

**UNITED STATES DEPARTMENT OF EDUCATION**  
*Office of Special Education and Rehabilitative Services*  
*Rehabilitation Services Administration*

**STATE SUPPORTED EMPLOYMENT SERVICES – B**  
**GENERAL REQUIREMENTS**

I. Applicable Program:

- State Supported Employment Services – B (SE-B) (CFDA 84.187B)

II. Expenditure Requirements:

In accordance with Section 603 of the Rehabilitation Act, the State must reserve and expend 50 percent of its State Supported Employment Services (SE) allotment for the provision of supported employment services to youth with the most significant disabilities. While RSA has divided the SE allotment into separate grants, each constituting 50 percent of the allotment (SE-A and SE-B), the State's SE allotment is considered the total of both those grants, and the State's obligation to reserve and expend half of its grant on youth with significant disabilities continues regardless of whether the size of the total allotment increases or decreases.

A State may spend its SE-A grant on youth with significant disabilities without matching that expenditure, but it is still obligated to expend its SE-B grant on youth with significant disabilities and match at least 10 percent of the amount of the SE-B grant. Because the SE-B component of the SE program has a matching requirement, States must obligate and/or expend the non-Federal share to be used as match for the SE-B award by the end of the year of appropriation. In order to carry over unobligated SE-A and/or SE-B Federal funds to a subsequent Federal fiscal year, grantees must obligate the non-Federal share to be used as match for the SE-B award by the end of the year of appropriation. States may carry over unobligated SE-A funds proportionate to the amount of SE-B funds matched in the year of appropriation.

States should be mindful that they may not expend more in SE-A Federal funds than are matched and expended in SE-B Federal funds by the end of the period of performance. This means that at the end of the period of performance for the SE-A and SE-B awards, a State must ensure the amount of Federal SE-A funds obligated and expended is equal to the amount of Federal SE-B funds matched by the end of the year of appropriation and expended at the end of the SE-B award's period of performance. If a State includes obligations as non-Federal share on its SE-B fourth quarter SF-425 (Federal Financial Report) and those obligations are not subsequently liquidated, the amount of SE-A and SE-B funds available for obligation and liquidation is reduced accordingly.

For example, a State receives \$100,000 in Federal funds for its Federal fiscal year (FFY) 2018 State Supported Employment Services program. The State SE-A award is \$50,000 and the SE-B award is \$50,000. Therefore, the following conditions apply.

- The State must obligate or expend \$5,555.56 in non-Federal share in the year of appropriation to fully match the SE-B award. This would permit the obligation and expenditure of the total SE-A and SE-B award amounts.
- If the State provides only \$3,000 in non-Federal share, matching \$27,000 in Federal SE-B funds, the State may only expend \$27,000 in Federal SE-A funds.
- To carry over FFY 2018 SE-A and SE-B funds into the next Federal fiscal year (2019), the State must have an unobligated balance of SE-B Federal funds that have been matched at the end of the year of appropriation (4<sup>th</sup> quarter). Keeping with the previous example, if the State provided \$3,000 in non-Federal share for the SE-B award, the State would only be allowed to expend in the year of appropriation, or carry over to the subsequent year, up to \$27,000 in SE-B funds and \$27,000 SE-A funds.

A State cannot avoid its match obligation by giving back its SE-B grant to the Department because the amount of its SE-A grant then becomes its SE allotment, and the State would be required to reserve and expend 50 percent of that amount on youth with the most significant disabilities and match at least 10 percent of that amount. The amount to be reserved and expended will be affected by adjustments to a State's allotment made throughout the year of appropriation, such as adjustments made during the reallocation process, if applicable (See Section IV below).

#### SEC. 603. ALLOTMENTS.

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(d) Services for Youth with the Most Significant Disabilities. – A State that receives an allotment under this title shall reserve and expend half of such allotment for the provision of supported employment services, including extended services, to youth with the most significant disabilities in order to assist those youth in achieving an employment outcome in supported employment.

The State allotment, which forms the basis for the 50 percent reservation, refers to the funds awarded pursuant to Section 603 of the Rehabilitation Act. State allotment, in this context, does not refer to an allotment of State funds awarded by the State, nor does it refer to any title I State Vocational Rehabilitation Services (VR) funds that the State elects to use in providing SE services.

#### SEC. 606. STATE PLAN.

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(b) Each such plan supplement shall –

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(7) provide assurances that --

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(I) With respect to supported employment services provided to youth with the most significant disabilities pursuant to Section 603(d), the designated State agency will provide, directly or indirectly, through public or private entities, non-Federal contributions in an amount that is not less than 10 percent of the costs of carrying out such services. . . .

## 34 CFR § 363.23(a)(2)(ii)

In the event that a designated State agency uses more than 50 percent of its allotment under this part to provide supported employment services to youth with the most significant disabilities as required by 34 CFR § 363.22, there is no requirement that a designated State agency provide non-Federal expenditures to match the excess Federal funds spent for this purpose.

