

FINANCIAL MANAGEMENT



**A SOUND INVESTMENT
IN SUCCESSFUL VR
OUTCOMES**

Financial Resources Management

SOURCES OF MATCH

Marc Protsman
Chief Financial Officer
Ohio Rehabilitation Services Administration
Marc.Protsman@rsc.Ohio.Gov
(614) 438-1763 ?

Adrienne Grierson
Financial Management Specialist,
U.S. Department of Education,
Rehabilitation Services Administration,
Adrienne.Grierson@ed.Gov,
(202) 245-7561



OVERVIEW



- **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**
- **Maximizing the Benefits/Avoiding the Risks**

General Requirements



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)).

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 (con't)



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.

Calculating Match...

**Federal VR allotment to the state
= \$10,000,000**

- \$10,000,000 is equal to 78.7 percent of total VR expenditures of \$12,706,480, which is the total amount available for the VR program in your State.
- State Match is 21.3 percent of \$12,706,480 or \$2,706,480 from all allowable sources.
- \$2,706,480 equals the state's share of program expenditures



Allowable Sources of Match



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 (con't)



Sources of additional allowable VR expenditures:

1. Those allowable VR expenditures incurred by another State or local public agency pursuant to a third-party cooperative arrangement (34 CFR 361.28);
2. 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 (con't)



3. 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 (con't)



4. 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 (con't)



Private Entity Contributions:

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 (con't)



5. 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 Sources of Match (con't)



6. 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):

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)).

Allowable Sources of Match (con't)



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)).

Specific Match Requirements



Third-Party Cooperative Arrangements with Other Public Agencies

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

- a. 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));

Specific Match Requirements (con't)



- b. 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));
- c. 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
- d. The services provided under the cooperative arrangement must comply with all State plan requirements (34 CFR 361.28(a)(4)).

Specific Match Requirements (con't)



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

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 the following pre-planning requirements:

Specific Match Requirements (con't)



- a. 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
- b. 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).

Specific Match Requirements (con't)



If the agency has satisfied the pre-planning requirements, it must then satisfy the following requirements in order for the agency to use non-Federal expenditures incurred for these activities towards its match requirement under the VR program:



Specific Match Requirements (con't)



- a. 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
- b. The activities must be designed to provide VR services to state VR agency consumers and applicants.
- c. 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)).

Specific Match Requirements (con't)



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.

Specific Match Requirements (con't)



Interagency Transfers

- Non-federal funds transferred to the VR agency by another state or local public agency can be used as a source of match for the VR program, so long as the VR agency maintains control over the determination of eligibility, the provision of services and the allocation and expenditure of the funds.
- Though interagency transfers are no longer specifically identified as a source of match since the 1997 Amendments to the VR program regulations, they still can be used for this purpose in accordance with Departmental guidance (Notice of Proposed Rule Making, 60 Fed. Reg. 64475, 64494 (December 15, 1995); Final Regulations, 62 Fed. Reg. 6307, 6332 (February 11, 1997)).

Unallowable Sources of Match



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

1. The value of third-party in-kind contributions (34 CFR 361.60(b)(2));
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);
3. Program income (34 CFR 361.63(c)(4));

Unallowable Sources of Match (con't)



4. 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
5. Costs used to meet the matching requirement of another Federal grant (34 CFR 80.24(b)(3)).



Maximizing the Benefit/ Avoiding the Risks



For every \$21.30 the state invests in its VR program, it will be able to draw \$78.70 in federal funds, because of matching. This is almost a 1 to 4 ratio, and represents a great return on investment to states.

If the state does not have the state appropriation or common state expenditures to use as match, in order to avail itself of federal monies; the state may be tempted to pursue other allowable sources of match.



Maximizing the Benefit/ Avoiding the Risks



In pursuing sources of match primarily to generate the state expenditures:

- The agency must insure that it meets all the requirements related to those other allowable sources of match; and
- The agency does not allow any 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).



Maximizing the Benefit/ Avoiding the Risks



RSA reviews sources of match and supporting documentation during the scheduled Section 107 Monitoring review.

RSA is required to recover monies not expended properly, and may implement its procedures to recover the funds.

If generating matching funds is an agency's primary motivation for pursuing third-party cooperative agreements; establishment, development or improvement of CRPs; or private contributions, the agency should check with RSA first to ensure that all of the related program requirements are being met.

RSA Monitoring Findings Related to Sources of Match



361.3 – Allowable Costs

- IL -related expenditures are not allowable under the VR program and may not be paid for with VR funds
- VR funds are not used solely for the administration of the VR program and for the provision of VR services

361.63 – Program Income

- Program income is not reported completely and accurately

For more information...



- Matching Requirements 34 CFR 361.60
- Matching or cost sharing 34 CFR 80.24
- Authorized Activities 34 CFR 361.3
- Third-party cooperative arrangements involving funds from other public agencies 34 CFR 361.28
- Statewide assessment; annual estimates; annual State goals and priorities; strategies; and progress reports 34 CFR 361.29
- Scope of vocational rehabilitation services for groups of individuals with disabilities 34 CFR 361.49(b)(1)
- Applicable definitions 34 CFR 361.5(b)(9), (b)(12), and (b)(17-18)
- Program Income 34 CFR 361.63
- Local Government Fiscal Assistance Fund 37 U.S.C. §6702
- RSA-TAC-11-02 Sources of Non-Federal Share for the Vocational Rehabilitation Program

SURVIVAL KIT

Education Department General Administrative Regulations
(EDGAR)

<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>

Local Government Fiscal Assistance Fund 37 U.S.C. §6702

<http://codes.lp.findlaw.com/uscode/31/V/67/6702>



QUESTIONS?

