

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 otherwise 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

Fredric K. Schroeder
Commissioner, RSA