The State must use its SE-B award funds to provide SE services to youth with the most significant disabilities that meet both the definition of “youth with a disability” and “individual with a most significant disability.”

An individual with a most significant disability is defined at Section 7(21)(E) of the Rehabilitation Act:

## (21) INDIVIDUAL WITH A SIGNIFICANT DISABILITY –

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## (E) INDIVIDUAL WITH A MOST SIGNIFICANT DISABILITY.-

- (i) IN GENERAL.-The term “individual with a most significant disability” used with respect to an individual in a State, means an individual with a significant disability who meets criteria established by the State under section 101(a)(5)(C).
- (ii) INDIVIDUALS WITH THE MOST SIGNIFICANT DISABILITIES.-The term “individuals with the most significant disabilities” means more than one individual with a most significant disability.”

A youth with a disability is an individual who is between 14 and 24 years old, as defined at Section 7(42) of the Rehabilitation Act:

## (42) YOUTH WITH A DISABILITY.-

- (A) IN GENERAL.-The term ‘youth with a disability’ means an individual with a disability who-
  - (i) is not younger than 14 years of age; and
  - (ii) is not older than 24 years of age.
- (B) YOUTH WITH DISABILITIES.-The term ‘youth with disabilities’ means more than 1 youth with a disability.

Finally, States may use the funds reserved for youth with the most significant disabilities to provide SE services to youth with most significant disabilities, including extended services for a period not to exceed four years or until the individual turns 25 years old, whichever is first. States are prohibited from using SE funds to provide extended services to adults with the most significant disabilities. Section 604 reads as follows:

**SEC. 604. AVAILABILITY OF SERVICES.**

- (a) **SUPPORTED EMPLOYMENT SERVICES.**-Funds provided under this title may be used to provide supported employment services to individuals who are eligible under this title.
- (b) **EXTENDED SERVICES.**-
  - (1) **IN GENERAL** -- Except as provided in paragraph (2), funds provided under this title, or title I, may not be used to provide extended services to individuals under this title or title I.
  - (2) **EXTENDED SERVICES FOR YOUTH WITH THE MOST SIGNIFICANT DISABILITIES** – Funds allotted under this title, or title I, and used for the provision of services under this title to youth with the most significant disabilities pursuant to section 603(d), may be used to provide extended services to youth with the most significant disabilities. Such extended services shall be available for a period not to exceed 4 years.

**III. Administrative Costs Condition:**

States must reserve and expend SE funds for the provision of supported employment services, including extended services, to youth with the most significant disabilities (34 CFR § 363.22). Therefore, States may charge administrative costs to the SE-B allotment, but only those costs that are incurred in the administration of the provision of supported employment services, including extended services, to youth with the most significant disabilities, are allowable.

**IV. Reallotment:**

As noted above, the State's SE allotment refers to the total amount of SE-A and SE-B funds awarded pursuant to Section 603 of the Rehabilitation Act. Therefore, the total allotment amount must remain balanced in order to comply with the statutory requirements to reserve and expend funds for the provision of supported employment services for youth with the most significant disabilities and the requirement to provide match for the half of the allotment reserved for youth with the most significant disabilities (50 percent in the SE-A award and 50 percent in the SE-B award). In order to maintain this balance during the reallotment process, grantees will continue to submit only one request for reallotment of supported employment funds. The amount of supported employment funds relinquished or requested will automatically be assigned 50 percent to the SE-A award and 50 percent to the SE-B award. For example, if a grantee relinquishes \$100,000 in supported employment funds, \$50,000 would be deobligated from its SE-A award and \$50,000 from the SE-B award. Similarly, if a grantee requested and received an additional \$50,000 during reallotment, \$25,000 would be awarded to the SE-A award and \$25,000 to the SE-B award.

**V. Transfers:**

The requirement to reserve and expend funds for the provision of supported employment services for youth with the most significant disabilities and the requirement to provide match for the half of the allotment reserved for youth with the most significant disabilities

is a State requirement. When there are two State VR agencies, the reservation of funds for the provision of supported employment services and the provision of match is a State matter that must be resolved at the State level. RSA encourages agencies to use this flexibility to coordinate in order to ensure State compliance with the reservation and the match requirement. On occasion, one of the State's agencies may desire to transfer a portion of its Supported Employment funds to the other agency in order to ensure the utilization of all available funds. In such instances, States must formally request that RSA transfer allotted Supported Employment grant funds from one agency to the other. Funds can only be transferred from an SE-A to SE-A or SE-B to SE-B award.

In order to facilitate a transfer, States must submit a formal letter to RSA that includes:

- the name of the agency, grant award number, and amount of funds to be de-obligated from the agency relinquishing funds; and
- the name of the agency, grant award number, and amount of funds to be obligated to the agency receiving funds.

The letter must be signed and dated by the Director of the Designated State Agencies or Designated State Units, as applicable, and submitted to the RSA Financial Management Specialist assigned to the State.

Please note that transfers should be the product of ongoing communication between both agencies, and transfers will only be processed if both agencies are in agreement as indicated by the authorized signatures on the transfer request letter.