



FINANCIAL MANAGEMENT

**A SOUND INVESTMENT
IN SUCCESSFUL
VR OUTCOMES**

Fiscal Controls and Contract Management ESTABLISHMENT PROJECTS

Presenters:

Tanielle Chandler, Financial Management Specialist,
US Department of Education, Rehabilitation Services
Administration, tanielle.chandler@ed.gov, 202-245-6211

Jim Doyle, Vocational Rehabilitation Program Specialist,
US Department of Education, Rehabilitation Services
Administration, jim.doyle@ed.gov, 202-245-6630

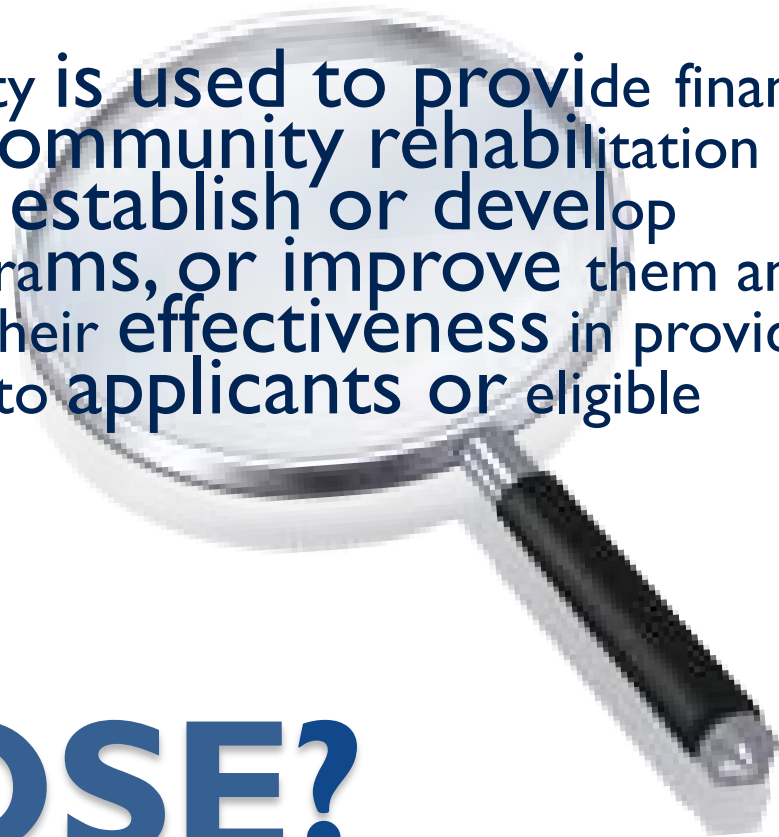
Chip Kenney, Project Director, Region 4 TACE,
rkenney@law.syr.edu, 904-372-0456



ESTABLISHMENT AUTHORITY

Section 103(b)(2)(A) of the Rehabilitation Act of 1973, as amended authorizes the use of VR funds to support “(t)he establishment, development, or improvement of community rehabilitation programs, including, under special circumstances, the construction of a facility. Such programs shall be used to provide services that promote **integration** and **competitive employment**.”

This authority is used to provide financial support to community rehabilitation programs to establish or develop service programs, or improve them and to increase their effectiveness in providing VR services to applicants or eligible individuals.



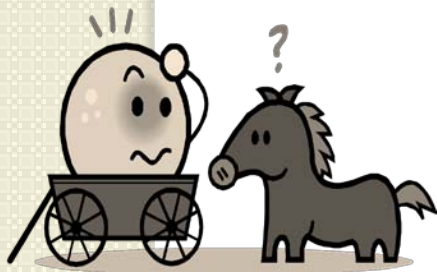
PURPOSE?



CRP

COMMUNITY REHABILITATION PROGRAM means a program that provides directly or facilitates the provision of one or more VR services to individuals with disabilities to enable those individuals to maximize their opportunities for employment, including career advancement.

Before any plans to establish, develop or improve CRPs through an Establishment Project...



- ✓ Need (adding capacity) must be determined through the Comprehensive Statewide Needs Assessment (CSNA)
- ✓ Plans to establish, develop and improve CRPs through an Establishment Project must be included in the State Plan in the following attachments:

State Plan Attachments...

- CSNA (Attachment 4.11(a))
- State Goals and Priorities (Attachment 4.11(c)(1))
- State's Strategies (Attachment 4.11(d))
- Cooperative Agreements with Private Nonprofit Organizations (Attachment 4.8(b)(3))
- Arrangements and Cooperative Agreements for the Provision of Supported Employment Services (Attachment 4.8(b)(4))
- Evaluation and Report of Progress (as the project moves forward)(Attachment 4.11(e)(2))

Comprehensive Statewide Needs Assessment (CSNA)

- Every 3 years, the Designated State Unit and the State Rehabilitation Council (if the state has a rehabilitation council) jointly conduct a comprehensive statewide assessment for the purpose of describing the rehabilitation service needs of individuals with disabilities residing within the state.

