



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

OFFICE OF  
WATER

March 2, 2006

**MEMORANDUM**

**SUBJECT:** Use of Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF) program monies to provide required matches for other federal grant programs

**FROM:** Charles Job, Chief /s/  
Infrastructure Branch

George Ames, Chief /s/  
Clean Water State Revolving Fund Branch

**TO:** CWSRF and DWSRF Coordinators  
Regions I-X

This memorandum communicates how state DWSRF and CWSRF programs may provide required matches for other federal grant programs. Facilities are sometimes faced with opportunities to acquire grants from other federal programs that contain match requirements. If it is in the best interest of the facility and the CWSRF or DWSRF, it may be possible for a state SRF program to assist with a loan that meets the match requirement through the use of non-federal and non-state match monies within the SRF.

The use of monies from the DWSRF or CWSRF to provide part or all of the match for the federal grant match requirements is limited to **non-federal and non-state match** funds within the program. Non-federal, non-state match funds include repayments, earnings, bond proceeds and other state contributions (beyond the required 20 percent SRF state match). Assistance must be consistent with established state policy, guidelines, and procedures governing the use of the DWSRF or CWSRF loans, and with those of the other federal grant agency.

The use of a loan from the DWSRF or CWSRF to provide part or all of the match for the federal grant match requirements is at the discretion of the state agency.

## Related Policy and Regulations

EPA has codified the Office of Management and Budget's (OMB) grants management common rule in 40 CFR Part 31, "Uniform Administration Requirements for Grants and Cooperative Agreements to State and Local Governments." 40 CFR Part 31 indicates that:

1. funds received under **one federal grant may not be used for the matching share required by another federal grant**, unless provided for through federal statute [40 CFR 31.24(b)(1)].
2. Contributions that count towards satisfying the **matching requirements of one federal grant may not be counted toward the matching requirement of other awards of federal funds** [40 CFR 31.24(b)(3)].

The intent of this memorandum is to communicate the option to use non-federal, non-state match SRF monies (in compliance 40 CFR Part 31) to meet match requirements of other federal grant programs. States choosing to allow the use of eligible SRF monies to meet federal grant match requirements must still ensure proper processes and procedures are followed and adherence to all applicable laws and regulations.

If you have any additional questions related to this policy, the DWSRF or CWSRF programs, you may contact Jeff McPherson of the DWSRF Team at 202 564-6878, or Sheila Platt of the CWSRF Team at 202 564-0686.

### Attachment

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