

STATUTORY MATCHING AND MAINTENANCE OF EFFORT REQUIREMENTS

Introduction

This memorandum examines the policy concepts and nuts-and-bolts operation of LSTA's matching and "maintenance of effort" requirements for the Grants to States program. These separate yet interrelated LSTA funding requirements can cause confusion, so the following seeks to clarify the underlying policy goals and unique features of each.

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 (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 (SLAAs) 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. § 9133(b). Under the legislation, an SLAA must contribute 34 percent 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, can include more than 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.

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. § 9133(c)(1)(A)(i).

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. § 9133 (c)(2).

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. to enhance coordination among Federal programs that relate to library, education, and information services;
2. to promote continuous improvement in library services in all types of libraries in order to better serve the people of the United States;
3. to facilitate access to resources in all types of libraries for the purpose of cultivating an educated and informed citizenry;
4. to encourage resource sharing among all types of libraries for the purpose of achieving economical and efficient delivery of library services to the public;
5. to promote literacy, education, and lifelong learning, including by building learning partnerships with school libraries in our Nation's schools, including tribal schools,

- and developing resources, capabilities, and programs in support of State, tribal, and local efforts to offer a well-rounded educational experience to all students;
6. to enable libraries to develop services that meet the needs of communities throughout the Nation, including people of diverse geographic, cultural, and socioeconomic backgrounds, individuals with disabilities, residents of rural and urban areas, Native Americans, military families, veterans, and caregivers;
 7. to enable libraries to serve as anchor institutions to support community revitalization through enhancing and expanding the services and resources provided by libraries, including those services and resources relating to workforce development, economic and business development, critical thinking skills, health information, digital literacy skills, financial literacy and other types of literacy skills, and new and emerging technology;
 8. to enhance the skills of the current library workforce and to recruit future professionals, including those from diverse and underrepresented backgrounds, to the field of library and information services;
 9. to ensure the preservation of knowledge and library collections in all formats and to enable libraries to serve their communities during disasters;
 10. to enhance the role of libraries within the information infrastructure of the United States in order to support research, education, and innovation;
 11. to promote library services that provide users with access to information through national, State, local, regional, and international collaborations and networks; and
 12. to encourage, support, and disseminate model programs of library and museum collaboration.

20 U.S.C. § 9121.

In short, maintenance of effort must come from the State and may include more than just LSTA program funds.

Interrelation 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, State funds that **support any programs consistent with the purposes** of LSTA would be included in the maintenance of effort calculation; however, matching funds contributed by a State may constitute **just a part of** the maintenance of effort provided by a State.

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