

# Rehabilitation Services Administration

1

## Vocational Rehabilitation Program: Match

CSAVR Spring Conference  
April 2010

# Topics

2

- General Requirements
- Allowable Sources
- Specific Match Requirements:
  - Third-Party Cooperative Arrangements with Other Public Agencies
  - Establishment, Development, or Improvement of a Public or Non-Profit CRP
  - Private Contributions
- Unallowable Sources
- If You Give a Mouse a Cookie
- Questions and Answers

# General Requirements

3

- State VR agencies must expend at least 21.3 % (or at least 50% for construction) of the total expenditures made under the VR State plan in order to meet the non-Federal share requirement of the VR program (34 CFR 361.60(a) and (b)).
- In general, the expenditures must be for allowable VR program costs incurred by the VR grantee. This includes allowable costs borne by non-Federal grants or by cash donations from private third parties (34 CFR 80.24(a)(1)).

# General Requirements (cont'd)

4

- Allowable costs under the VR program are those expenditures incurred for the provision of VR services or for the administration of the VR program (34 CFR 361.3).
- The non-Federal expenditures used for match purposes must be for allowable VR program costs or obligations incurred by the end of fiscal year in which the grant was awarded.

## Example: Calculating Match

5

- Federal VR allotment to the state = \$5,000,000
- \$5,000,000 divided by 78.7% = \$6,353,240 = total amount that should be available for the VR program in that State.
- State Match = 21.3 % of \$6,353,240 = \$1,353,240 from all allowable sources.
- \$1,353,240 = state's share of program expenditures

# Keys to Allowable Match for the VR Program

6

- For allowable VR expenditures
- From allowable sources
- Through allowable mechanisms

# Allowable Sources of Match for the VR Program

7

- The state VR agency may use allowable VR expenditures from a variety of non-Federal sources so long as certain requirements are satisfied.
- The primary source of non-Federal expenditures for the VR program are those incurred under the State plan with State and local funds appropriated by the State or local government for the VR program.

## Allowable Sources of Match for the VR Program (cont'd)

8

Sources of additional allowable VR expenditures (each will be described in more detail later):

- those allowable VR expenditures incurred by another State or local public agency pursuant to a third-party cooperative arrangement (34 CFR 361.28);
- those allowable VR expenditures incurred with funds contributed by a private entity, deposited into the state VR agency's account, and earmarked for meeting, in whole or in part, the agency's non-Federal share of establishing or constructing a CRP (34 CFR 361.60(b)(3)(i));



## Allowable Sources of Match for the VR Program (cont'd)

9

- those allowable VR expenditures incurred with funds contributed by a private entity, deposited into the state VR agency's VR account, and earmarked for meeting, in whole or in part, the agency's non-Federal share for any purpose (except establishment of a CRP) under the State plan for a particular geographic area within the State (34 CFR 361.60(b)(3)(ii));

## Allowable Sources of Match for the VR Program (cont'd)

10

- allowable expenditures incurred with funds contributed by a private entity, deposited into the state VR agency's VR account, and earmarked for meeting, in whole or in part, the agency's non-Federal share for any other purpose under the State plan, so long as the donor, or any entity with whom it shares a financial interest, does not benefit from that contribution (34 CFR 361.60(b)(3)(iii)).

# Allowable Sources of Match for the VR Program (cont'd)

## Private Entity Contributions

11

- A private entity contributing funds would not be considered as receiving a benefit from that contribution if the State VR agency awarded funds to that entity under the State's regular competitive procedures (34 CFR 361.60(b)(3)(iii)).

## Allowable Sources of Match for the VR Program (cont'd)

12

- allowable VR expenditures borne by non-Federal grants (34 CFR 80.24(a)(1));
- Example: The Marriott Corporation awards a grant to the VR agency to expand its OJT program for individuals with significant disabilities. All allowable VR program expenditures and obligation incurred by the VR agency with the use of those grant funds could be counted towards satisfying the State's VR match requirement;
- allowable VR expenditures borne by Federal grants that meet the exceptions set forth at 34 CFR 80.24(b)(1) and (2).

## Exceptions set forth at 34 CFR 80.24(b)(1) and (2)

13

- Except as provided by Federal statute, a cost sharing or matching requirement may not be met by costs borne by another Federal grant. This prohibition does not apply to income earned by a grantee or subgrantee from a contract awarded under another Federal grant (34 CFR 80.24(b)(1)).
- For the purpose of this section, general revenue sharing funds distributed under 31 U.S.C. 6702 (Local Government Fiscal Assistance Fund) are not considered Federal grant funds (34 CFR 80.24(b)(2)).

