

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

STATE INDEPENDENT LIVING SERVICES
Administrative Costs

Section 704(c) of the Rehabilitation Act of 1973 (Rehabilitation Act), as amended by the Workforce Innovation and Opportunity Act (WIOA, P.L. 113-128), which took effect on July 22, 2014, provides:

SEC. 704. STATE PLAN

(c)The plan shall designate a State entity of such State (referred to in this title as the ‘designated State entity’) as the agency that, on behalf of the State, shall—

(1) receive, account for, and disburse funds received by the State under this chapter based on the plan;

(2) provide administrative support services for a program under part B, and a program under part C in a case in which the program is administered by the State under section 723;

(3) keep such records and afford such access to such records as the Administrator finds to be necessary with respect to the programs;

(4) submit such additional information or provide such assurances as the Administrator may require with respect to the programs; and

(5) retain not more than 5 percent of the funds received by the State for any fiscal year under part B, for the performance of the services outlined in paragraphs (1) through (4).

Given the new requirement at section 704(c)(5), States are prohibited from spending more than five percent of the total program expenditures for costs related to receiving, accounting for, and disbursing funds received by the State under Chapter I of Title VII; providing administrative support services for a program under part B and section 723 programs administered by a State under part C; keeping and affording access to records as the Administrator finds necessary with respect to the programs; and submitting additional information or providing assurances as the Administrator may require with respect to the programs.

The five percent restriction on these administrative expenditures includes Federal IL part B funds, and non-Federal funds expended for match purposes of the IL part B programs. The restriction is also applicable to program income directly generated by an activity supported under part B, and program income received by the DSE through the transfer of Social Security Administration program income from the vocational rehabilitation program in accordance with 34 CFR 361.63(c)(2) and used by the DSU to carry out a program under chapter 1, title VII of the Act.