




UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

**MEMORANDUM**

DATE: June 17, 2010

TO: Bridget Dooling  
Office of Information and Regulatory Affairs  
Office of Management and Budget

THROUGH: Tomakie Washington  
Regulatory Information Management Services  
U.S. Department of Education

FROM: Alexa Posny   
Assistant Secretary, OSERS

SUBJECT: Emergency Clearance of RSA Grant Reallotment Form

This memo is a follow-up to a conversation that several OSERS staff had with you on the morning of June 17, 2010. In this memo, we will reiterate the need for our request for emergency clearance and will summarize our understanding of the agreements reached.

The Rehabilitation Services Administration (RSA), within the U.S. Department of Education's (ED) Office of Special Education and Rehabilitative Services (OSERS), has developed an online submission process for formula grant recipients to indicate the amount of funds they wish to relinquish during the reallotment process and/or the amount of funds they wish to request during this process. In previous years, this reallotment process was initiated through an Information Memorandum that RSA issued asking grantees to indicate the amount of funds being relinquished and/or requested. The reallotment process is based upon both statute and regulation and allows funds unused by some grantees receiving funds under the Rehabilitation Act of 1973, as amended, to be used by other grantees, thus eliminating the reversion of federal funds to the U.S. Treasury.

Grantees in six of RSA's formula grant programs are subject to a reallotment process. These programs include the Vocational Rehabilitation State Grants, the Supported Employment State Grants, the Independent Living Part B, the Independent Living for Older Individuals Who Are Blind, the Client Assistance, and the Protection and Advocacy of Individual Rights programs. Specifically, for the Vocational Rehabilitation State Grants Program, RSA's largest formula grant program, 34 CFR 361.65(b) requires that: (1) "The Secretary determines no later than 45 days before the end of the fiscal year which States, if any, will not use their full allotment. (2) As soon as possible, but not later than the end of the fiscal year, the Secretary reallots these funds to other States that can use those additional funds during the current or subsequent year, provided

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the State can meet the matching requirement by obligating the non-Federal share of any reallocated funds in the fiscal year for which the funds were appropriated.”

I am requesting that the Office of Management and Budget (OMB) clear the application on an emergency basis. Because many states are experiencing challenging economic circumstances, we anticipate that they may not be able to match funds received under the Rehabilitation Act and that the reallocation process will be more critical this year than in years past. The online process we have developed is less burdensome to grantees, since the electronic system automatically generates much of the information that is required in the reallocation process.

As stated in the aforementioned citation, this reallocation process is required by regulation to be completed before September 30 of this year in order for states to obligate the reallocated funds and meet the matching requirements. Therefore, ED is requesting OMB approval of this online process by July 15, 2010. This timeframe will allow us sufficient time to: 1) provide the public with a two-week comment period through a notice in the Federal Register; 2) notify states about the new system for online submission of grant relinquishments or requests; 3) receive all necessary information from the state agencies by August 15, which meets the minimum 45 day requirement in 34 CFR 361.65(b)(1); and 4) to process the requests received no later than September 30, 2010, per 34 CFR 361.65(b)(2).

Thank you for your prompt consideration of my request. If you have questions, please contact David Steele at (202) 245-6520 or at david.steele@ed.gov.