Maintenance of Effort
Special Interest Session

May 8, 2018
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Accountability Team
Division of Adult Education and Literacy
AEFLA Grant: Critical Pieces

Adult Education and Family Literacy Act (AEFLA)

Matching Requirement
(Sect 222 b)

Maintenance of Effort (MOE)
(Sect 241 b)
Section 222 (b) Matching Requirement.—

(1) In general.--In order to receive a grant from the Secretary under section 211(b) each eligible agency shall provide, for the costs to be incurred by the eligible agency in carrying out the adult education and literacy activities for which the grant is awarded, a non-Federal contribution in an amount equal to—

(A) in the case of an eligible agency serving an outlying area, 12 percent of the total amount of funds expended for adult education and literacy activities in the outlying area, except that the Secretary may decrease the amount of funds required under this subparagraph for an eligible agency; and

(B) in the case of an eligible agency serving a State, 25 percent of the total amount of funds expended for adult education and literacy activities in the State.

(2) Non-Federal contribution.--An eligible agency's non-Federal contribution required under paragraph (1) may be provided in cash or in kind, fairly evaluated, and shall include only non-Federal funds that are used for adult education and literacy activities in a manner that is consistent with the purpose of this subtitle.

Section 241 (b) Maintenance of Effort.—

(1) In general.--

(A) Determination.--An eligible agency may receive funds under this title for any fiscal year if the Secretary finds that the fiscal effort per student or the aggregate expenditures of such eligible agency for activities under this title, in the second preceding fiscal year, were not less than 90 percent of the fiscal effort per student or the aggregate expenditures of such eligible agency for adult education and literacy activities in the third preceding fiscal year.

(B) Proportionate reduction.--Subject to paragraphs (2), (3), and (4), for any fiscal year with respect to which the Secretary determines under subparagraph (A) that the fiscal effort or the aggregate expenditures of an eligible agency for the preceding program year were less than such effort or expenditures for the second preceding program year, the Secretary—

(i) shall determine the percentage decreases in such effort or in such expenditures; and

(ii) shall decrease the payment made under this title for such program year to the agency for adult education and literacy activities by the lesser of such percentages.
TOTAL EXPENDITURES FOR ADULT EDUCATION IN STATE

Federal Grant 75%

State Match 25%
State Match must be:

- Allowable
- Verifiable and adequately documented
- Necessary for accomplishing program objectives
- Supported by documentation of fair market value

State Match must **not** be:

- Included as contribution for other federal grants
- Met by another federal grant or contract
- Financed by program income (34 CFR 76.534)

These lists are not exhaustive. For more info, see:
2 CFR §200.306 Cost Sharing or Matching
2 CFR §200.403 Factors affecting allowability of costs
FACTORs AFFECTING COST ALLOWABILITY

All costs must be...

- **Adequately** documented.
- **Necessary** for the performance of the Federal award.
- **Reasonable** – Costs incurred by a prudent person, and necessary for the performance of the project.
- **Allocable** – Assignable to the federal award in accordance with relative benefits received.
- **Authorized** under AEFLA, Uniform Guidance, EDGAR, state or local laws and regulations.

This list is not exhaustive. For more info, see:

2 CFR §200.403 Factors affecting allowability of costs
2 CFR §200.404 Reasonable costs
2 CFR §200.405 Allocable costs
Claim only in proportion to the value or benefits received by the program

**Example:** State purchases a large copier to use 50% in Adult Ed and 50% in another program – claim only half the cost as match.

**Two Methods of allocating costs:**
- Direct cost allocation
- Indirect cost allocation

2 CFR §200.405
VALUATION OF IN-KIND MATCH

Fair market value

= 

What-would-you-pay-if-it-had-not-been-donated?
Classroom space — Documentation must show actual cost for comparable space in the area, or a real estate appraisal, or cost of renting same space to other organizations.

Volunteer’s time — Documentation must show value of a paid teacher’s time in the same program.
To receive federal adult education funds, the state must maintain its fiscal effort of non-federal expenditures for adult education.

