



# COUNCIL OF STATE ADMINISTRATORS OF VOCATIONAL REHABILITATION

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**CHIEF EXECUTIVE OFFICER**  
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Office of Special Education and Rehabilitative Services  
U.S. Department of Education  
Washington, DC 20202

Dear Commissioner:

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On behalf our membership, I am writing concerning the disbursement of program income. A question has arisen as to whether or not program income must be disbursed before additional draws may be made from grant funds. Our understanding is that it does not need to be so disbursed. This was the position taken by an RSA Financial Management Specialist in 2009 in response to an inquiry on this topic by a state auditor. It is our understanding that the RSA Fiscal Unit Chief was of the same opinion.

In reviewing 34 CFR 361.63 Program Income we find no specific requirement that program income must be disbursed before draws can be made from grant funds. The majority of program income comes from Social Security reimbursement. Said reimbursement is challenging to manage as you know because among other things there is no set schedule as to when state reimbursement claims will be processed by Social Security Administration and no guarantee as to what amount will be allowed. Further, many VR agencies have used these funds in whole or in part to support other formula grant programs such as Independent Living; especially in emergency situations which are arising more frequently as more and more states struggle with budget challenges.

Our understanding is that the requirements for use of program income are:

1. Such income receipts must be recorded and reported as an asset of the State VR program,
2. Any such income received must be obligated/expended before September 30th of the year after receipt,
3. Any such income received must be used for allowable costs of the State VR Program or transferred to an allowable formula grant program per the Rehabilitation Act, and
4. A waiver must have been obtained to extend liquidation period if the program income has not been liquidated within the 90 day period following the close of the carryover year.

We look forward to your response.

Sincerely,

Stephen A. Wooderson  
CEO  
CSAVR

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