Particularly the vocational rehabilitation services needs of:

- Individuals with the most significant disabilities, including their need for supported employment services;
- Individuals with disabilities who are minorities;
- Individuals with disabilities who have been unserved or underserved by the vocational rehabilitation program; and
- Individuals with disabilities served through other components of the statewide workforce investment system.

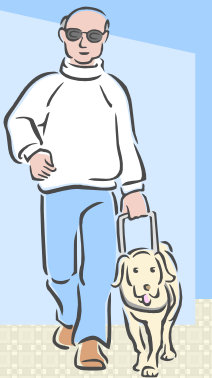
The CSNA must include:

An assessment of the need to establish, develop, or improve community rehabilitation programs (CRPs) within the state (34 CFR 361.29(a)(1)(ii)).

For more information:

Developing a Model Comprehensive Statewide Needs Assessment With Corresponding Training Materials For State VR Agency Staff and SRC Members

www2.Ed.Gov/programs/rsabvrs/resources/vr-needs-assessment-guide.Doc



Establishment, development, or improvement of a public or nonprofit community rehabilitation program means...

- The establishment of a facility for a public or non-profit community rehabilitation program (as defined in 34 CFR 361.5(b)(18) to provide vocational rehabilitation services to applicants or eligible individuals.

34 CFR 361.5(b)(17)(i)

Establishment, development, or improvement of a public or nonprofit community rehabilitation program means...(con't)

- Other expenditures related to establishment, development, or improvement of a CRP that are necessary to:

Make the program functional or increase its effectiveness in providing VR services to applicants or eligible individuals, but are not ongoing operating expenses of the program.

Establishment of a facility for a public or nonprofit community rehabilitation program means...

- The acquisition of an existing building and, if necessary, the land in connection with the acquisition, if the building has been completed in all aspects for a least 1 year prior to the date of the acquisition and the Federal share of the cost of acquisition is not more than \$300,000.

34 CFR 361.5(b)(18)(i)

Establishment of a facility...(con't)

- The remodeling or alteration of an existing building, provided the estimated cost of remodeling or alteration does not exceed the appraised value of the existing building.

34 CFR 361.5(b)(18)(i)

Establishment of a facility...(con't)

The expansion of an existing building, provided that:

- The existing building is complete in all respects;
- The total size in square footage of the expanded building, notwithstanding the number of expansions, is not greater than twice the size of the existing building;
- The expansion is joined structurally to the existing building and does not constitute a separate building; and
- The costs of the expansion do not exceed the appraised value of the existing building.

Establishment of a facility...(con't)

- Architect's fees, site survey, and soil investigation, if necessary in connection with the acquisition, remodeling, alteration, or expansion of an existing building; and.
- The acquisition of fixed or movable equipment, including the cost of installation of the equipment, if necessary to establish, develop, or improve a community rehabilitation program.

34 CFR 361.5(b)(18)(iv)and (v)

EXAMPLE

PROGRAM CONVERSION - activities designed to convert an extended employment program or other program that does not promote competitive employment in integrated settings into one that focuses on competitive employment in the integrated labor market.

EXAMPLE

ESTABLISHMENT, IMPROVEMENT, OR DEVELOPMENT OF SERVICES - activities designed to establish, improve, or develop services that assist individuals with disabilities to obtain competitive employment in an integrated setting in the labor market, such as the development of appropriate assessment procedures and methods to determine the interests, priorities and needs of the individuals and the development of those services necessary to assist the individuals to achieve competitive employment outcomes.

EXAMPLE

ACQUISITION OF EQUIPMENT AND STAFF - the purchase of equipment or the hiring of staff for a program of services that is designed to assist individuals with disabilities to acquire appropriate skills for competitive employment in an integrated setting in the labor market.



ESTABLISHMENT

FI\$CAL ISSUES



Establishment

Financial Impact

- The non-federal share of an establishment project is 21.3 percent.
- The match may be made, in whole or in part, by the state VR agency or contributions by private entities (private organizations, agencies, individuals).



Establishment

Financial Impact

- Contributions from private entities used to meet the non-federal share of an establishment project must be deposited in the account of the state agency in accordance with state law.



Establishment

Allowable Costs

- The federal share of the cost of acquiring a building that is to be used for community rehabilitation program purposes cannot exceed \$300,000.



Establishment

Allowable Costs

- Acquisition includes land and is subject to the \$300,000 Federal Fund Participation limitation.
- Remodeling or alteration costs of an existing building provided that the estimated cost does not exceed the appraised value of the building.



Establishment

Allowable Costs

- The expansion of an existing building, provided that-the existing building is complete in all respects; and the total square footage of the expanded building is not greater than twice the size of the existing building.



Establishment

Allowable Costs

- The expansion of an existing building, provided that--the expansion is joined structurally to the existing building; and the costs of expansion do not exceed appraised value of the existing building.



