

commenters suggested that AFP and Telework grantees collaborate closely.

We agree that it would be more efficient for AFP grantees that choose to apply for Telework to jointly apply for and administer the two grant programs. However, AFP grantees may also choose to separately apply for and administer a Telework grant.

In order to enable joint administration of the two programs, the Assistant Secretary has revised the December 26, 2002 proposed Telework priority to parallel the AFP statutory requirements. The major revision is that the application and program requirements contained in the December 26, 2002 proposed Telework priority are now addressed through a number of required assurances with accompanying timeframes for implementing the assurances.

Eligible State applicants for an AFP grant may apply for a Telework grant by submitting one application to jointly administer the two grant programs. These States must specify in their application the amount of their match that is devoted to each grant. However, section 303(b)(5)(A) of the AT Act requires that AFP funds be placed in a permanent separate account. Thus, while State grantees may jointly administer the AFP and Telework, the funds must be kept in permanent separate accounts.

There are two major differences between the AFP and the Telework. The match requirement for a Telework grant is 10 percent while the match requirement for an AFP grant is 25 percent.

The second difference between the AFP and Telework is that the two programs have different short-term and long-term goals. Telework will provide support to individuals with disabilities for the purpose of purchasing computers and other equipment, including adaptive equipment. Telework will: (1) achieve the program's short-term goal of increasing access to technology for disabled individuals through alternative financing mechanisms that are used to purchase computers and other equipment, including adaptive equipment, so that individuals with disabilities can telework from home or other remote sites; and (2) achieve the program's long-term goal of increasing employment opportunities and competitive employment outcomes for individuals with disabilities. The proposed priority would implement the Access to Telework Fund proposed by the President in his New Freedom Initiative.

Congress appropriated funds under section 303(b) of the Rehab Act to

provide RSA the funds necessary to administer Telework. The proposed priority supports this section by furthering the purposes of the Rehab Act, specifically by empowering individuals with disabilities to maximize employment.

Proposed Priority

In its application, a State or Indian tribe must identify and describe one or more of the following types of programs that the State will implement:

- (1) A low-interest loan fund;
- (2) An interest buy-down program;
- (3) A revolving loan fund;
- (4) A loan guarantee or insurance

program;

- (5) A program operated by a partnership among private entities for the purchase, lease, or other acquisition of computers and other equipment, including adaptive equipment;

- (6) Another mechanism that meets the requirements and intent of this program and is approved by the Secretary.

In addition, an applicant must submit the following assurances:

(1) *Nature of the Match*: An assurance that the State or Indian tribe will provide the non-Federal share (10 percent) of the cost of Telework in cash, from State or Indian tribe, local, or private sources. An applicant must identify the amount of Federal funds it is requesting and the amount of cash that the State or Indian tribe is going to generate as a match as well as the source of the cash.

(2) *Permanence of the Program*: An assurance that Telework will continue on a permanent basis.

A State or Indian tribe's obligation to implement Telework consistent with all of the requirements, including reporting requirements, continues throughout the project period until there are no longer any funds available to operate Telework and all outstanding loans have been repaid.

If a State or Indian tribe decides to terminate its Telework grant while there are still funds available to operate the program, the State or Indian tribe must immediately return the Federal share of the funds remaining in the permanent separate account to RSA (e.g., 90 percent if the original State or Indian tribe: Federal match was 1:9) except for funds being used for grant purposes, such as loan guarantees for outstanding loans. However, before closing out its grant, the State or Indian tribe must also return the Federal share of any principal and interest remitted to it on outstanding loans and any other funds remaining in the permanent separate account, such as funds being used as loan guarantees for those loans.

(3) *Consumer Choice and Control*: an assurance that, and information describing the manner in which, Telework will expand and emphasize consumer choice and control.

(4) *Supplement Not Supplant*: an assurance that the funds made available through the grant to support Telework will be used to supplement and not supplant other Federal, State or Indian tribe, and local public funds to support similar services to individuals with disabilities.

(5) *Permanent Separate Account*: an assurance that the State or Indian tribe will ensure that (A) all funds that support Telework, including funds repaid during the life of the program, will be placed in a permanent separate account and identified and accounted for separately from any other fund; (B) if the organization administering the program invests funds within this account, the organization will invest the funds in low-risk securities in which a regulated insurance company may invest under the law of the State; and (C) the organization will administer the funds with the same judgment and care that a person of prudence, discretion, and intelligence would exercise in the management of the financial affairs of such person.

During the first 12-month budget period, a grantee must deposit its matching funds and its Federal award funds in the permanent and separate account.

(6) *Use and Control of Funds*: an assurance that (A) funds comprised of the principal and interest from the account described in paragraph (5) will be available to support Telework; and (B) any interest or investment income that accrues on or derives from such funds after such funds have been placed under the control of the organization administering Telework, but before such funds are distributed for purposes of supporting the program, will be the property of the organization administering the program.

This assurance regarding the use and control of funds applies to all funds derived from Telework including the original Federal award, the State or Indian tribe matching funds, Telework funds generated by either interest bearing accounts or investments, and all principal and interest paid by borrowers of Telework who are extended loans from the permanent separate account.

(7) *Indirect Costs*: An assurance that the percentage of the funds made available through the grant that is used for indirect costs will not exceed 10 percent.

For each 12-month budget period, grantees must recalculate their