program TEA-21	20% of total program costs	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Match:</b> 50% match; <b>Exception -</b> Select States use a sliding scale for State Match;	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC & Puerto Rico	These funds take on the characteristics of the Section 402 funds.
Section 157 Incentive funds designated as Sections 405, 410, or 411 TEA-21	Years Match 1-2 25% 3-4 50% 5-6 75% (of total program costs);	None	None	These funds take on the characteristics of the program the funds are applied against.
Section 163 designated as Section 402 program TEA-21	None	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Match:</b> None required	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC & Puerto Rico	These funds take on the characteristics of Section 402 funds. These funds are retained by FHWA and accounted for by the State ' s Highway agency and specific codes: <u>QN1</u> for NHTSA highway safety programs and <u>QO8</u> for Federal-Aid highway type programs have been established to allow for separate accountability.
Section 163 funds designated as Section 405, 410, or 411 TEA-21	None	None	None	These funds take on the characteristics of the program the funds in which they are used. These funds are retained by FHWA and accounted for by the State ' s Highway agency and specific codes: <u>QN1</u> for NHTSA highway safety programs and <u>QO8</u> for Federal-Aid highway type programs have been established to allow for separate accountability
Section 405 - J2 TEA-21	Years Match 1-2 25% 3-4 50% 5-6 75% (of total program costs) <b>Exempt:</b> Indian Nations & Territories.	None	None	State will maintain its aggregate expenditures from all other sources for occupant protection programs at or above the average level of expenditures for FYs 1996 & 1997
Section 410 - J8 TEA-21	Years Match 1-2 25% 3-4 50% 5-6 75% (of total program costs) <b>Exempt:</b> Indian Nations & Territories	None	None	State will maintain its aggregate expenditures from all other sources for alcohol traffic safety programs at or above the average level of expenditures for FYs 1996 & 1997.
Section 411 - J9 TEA-21	Years Match 1-2 25% 3-4 50% 5-6 75% (of total program costs);	None	None	State will maintain its aggregate expenditures from all other sources, <b>except those authorized under Chapter 1 of Title 23 of the United States Code</b> , for highway safety data and traffic records programs at or above the average level of expenditures for FYs 1996 & 1997.

Program Area	State Match	Planning & Administration	Local Use	Miscellaneous Information
	<b>Exempt:</b> Indian Nations & Territories			
Section 2003B - J3 TEA-21	20% of total program costs; <b>Exempt:</b> Indian Nation & Territories	None	None	
Section 153 Transfer Pre-TEA-21	None	<b>Ceiling:</b> P & A funds restricted to 10% of federal funds received annually; <b>Condition:</b> Cannot be used unless 10% 402 PA is obligated <b>Match:</b> None required	At least 40% of Federal funds spent by locals or designated as the benefit of locals; <b>Exempt:</b> DC & Puerto Rico	