Establishment

Allowable Costs

- Architect's fees, site survey, soil investigation. (If necessary in conjunction with the acquisition, remodeling, alteration, or expansion of an existing building)
- Fixed or moveable equipment, including the cost of installation of the equipment. (If necessary to establish, develop, or improve a community rehabilitation program)



Establishment **Staffing**

- Limits federal financial participation to a total of 48 months.
- Reduces total percentage of costs in which the federal government will participate each year during the 4-year period.



Establishment **Staffing**

- Staffing limit is imposed to preserve the amount of funds available to the DSU for providing services to eligible individuals, while preserving the DSU's authority to expend VR funds to support necessary development or expansion of community rehabilitation facilities.

Establishment Staffing

- If necessary to establish, develop or improve a CRP to serve applicants or eligible individuals, for a period of 4 years, with financial participation available at the applicable matching rate for the following levels of staffing costs:
 - 100% of staffing costs for the first year.
 - 75% of staffing costs for the second year.
 - 60% of staffing costs for the third year.
 - 45% of staffing costs for the fourth year.

Establishment Project Cost Breakout

Total Staffing Costs (per approved budget)	Year One Establishment Project		Federal Reporting on the SF-425
\$100,000 (Year 1 – 100%)	Federal 78.7%	\$78,700	ONLY Expenditures Reported on SF-425
	Match 21.3% (Provided by State or CRP)	\$21,300	
	Additional Funds Paid by CRP	\$0	Not Reported on SF-425

Establishment Project Cost Breakout

Total Staffing Costs (per approved budget)	Year Two Establishment Project		Federal Reporting on the SF-425
<p>\$110,000 (Year 2 – 75%) Or \$82,500 Base</p>	<p>Federal 78.7%</p>	<p>\$64,928</p>	<p>ONLY Expenditures Reported on SF-425</p>
	<p>Match 21.3% (Provided by State or CRP)</p>	<p>\$17,572</p>	
	<p>Additional Funds Paid by CRP</p>	<p>\$27,500</p>	<p>Not Reported on SF-425</p>

Establishment Project Cost Breakout

Total Staffing Costs (per approved budget)	Year Three Establishment Project		Federal Reporting on the SF-425
<p>\$120,000 (Year 3 – 60%) Or \$72,000 Base</p>	<p>Federal 78.7%</p>	<p>\$56,664</p>	<p>ONLY Expenditures Reported on SF-425</p>
	<p>Match 21.3% (Provided by State or CRP)</p>	<p>\$15,336</p>	
	<p>Additional Funds Paid by CRP</p>	<p>\$48,000</p>	<p>Not Reported on SF-425</p>

Establishment Project Cost Breakout

Total Staffing Costs (per approved budget)	Year Four Establishment Project		Federal Reporting on the SF-425
<p>\$130,000 (Year 4 – 45%) Or \$58,500 Base</p>	<p>Federal 78.7%</p>	<p>\$46,040</p>	<p>ONLY Expenditures Reported on SF-425</p>
	<p>Match 21.3% (Provided by State or CRP)</p>	<p>\$12,460</p>	
	<p>Additional Funds Paid by CRP</p>	<p>\$71,500</p>	<p>Not Reported on SF-425</p>

Establishment Project Cost Breakout

Total Staff Costs	Federal Costs	Match	CRP Funds
FY 1 - \$100 K Base: \$100 K	Year 1 - 78.7% \$78,700	Year 1 - 21.3% \$21,300	Year 1 \$0
FY 2 - \$110 K Base: \$82.5 K	Year 2 - 78.7% \$64,928	Year 2 - 21.3% \$17,572	Year 2 \$27,500
FY 3 - \$120 K Base: \$ 72 K	Year 3 - 78.7% \$56,664	Year 3 - 21.3% \$15,336	Year 3 \$48,000
FY 4 - \$130 K Base: \$58.5 K	Year 4 - 78.7% \$46,040	Year 4 - 21.3% \$12,460	Year 4 \$58,500





WHAT FINDINGS HAS RSA IDENTIFIED RELATED TO ESTABLISHMENT PROJECTS?

- **Lack of planning activities, including the identification of the need for the project and the development of goals and strategies related to the project.**
- **No identifiable agency policies governing Establishment projects.**
- **Improper expenditures related to the expansion of the CRP facility and the purchase of goods and equipment.**
- **Expenditures not restricted to VR eligible consumers.**
- **Improper calculation of the Federal share for staffing costs over the four years of the project**

NEED ASSISTANCE?

- Developing a Model Comprehensive Statewide Needs Assessment With Corresponding Training Materials For State VR Agency Staff and SRC Members
www2.Ed.Gov/programs/rsabvrs/resources/vr-needs-assessment-guide.Doc
- Section 103(b)(2)(A) of the Rehabilitation Act of 1973
- 34 CFR 361.5(b)(17) and (18)
- 34 CFR 361.29(a)(1)
- 34 CFR 361.49(a)(1) and (b)(1)
- State Plan Attachments 4.11(a);4.8(b)(3) and 4.8(b)(4); 4.11(c)(1); 4.11(d); and 4.11(e)(2).
- RSA-TAC-11-02 Sources of Non-Federal Share for the Vocational Rehabilitation Program

Questions.....

