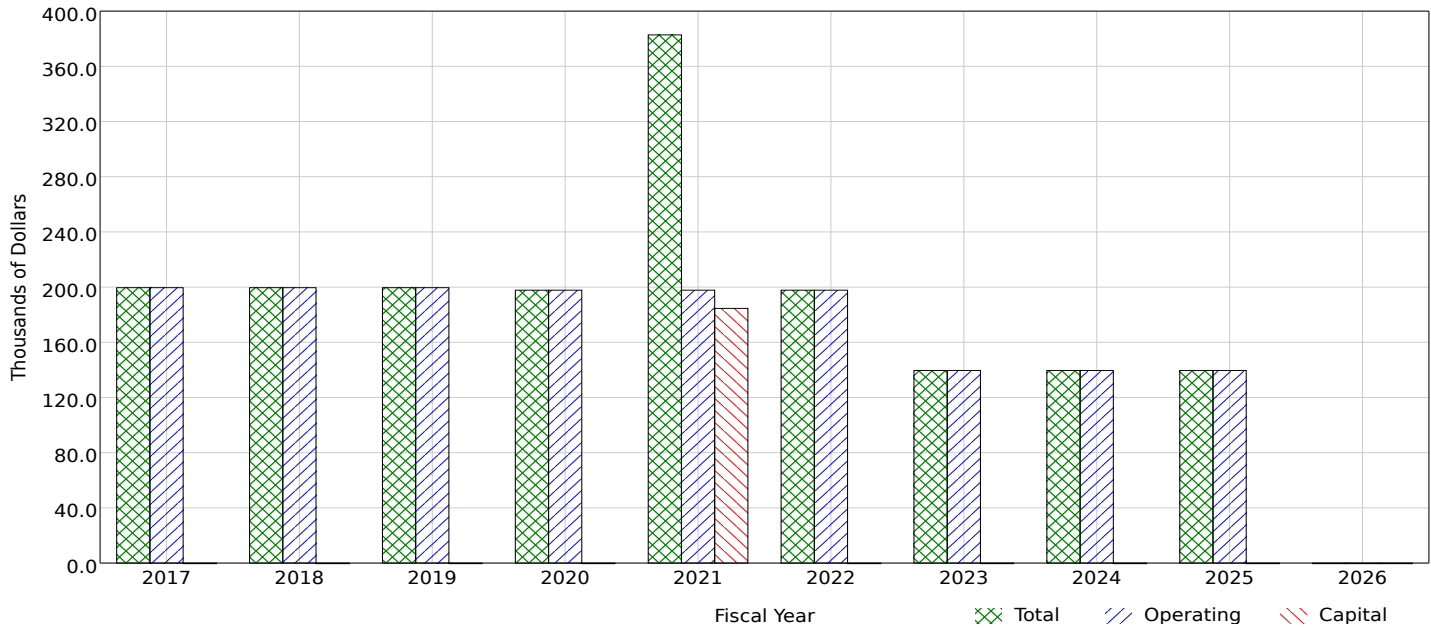


Fund Source Report

1237 VocRehab S Voc Rehab Small Business Enterprise Revolving Fund

Year Authorized 2016	Year Repealed	Active? Yes	Mental Health? No	Duplicated? No	Fund Group Designated General
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Operating and Capital Appropriations



Legal Authority
AS 23.15.130

Source of Revenue
Receipts from the net proceeds of vending facilities on state property.

Restrictions on Use
May be appropriated to the Department of Labor and Workforce Development to aid blind or severely disabled licensees.

Description and History

The Business Enterprise Program (BEP) originated with the federal Randolph-Sheppard Act of 1936. The intent of the Act is to provide trained, licensed blind persons with remunerative employment, enlarge their economic opportunities, and encourage their self-support through the operation of vending facilities on federal property. Vending facilities include cafeterias, snack bars, and automatic vending machines. State law expanded this program to include vending facilities on all public property and expanded program eligibility to include those with severe disabilities other than blindness.

The fund has two sources of income:

- 1) unassigned vending machine revenue (from contracts to service vending machines on state and federal property) and
- 2) set aside payments from vendor facility managers' net profit.

The state portion of the enterprise fund--Vocational Rehabilitation Small Business Enterprise Revolving Fund--and the portion of revenue attributable to facilities on federal property--Randolph-Sheppard Small Business fund--are tracked separately by the Department of Revenue.

The annual estimated receipts of the fund may be appropriated to aide licensees operate vending facilities. In the appropriation process, fund code 1117 refers to both the state portion of the fund and the Randolph-Sheppard portion.

Revenue from facilities on federal property has restrictions on use (CFR 34 Sec 395.9). Interest earnings on the Randolph-Sheppard receipts are deposited into the general fund, but the federal portion of the fund is not subject to the CBR sweep. The state portion is subject to the CBR sweep.

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The Budget Clarification Project of 2011 classified this fund code as "Other" because use of Randolph-Sheppard receipts is restricted by federal

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regulations. However, state receipts are simply general fund program receipts and are not restricted by federal regulations. Because fund codes must be placed in mutually exclusive categories, the two revenue streams should not continue to be appropriated with a single code.

Beginning in FY16, fund code 1117 will apply only to Randolph-Sheppard receipts, which are categorized as "other dedicated" receipts from vendors. Revenue from facilities on state property will be appropriated using fund code 1237. Use of these general fund program receipts is at the discretion of the legislature and fund code 1237 is reclassified as "Designated General Funds." Using fund code 1005 (general fund program receipts) would indicate that unspent receipts lapse to the general fund annually. Use of a new code more accurately reflects the cash flow:

- 1) state and federal receipts flow into the fund without appropriation
- 2) the fund is revolving, meaning the receipts do not lapse at year end
- 3) money in the fund is accounted for separately from Randolph-Sheppard receipts
- 4) appropriations of Randolph-Sheppard receipts from the fund use fund code 1117
- 5) appropriations of state receipts from the fund use fund code 1237

See

1117 Voc Rehab Small Business Enterprise Revolving Fund (Federal)