# Third-Party Cooperative Arrangements with Other Public Agencies

14

For the third-party cooperative arrangement to be a valid source of match certain requirements must be met:

- the services provided by the cooperating public agency must not be the typical or customary services that the agency provides in the ordinary course of business. The services must be new services with a VR focus or they must be existing services provided by that agency that have been modified to have a VR focus (34 CFR 361.28(a)(1));

## Third-Party Cooperative Arrangements with Other Public Agencies (cont'd)

15

- the services provided by the cooperating public agency pursuant to the third-party arrangement are only available to VR program applicants and consumers (34 CFR 361.28(a)(2));
- the VR agency must maintain administrative supervision over the expenditures incurred and the staff providing the services under the cooperative (34 CFR 361.28(a)(3)); and
- the services provided under the cooperative arrangement must comply with all State plan requirements (34 CFR 361.28(a)(4)).

## Establishment, Development, or Improvement of a Public or Non-Profit CRP (Establishment)

16

In order for a state VR agency to engage in activities to establish, develop, or improve a public or non-profit CRP and use non-Federal expenditures incurred by those activities to satisfy its match requirement under the VR program, the agency must first satisfy pre-planning requirements:



# Establishment Pre-planning Requirements

1. The state VR agency must have written policies that set forth the nature and scope of services that will be provided to groups of individuals with disabilities, and the criteria that will be used to determine the provision of those services (34 CFR 361.49(b)(1)); and
2. establishment activities must have been identified as a need in the state agency's triennial needs assessment and the state VR agency must have included in its State plan a discussion of the strategies it would use to meet that need (34 CFR 361.29).

## Establishment, Development, or Improvement of a Public or Non-Profit CRP (cont'd)

18

If the agency has satisfied the above pre-planning requirements for activities related to establishing, developing, or improving a CRP, then the following requirements must be satisfied in order for the agency to use non-Federal expenditures incurred for these activities towards its match requirement under the VR program:

# Establishment Requirements

1. the activities proposed must fit within the definition of establishment, development, or improvement of a CRP at 34 CFR 361.5(b)(17), the establishment, development, or improvement of a facility for a CRP at 34 CFR 361.5(b)(18), or the construction of a facility for a CRP at 34 CFR 361.5(b)(12); and
2. the activities must be designed to provide VR services to state VR agency consumers and applicants.

## Establishment Requirements (cont'd)

20

- CRP is a program that provides one or more VR services to individuals with disabilities to enable those individuals to maximize their opportunities for employment, including career advancement (34 CFR 361.5(b)(9)).

# Private Contributions

- Although generally private donors cannot benefit from their contributions towards the state VR agency's non-Federal share under the VR program, the one exception is when the donor is awarded the funds under the State's regular competitive procedures (34 CFR 361.60(b)(3)(iii)).
- As with any other service provided and paid for with VR funds, the services provided under those contracts must be allowable VR services for the state agency's consumers and applicants.

# Randolph-Sheppard Set-Aside Funds

- The only Randolph-Sheppard related services that VR can provide are those discussed at 34 CFR 361.49(a)(5).
- To the extent Randolph-Sheppard set-aside funds are spent on the specific activities included in 34 CFR 361.49(a)(5), then these expenditures may be counted towards VR match.

# Unallowable Sources of Match for the VR Program

23

VR agencies are not permitted to use the following towards meeting its non-Federal share requirement under the VR program:

- the value of third-party in-kind contributions (34 CFR 361.60(b)(2));
- non-Federal expenditures that benefit in any way the donor of a contribution, except as provided in 34 CFR 361.60(b)(3)(iii);
- program income (34 CFR 361.63(c)(4));

# Unallowable Sources of Match for the VR Program (cont'd)

- costs borne by another Federal grant, unless permitted by Federal statute (34 CFR 80.24(b)(1));
  - however, general revenue sharing funds distributed by the U.S. Department of Treasury under 31 USC 6702 (Local Government Fiscal Assistance Fund) do not constitute Federal funds for purposes of this requirement; and
- costs used to meet the matching requirement of another Federal grant (34 CFR 80.24(b)(3)).



## If You Give a Mouse a Cookie

25

- If you give a state a 78.7%:21.3% federal:state match ratio, it's going to want take advantage of it.
- If the state does not have the state appropriation or common state expenditures to use as match to take advantage of it, it's going to be tempted to pursue other allowable sources of match.

## If You Give a Mouse a Cookie (cont'd)

26

- If an agency pursues other allowable sources of match primarily because it wants to generate the match, it risks:
  - not meeting all the requirements related to those other allowable sources of match; and/or
  - having the other allowable source of match compromise or exert undue influence over the program (e.g., serving a disproportional number of persons with certain type of disability, violating its OOS, becoming obligated to private contributors).

## If You Give a Mouse a Cookie (cont'd)

27

- If an agency improperly uses an allowable source of match or uses an unallowable source of match, RSA is going to find out about it because when we review the agency we ask for documentation to support all sources of match.
- If RSA finds out that the agency was not using allowable sources of match properly, it could implement its procedures to recover the funds.

# Being Careful about Giving a Mouse a Cookie

- If generating matching funds is an agency's primary motivation for pursuing 3<sup>rd</sup> party cooperative agreements; establishment, development or improvement of CRPs; or private contributions, the agency should:
  1. check with RSA first to ensure that all of the related program requirements are being met; and
  2. consider whether the program benefit of generating the match outweighs the downside that may be associated with the alternative source of match .