

**UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES
REHABILITATION SERVICES ADMINISTRATION
WASHINGTON, DC 20202-2531**

**INFORMATION MEMORANDUM
RSA-IM-93-09
RSM-1050¹
DATE: January 2, 1993**

TO: STATE VOCATIONAL REHABILITATION AGENCIES (GENERAL)
STATE VOCATIONAL REHABILITATION AGENCIES (BLIND)
CLIENT ASSISTANCE PROGRAMS
REGIONAL REHABILITATION CONTINUING EDUCATION
PROGRAMS (RRCEPs)
RSA SENIOR MANAGEMENT TEAM

SUBJECT: New Fiscal Requirements for Formula Grants Under the
Rehabilitation Act Amendments of 1992

CONTENT: This is the first in a series of planned summaries highlighting key provisions of the Rehabilitation Act Amendments of 1992 (P.L. 102-569) enacted into law on October 29, 1992. The summaries are designed to provide timely and helpful information on the requirements of the Amendments prior to the development of implementing regulations. The new statutory provisions are effective as of the date of enactment, unless otherwise provided by law and noted in this summary.

This summary focuses on financial Management considerations. State agencies State agencies are responsible for the implementation of these legal requirements as of the date of enactment and should not depend on the receipt of these summaries, other guidance from the Rehabilitation Services Administration (RSA), or the implementing regulations to initiate activities to comply with the provisions of the Amendments.

A. Non-Federal Share Matching Requirements

In section 7(7)(A) of the Act, 78.7 percent is established as the Federal share for the cost of all vocational rehabilitation services under the State Vocational Rehabilitation Services Program under part B of title I, except for the cost of the construction of a facility in connection with the establishment, development, or improvement of a community rehabilitation program, which remains at 50

¹ Under Development

percent.

Thus, effective Federal fiscal year 1993 and throughout the period of reauthorization, the non-Federal share for vocational rehabilitation services, other than the construction of a facility related to a community rehabilitation program, is 21.3 percent.

B. Carryover

The amendments add a new section to the Act (section 19) which permits unobligated and unexpended formula grant funds appropriated for a fiscal year to be carried over to the next fiscal year. This carryover provision applies to the following formula grant programs authorized under the Act, i.e., vocational rehabilitation and client assistance under part B of title I; innovation and expansion under part C of title I; protection and advocacy of individual rights under section 509 of title V (when the appropriations reach \$5.5 million); supported employment under part C of title VI; independent living services under part B of title VII (formerly part A of title VII); and centers for independent living under part C of title VII (formerly part B of title VII). The effective date for formula grant funding of centers for independent living under part C is October 1, 1993. To carryover any unobligated and unexpended funds of the above identified formula grants, any applicable matching requirement must be met fully through the obligation or expenditure of State and/or local funds in the Federal fiscal year for which Federal funds were appropriated. Also, any funds which are carried over from the year of appropriation must be obligated by the end of the succeeding Federal fiscal year.

C. Program Income From Social Security Reimbursements

The amendments add a new section to the Act (section 108) which allows reimbursements provided to a State under the Social Security Act for expenditures from section 110 funds for basic vocational rehabilitation services to be used to carry out programs for which the State receives financial assistance under title I (vocational rehabilitation, client assistance, and innovation and expansion, but not the American Indian Vocational Rehabilitation Services Program under part D of title I since the State is not the grantee under this program); part C of title VI (supported employment); and title VII (independent living). These reimbursements cannot be used for any other purposes, including matching Federal funds.

D. Maintenance of Effort

The amendments revise the requirements in section 111(a)(2)(B)(ii) with respect to the maintenance of effort provisions. Effective Federal fiscal year 1993 and each Federal fiscal year thereafter, the maintenance of effort level is based on the

amount of State expenditures under the title I State plan from non-Federal sources for the Federal fiscal year two years earlier. For example, the maintenance of effort level for Federal fiscal year 1993 will be based on the amount of State expenditures from non-Federal sources for Federal fiscal year 1991; for Federal fiscal year 1994, the maintenance of effort level will be State expenditures for Federal fiscal year 1992.

RSA is in the process of developing a Rehabilitation Services Manual (RSM) chapter (1050) dealing with financial management requirements for the various programs authorized by the Act. The requirements discussed in this memorandum

will be addressed more fully in that manual chapter. The grant award document issued for the first quarter of this fiscal year (1993) for the vocational rehabilitation program already reflects information about the new required non-Federal share.

INQUIRIES: RSA Regional Commissioners

Nell C. Carney, LHD, CRC
Commissioner