

**BOB RILEY**  
GOVERNOR



**Bill JOHNSON**  
DIRECTOR

**STATE OF ALABAMA**

October 1, 2008

**ALABAMA CDBG INTERGOVERNMENTAL  
POLICY LETTER NUMBER 8  
(REVISION 3)**

**TO:** Persons Interested in State CDBG Program  
**FROM:** Bill Johnson   
Director

**POLICY ON LOCAL CONTRIBUTIONS MATCH**

Local match, either in cash or man-hours and equipment usage, is both a rating factor and a contractual requirement of CDBG grant agreements. Unfortunately, grantees sometime fail to utilize all match contributions pledged toward the accomplishment of program objectives.

In an effort to eliminate such occurrences from happening in the future, unless otherwise waived by the Director of ADECA, the following match expenditure requirements will apply:

1. All local cash match allocated to a project must be spent on a proportionate basis to the expenditure of CDBG funds. This local cash match expenditure requirement will not apply to projects with ARC, Rural Development, or other State funds where the participating agency's rules preclude its funds from being spent first.
2. In the case of in-kind contributions, CDBG funds may only be drawn down on a proportionate basis to the percentage of in-kind match that has or will be concurrently utilized for that particular budgetary line item. An exception will apply in the case of in-kind services for street patching at project completion and in-kind services used to install or construct CDBG purchased materials (the grantee shall identify such circumstances in the "remarks" section of the drawdown form when requesting payments).
3. In the case of a cost under-run, the grantee may request an amendment to the project budget to reduce the CDBG funds and the local match proportionately so that the originally approved grant to match ratio is maintained.

If for some reason the required amount of local match still does not materialize, then the State reserves the right to re-rate the project and, if appropriate, reduce the required match amount, disallow any or all of the CDBG monies spent, or impose other sanctions as may be fitting under the circumstances.

**Effective Date:** Immediately