

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

POLICY DIRECTIVE

RSA-PD-99-05

RSM-3015

Date: March 19, 1999

**ADDRESSEES:** STATE VOCATIONAL REHABILITATION AGENCIES (GENERAL)  
STATE VOCATIONAL REHABILITATION AGENCIES (BLIND)  
CLIENT ASSISTANCE PROGRAMS  
REGIONAL REHABILITATION CONTINUING EDUCATION  
PROGRAMS (RRCEPS)  
RSA SENIOR MANAGEMENT TEAM

**SUBJECT:** The Use of Title I Funds for the Maintenance and Repair of Equipment  
Under the Randolph-Sheppard Act

**POLICY**

**STATEMENT:** The question has arisen concerning the use by State licensing agencies of  
Title I funds under the Rehabilitation Act of 1973, as amended (the  
Rehabilitation Act), for the maintenance and repair of equipment in  
vending facilities operated under the Randolph-Sheppard Act (the R-S  
Act).

We are unaware of any prohibition concerning the use of Title I funds for  
maintenance and repair of equipment, either in the Rehabilitation Act or  
the R-S Act. In the absence of such a prohibition, there is authority in  
Office of Management and Budget (OMB) Circular A-87, "Cost Principles  
for State, Local and Indian Tribal Governments," which allows for the use  
of Federal financial participation for the maintenance of equipment and  
repairs. Specifically, section 28 of the OMB Circular states:

Unless prohibited by law, the cost of . . . necessary maintenance,  
normal repairs and alterations, and the like are allowable to the  
extent that they: (1) keep property (including Federal property,  
unless other-wise provided for) in an efficient operating condition,  
(2) do not add to the permanent value of property or appreciably  
prolong its intended life, and (3) are not otherwise included in

rental or other charges for space. Costs which add to the permanent value of property or appreciably prolong its intended life shall be treated as capital expenditures.

On the basis of the foregoing, the Rehabilitation Services Administration finds that Title I funds are available for the maintenance and repair of vending facility equipment under the R-S Act. All prior policy statements on this issue -- including Program Assistance Circular, RSA-PAC-89-02, dated January 3, 1989, "Guidelines for Use of Federal Financial Participation and Set-Aside Funds in the Randolph-Sheppard Vending Facility Program" and the reporting instructions for the form RSA-15, Report of Vending Facility Program -- are hereby amended consistent with this interpretation.

If you have questions, the person on my staff to contact is Mr. George Arsnow, Chief, Vending Facility Branch at 202-205-9317.

**INQUIRIES TO:** RSA REGIONAL COMMISSIONERS

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Fredric K. Schroeder  
Commissioner, RSA