§ 403.182 What is the maintenance of
fiscal effort requirement?

The Secretary may not make a payment
under the Act to a State for any fiscal
year unless the Secretary determines
that the fiscal effort per student,
or the aggregate expenditures of that
State, from State sources, for voca-
tional education for the fiscal year (or
program year) preceding the fiscal year
(or program year) for which the deter-
mination is made, at least equaled its
effort or expenditures for vocational
education for the second preceding fis-
cal year (or program year).

(Authority: 20 U.S.C. 2463(a))

§ 403.183 Under what circumstances
may the Secretary waive the main-
tenance of effort requirement?

(a) The Secretary may waive the
maintenance of effort requirement in
§ 403.182 for a State for one year only
if—

(1) The Secretary determines that a
waiver would be equitable due to ex-
ceptional or uncontrollable cir-
stances affecting the State’s abil-
ity to maintain fiscal effort; and

(2) The State has decreased its ex-
penditures for vocational education
from non-Federal sources by no more
than five percent.

(b) For purposes of this section, “ex-
ceptional or uncontrollable cir-
stances” include, but are not lim-
ited to, the following:

(1) A natural disaster.

(2) An unforeseen and precipitous de-
cline in financial resources.

(c) The Secretary does not consider
tax initiatives or referenda to be excep-
tional or uncontrollable cir-
stances.

(Authority: 20 U.S.C. 2463(b))

§ 403.184 How does a State request a
waiver of the maintenance of effort
requirement?

A State seeking a waiver of the main-
tenance of effort requirement in
§ 403.182 shall—

(a) Submit to the Secretary a request
for a waiver; and

(b) Include in the request—

(1) The reason for the request;

(2) Information that demonstrates
that a waiver is justified; and

(3) Any additional information the
Secretary may require.

(Approved by the Office of Management and
Budget under Control No. 1830–0030)

(Authority: 20 U.S.C. 2463(b))

§ 403.185 How does the Secretary com-
pute maintenance of effort in the
event of a waiver?

If a State has been granted a waiver of
the maintenance of effort require-
ment that allows it to receive a grant
for a fiscal year, the Secretary deter-
mines whether the State has met that
requirement for the grant to be award-
ed for the year after the year of the
waiver by comparing the amount spent
for vocational education from non-Fed-
eral sources in the first preceding fis-
cal year (or program year) with the
amount spent in the third preceding fis-
cal year (or program year).

Example: Because exceptional or uncontrol-
lar circumstances prevented a State from
maintaining its level of fiscal effort in a pro-
gram year 1989 (July 1, 1988–June 30, 1989) at
the level of its fiscal effort in program year
1988 (July 1, 1987–June 30, 1988), the Secretary
granted the State a waiver of the mainte-
nance of effort requirement that permits the
State to receive its fiscal year 1990 grant (a
grant that is awarded on or after July 1, 1990
from funds appropriated in the fiscal year
1990 appropriation). To be eligible to receive
its fiscal year 1990 grant (the grant to be
awarded for the year after the year of the
waiver), the State’s expenditures from the
first preceding program year (July 1, 1989–
June 30, 1990) must equal or exceed its ex-
penditures from the third preceding program
year (July 1, 1987 to June 30, 1988).

(Authority: 20 U.S.C. 2463(c))

§ 403.186 What are the administrative
cost requirements applicable to a
State?

(a) Basic Programs. A State may use
only funds reserved under § 403.180(b)(4)
to administer the programs under title
II of the Act, including Programs for
Criminal Offenders.

(b) Special Programs. (1) A State may
use the funds reserved under
§ 403.180(b)(4) to administer any of the
special programs listed in § 403.130.

(2) In addition to the funds reserved
under § 403.180(b)(4), a State may use
only an amount of funds from its allot-
ment for the State Assistance for Vo-
cational Education Support Programs