Aggregate expenditures or cost per student of the second preceding fiscal year must be 90% of the third preceding fiscal year.
Checking Maintenance of Effort

<table>
<thead>
<tr>
<th>FEDERAL FISCAL YEAR</th>
<th>FEDERAL ALLOCATION</th>
<th>NON-FEDERAL AGGREGATE EXPENDITURES</th>
<th>NON-FEDERAL COST PER STUDENT</th>
<th>ENROLLMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$9,275,408</td>
<td>$5,205,340</td>
<td>$145</td>
<td>35,847</td>
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<tr>
<td>2016</td>
<td>$9,435,155</td>
<td>$4,955,427</td>
<td>$148</td>
<td>33,542</td>
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</tbody>
</table>

Maintenance of Effort Requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Amount</th>
<th>90% of 2015 amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Non-Federal Aggregate Expenditures</td>
<td>$4,684,806</td>
<td></td>
</tr>
<tr>
<td>Minimum Non-Federal Cost per Student</td>
<td>$131</td>
<td></td>
</tr>
</tbody>
</table>

2016 must be at least 90% of 2015!
1. Has your State allocation for adult education been reduced?

2. If so, how did you meet your Maintenance of Effort requirement?
### Check Your State’s MOE

<table>
<thead>
<tr>
<th>State Name</th>
<th>PY</th>
<th>Federal Allocation</th>
<th>Federal Expenditures</th>
<th>Non-Federal Expenditures</th>
<th>Match</th>
<th>Enrollment</th>
<th>Non-Federal Cost Per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>$6,453,947.00</td>
<td>$6,453,947.00</td>
<td>$2,658,285.00</td>
<td>29.17%</td>
<td>15,011</td>
<td>$177.09</td>
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<td></td>
<td>2005</td>
<td>$6,472,166.00</td>
<td>$6,472,166.00</td>
<td>$2,280,624.00</td>
<td>26.06%</td>
<td>15,151</td>
<td>$150.53</td>
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<td></td>
<td>2006</td>
<td>$6,420,910.00</td>
<td>$6,420,910.00</td>
<td>$2,624,054.00</td>
<td>29.01%</td>
<td>14,530</td>
<td>$180.60</td>
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<td></td>
<td>2007</td>
<td>$6,415,366.00</td>
<td>$6,415,366.00</td>
<td>$2,947,114.00</td>
<td>31.48%</td>
<td>14,683</td>
<td>$200.72</td>
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<td>2008</td>
<td>$6,267,915.00</td>
<td>$6,267,915.00</td>
<td>$3,234,127.00</td>
<td>34.04%</td>
<td>14,203</td>
<td>$227.71</td>
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<td></td>
<td>2009</td>
<td>$6,455,566.00</td>
<td>$6,156,797.00</td>
<td>$3,101,363.00</td>
<td>33.50%</td>
<td>14,298</td>
<td>$216.91</td>
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<td></td>
<td>2010</td>
<td>$6,909,220.00</td>
<td>$6,909,220.00</td>
<td>$3,007,850.00</td>
<td>30.33%</td>
<td>12,873</td>
<td>$233.66</td>
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<td></td>
<td>2011</td>
<td>$6,973,230.00</td>
<td>$6,973,230.00</td>
<td>$2,824,906.00</td>
<td>28.83%</td>
<td>10,812</td>
<td>$261.28</td>
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<td>2012</td>
<td>$6,955,401.00</td>
<td>$6,955,401.00</td>
<td>$2,990,033.00</td>
<td>30.06%</td>
<td>10,579</td>
<td>$282.64</td>
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<td>2013</td>
<td>$6,590,229.00</td>
<td>$6,590,229.00</td>
<td>$4,195,144.00</td>
<td>38.90%</td>
<td>10,457</td>
<td>$401.18</td>
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<td>2014</td>
<td>$6,563,323.00</td>
<td>$6,563,323.00</td>
<td>$4,205,059.00</td>
<td>39.05%</td>
<td>9,249</td>
<td>$454.65</td>
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<td>2015</td>
<td>$6,753,970.00</td>
<td>$6,753,970.00</td>
<td>$3,992,775.00</td>
<td>37.15%</td>
<td>8,749</td>
<td>$456.37</td>
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<tr>
<td></td>
<td>2016</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>0.00%</td>
<td>8,834</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

1 Match is calculated by dividing non-federal expenditures by the total of federal expenditures plus non-federal expenditures.

2 Non-federal cost per student is calculated by dividing non-federal expenditures by the program year's total enrollment.
The Monitoring and Administration Team and Accountability Team are available to assist you.