**UNITED STATES DEPARTMENT OF EDUCATION**

***Office of Special Education and Rehabilitative Services   
Rehabilitation Services Administration***

**State Supported Employment Services – A**

**GENERAL REQUIREMENTS**

1. Applicable Program:

* State Supported Employment Services – A (SE-A) (CFDA 84.187A)

1. Expenditure Requirement:

In accordance with section 603 of the Rehabilitation Act, the State must reserve and expend 50 percent of its Supported Employment 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. If a State does not expend and fully match its SE-B grant, it cannot carry over either its SE-A or SE-B grant to the subsequent fiscal year. 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 reallotment 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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1. 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.

1. Administrative Costs:

States may only use SE-A funds for administrative costs. However, such costs must not exceed 2.5 percent of the total amount of the State’s supported employment allotment (SE-A + SE-B). Section 603(c) reads as follows:

1. LIMITATIONS ON ADMINISTRATIVE COSTS.-A State that receives an allotment under this title shall not use more than 2.5 percent of such allotment to pay for administrative costs.
2. Reallotment:

As noted above, the State’s supported employment 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 employments 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.

1. 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.

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