

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

CARRYOVER

Applicable Program:

- State Vocational Rehabilitation (VR) Services (ALN 84.126A)

Requirements:

This award has a one-year grant period, as specified in Box 6 (“Federal Funding Period”) on the Grant Award Notification (GAN).

Carryover of Federal VR Grant Funds:

Section 19(a)(1) of the Rehabilitation Act of 1973 (Rehabilitation Act) permits States to carry over Federal VR grant funds for obligation and expenditure in the subsequent Federal fiscal year (FFY).¹ *Section 19(b) of the Rehabilitation Act makes clear that Federal VR grant funds remain available for obligation and use in the subsequent FFY (i.e., the carryover year) only if the State satisfied its match requirement (21.3 percent) under the VR program during the FFY of appropriation.* This means, to carry over unused grant funds for obligation in the next FFY, States must satisfy the VR program match requirement by the end of the year of appropriation, as specified in Box 6 on the GAN, *and have an unobligated balance of Federal funds of which at least some portion was matched.*

When a State satisfies its match requirement under the VR program by September 30 of the FFY of appropriation and it has matched unobligated Federal funds remaining, it may carry over those Federal VR funds for obligation and expenditure for one additional year beyond the year of appropriation, which is the Federal Funding Period listed in Box 6 on the GAN. For example, the year of appropriation for FFY 2022 VR awards began on October 1, 2021 and ended on September 30, 2022. The subsequent year, or carryover year, for FFY 2022 awards started on October 1, 2022, and ended on September 30, 2023.

When a State has two VR agencies, the determination, pursuant to Section 19(b) of the Rehabilitation Act and 34 C.F.R. § 361.64(b), whether a recipient of Federal VR funds has matched any available unobligated funds and, therefore may carry them over to the subsequent fiscal year, will be determined at the State level, rather than each separate VR agency. This means, for example, that if a State satisfied the match requirement for the State in FFY 2022 by one VR agency providing sufficient match for both VR agencies by September 30, 2022, pursuant to Section 101(a)(3) of the Rehabilitation Act and 34 C.F.R. § 361.60(a), and those funds remain available for obligation at this time, then both VR agencies in the State may carry over those unobligated FFY 2022 funds. The opposite is also

¹ VR Federal funds are subject to Section 19 of the Rehabilitation Act regarding the carryover of funds, not Section 421(b) of the General Education Provisions Act (20 U.S.C. 1225(b)), commonly referred to as the “Tydings period” or the “period permitted by the Tydings Amendment.”

true. For example, if one VR agency in the State only matches the portion of the State's VR funds awarded to it, and the other VR agency in the State does not meet its match for the portion of the State's VR funds administered by it, under Section 19 of the Rehabilitation Act, the State will have not matched its total VR funds; and this determination will impact both VR agencies for carryover purposes in the State. This may result in less funds being available for carryover or neither agency qualifying for carryover under the VR program.

To satisfy the carryover requirement of Section 19(b) of the Rehabilitation Act, non-Federal obligations counted toward satisfying a State's match requirement must be –

- a. Incurred during the year of appropriation; and
- b. Liquidated either in the year of appropriation or in the subsequent FFY, including the 120-day liquidation period.

This means that non-Federal obligations that are cancelled, or otherwise fail to liquidate, after the year of appropriation may not be used toward satisfying the match requirement. In such instances, the State VR agency must report a lower amount of non-Federal share on its RSA-17. Failure to liquidate sufficient non-Federal obligations or make the necessary accounting adjustments could result in more Federal VR funds being carried over than were authorized, which could result in a match deficit for the State and the Rehabilitation Services Administration (RSA) seeking recovery of those funds.

Carryover of VR Program Income:

Section 19(a)(2) of the Rehabilitation Act permits State VR agency grantees to carry over program income, if any remains undisbursed, for obligation and expenditure in the subsequent FFY. This is regardless of whether the State met the requirements to carry over Federal VR funds. Because program income is not subject to a match requirement, Section 19(b) of the Rehabilitation Act is not applicable; therefore, State VR agency grantees do not need to satisfy a non-Federal share requirement to carry over program income funds. To the extent that program income funds are available, grantees must disburse those funds (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional funds from the U.S. Department of Education (see Grant Award Notification Attachment RSA-2, Program Income, for additional details).