

### **How does DAEL compute Maintenance of Effort (MOE)?**

AEFLA states that an eligible agency may receive federal adult education funds for any fiscal year if the state maintains its fiscal effort, comprised of both state and local expenditures for adult education. To determine MOE, the law asks DAEL to compare the fiscal effort per student or the aggregate expenditures that each eligible agency makes for adult education in the second preceding fiscal year to those of the third preceding fiscal year. Expenditures for adult education in the second preceding year must not be less than 90 percent of the fiscal effort per student or the aggregate expenditures in the third preceding fiscal year. The MOE requirement specifies that a State's non-Federal share used to meet cost sharing requirements cannot be reduced more than 10 percent without an accompanying reduction in Federal funding.

DAEL maintains and reviews the Financial Status Report (FSR) for each state's prior non-federal share of outlays to ensure that it meets the requirements for maintenance of effort level expenditures. This requirement is reviewed by DAEL, and information also is included in the OMB A-133 Compliance Supplement criteria reviewed by agency auditors. (Section 241(b)(1)(A) of AEFLA)