

requirements.

5. States Must Maintain their Level of Effort

Section 319(h)(9) of the CWA requires any State applying for section 319 grants to establish and maintain its aggregate annual level of State nonpoint source pollution control expenditures for improving water quality at the average level of such expenditures in FY 1985 and 1986. This is referred to as the State's "Maintenance of Effort" (MOE) requirement. States should establish their FY 1985 and 1986 level and annual levels based on expenditures by the lead State agency or agencies responsible for the State's nonpoint source pollution control activities. Federal funds may not be included in calculating the MOE base level.

- Calculation of expenditures is based on activities of the State lead nonpoint source agency or agencies responsible for the State's nonpoint source pollution control activities, not on what might be termed related activities of other State agencies with primary missions other than nonpoint source control. For example, if the State water quality agency and agricultural agency both have specific nonpoint source water quality control programs, these should be counted in the MOE. State soil conservation programs having water quality improvement or maintenance as a primary objective also should be included in a State's MOE.
- The MOE base level or annual level cannot include the MOE or matching expenditures for other Federal programs, such as sections 106, 319, 205(j)(5), 314, and 117.
- Determination of whether the State expenditures meet the MOE level for purposes of awarding a section 319(h) grant will be based on the grantee expenditures projected in the grant application. (The State will report whether it has met its MOE requirements in its final Financial Status Report at the end of the budget year.)

See memorandum Nonpoint Source FY-88-39, issued by EPA's Office of Water on July 12, 1988 for additional guidance regarding MOEs.

6. Administrative Costs Funded by Section 319 Funds May Not Exceed 10% of the Grant Award

Pursuant to section 319(h)(12), administrative costs in the form of salaries, overhead, or indirect costs for services provided and charged against activities and programs carried out with the grant shall not exceed 10 percent of the grant award. The costs of implementing enforcement and regulatory activities, education, training, technical assistance, demonstration projects, and technology transfer are not subject to this limitation.

7. The State Must Demonstrate Satisfactory Progress