



Statutory Matching and Maintenance of Effort Requirements

INTRODUCTION

This memorandum describes the difference between the federal matching requirements and federal "maintenance of effort" requirements for the LSTA State programs. These separate requirements are often confused. It is useful to understand the policy behind the requirements in order to facilitate compliance.

Federal Matching Requirements

A matching requirement is one under which a grantee is required to contribute a portion of total project costs. When a Federal agency enters into an assistance agreement with an eligible recipient, the agency approves an entire project or program. When "matching" provisions apply, part of the costs of the project or program will be borne by the Federal government. The additional contribution, which is needed to supply full support for the anticipated costs of the project or program, is the local or non-Federal matching share. Once the agency makes a grant, the assistance recipient is committed to providing the non-Federal share. Matching funds, as with the Federal assistance funds themselves, may be used only for authorized grant purposes.

The policies behind matching requirements are twofold. Federal matching requirements ensure that Federal funds are leveraging non-Federal contributions. They "assure local interest and involvement through financial participation." 59 Comp. Gen. 668, 669 (1980). Federal matching requirements also serve to hold down Federal costs.

IMLS's authorizing legislation includes a Federal matching requirement in its provisions pertaining to the States. State Library Administrative Agencies are required to "match" their Federal LSTA program grants, as follows:

Federal share

- (1) In general

The Federal share shall be 66 percent.

- (2) Non-Federal share

The non-Federal share of payment shall be provided from non-Federal, State, or local sources.

20 U.S.C. Section 9133(b). Under the legislation, an LSTA State Library Administrative Agency must contribute 34% of the total LSTA program funding per year from non-

Federal resources. The non-Federal "match" may include contributions from a State, from local sources, or from other non-Federal entities, including, corporations and foundations. The "match," therefore, is not limited to State funds.

Maintenance of Effort.

Independent of the matching requirement, IMLS's authorizing legislation requires a State "maintenance of effort" ("MOE"). Under a maintenance of effort provision, a State is required, as a condition of eligibility for Federal funding, to maintain its financial contribution to a program at not less than the amount of its contribution for some prior time period. A maintenance of effort formula ensures that Federal assistance results in an increased level of library-related activity and that a State does not simply replace State dollars with Federal dollars over time. In the case of LSTA, the maintenance of effort demonstrates the States' commitment to library programs.

IMLS's legislation provides as follows:

The amount otherwise payable to a State for a fiscal year pursuant to an allotment under this part shall be reduced if the level of State expenditures, as described in paragraph (2), for the previous fiscal year is less than the average of the total of such expenditures for the 3 fiscal years preceding that previous fiscal year.

20 U.S.C. Section 9133(c) (1)(A).

The level of State expenditures for the purposes of paragraph (1) shall include all State dollars expended by the State library administrative agency for library programs that are consistent with the purposes of this subchapter. All funds included in the maintenance of effort calculation under this subsection shall be expended during the fiscal year for which the determination is made, and shall not include capital expenditures, special one-time project costs, or similar windfalls.

20 U.S.C. Section 9311(c)(1)(B).

IMLS's maintenance of effort provisions are broader than the agency's matching provisions. The MOE provisions ensure that the States are committed to and supporting library programs in general, and not just the IMLS funded LSTA project or program. Accordingly, maintenance of effort funds include money expended by the State for library programs that are "**consistent**" with the purposes of LSTA, including:

- (1) promoting improvement in library services in all types of libraries in order to better serve the people of the United States;
- (2) facilitating access to resources in all types of libraries for the purpose of cultivating an educated and informed citizenry; and

(3) encouraging resource sharing among all types of libraries for the purpose of achieving economical and efficient delivery of library services to the public.

In sum, maintenance of effort must come from the State and may include more than just LSTA program funds. Indeed, it is important to note that, in those years when LSTA funds were not available, States were still supporting programs consistent with the four purposes listed above. For this reason, maintenance of effort has never been zero. As reflected in an IMLS memorandum to COSLA Chief Officers dated June 9, 1997, the maintenance of effort calculation incorporates data from years prior to LSTA. A copy of this memorandum is attached.

Interaction between Matching and Maintenance of Effort Funds.

As outlined above, the matching and maintenance of effort requirements are distinct and meet different policy needs. However, there may be times when the two overlap. For example, matching funds contributed by a State, do constitute **a part of** the maintenance of effort provided by a State. Yet, State funds that **support any programs consistent with the purposes** of LSTA would be included in the maintenance of effort calculation, as well. It is important to identify the contributions required for each of these statutory provisions.

10/04/07