

What happens if a state cannot meet the required MOE level?

There is a time delay before reductions in state and local spending are initiated, and the reduced year becomes the comparison year for maintenance of effort calculations as discussed previously. A reduction in the level of state and local expenditures for adult education beyond the ten percent threshold triggers an automatic pro-rata reduction in the federal allocation to the state. For example, if state and local spending for adult education were 85 percent of the comparison year's level, the state allotment would be reduced by five percent - the difference between 90 and 85 percent. For the following year, the required maintenance of effort returns to the level reported on the FSR for the prior fiscal year. (Section 241(b)(1)(B) of AEFLA)