

## **D. Authorized Uses of VR ARRA Funds**

- D-7.** Can a State VR agency use VR ARRA funds to pay for internships for its consumers as a necessary service to facilitate permanent employment for those individuals?

Under Section 103(a) of the *Rehabilitation Act* and 34 CFR 361.48, a VR service is any VR service described in an individualized plan for employment (IPE) “necessary” to assist an individual with a disability to achieve an employment outcome. Both the statute and implementing regulations provide a broad, although not exhaustive, list of VR services, including training. Thus, a State VR agency could determine that a paid internship is “necessary” as a VR service in order for an individual to achieve an employment outcome. For example, a VR agency could determine that the paid internship is necessary to train the individual on how to perform a particular job skill or to learn about the culture of day-to-day employment if that individual has never held long-term employment. The paid internship would be a VR service under the Title I VR program and would be an allowable expenditure with VR ARRA funds. However, the VR agency must make this determination on a case-by-case basis and should document the determination in the individual’s IPE and case file. For federal reporting purposes, State VR agencies should report paid internships, when provided as a VR service, as “on-the-job training.”

- D-8.** If a State VR agency decides to provide a paid internship as a VR service for a consumer with VR ARRA funds, should it do so as a reimbursement to the employer or as a direct payment to the individual?

Both Section 103(a) of the *Rehabilitation Act* and 34 CFR 361.48 of the VR regulations authorize “goods or services” necessary to assist an individual to achieve an employment outcome. Generally, the VR agency purchases goods or services that benefit the consumer rather than make direct payments to the individual. For example, when a VR agency pays for a student to attend college as a training service, funds are paid to the college, not the student. To be consistent with the scope of services outlined in the *Rehabilitation Act* and regulations and the established practice of the VR program, any paid internships should be handled as reimbursement to employers. In addition, State VR agencies should consult with their Department of Labor to ensure compliance with wage and hour laws and other relevant employment laws prior to initiating paid internships for their consumers.