



ISSUE BRIEF



From ANCOR's Government Relations Division

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April 2009

The American Recovery and Reinvestment Act of 2009 allocated \$540 million in new funding for the Vocational Rehabilitation State Grants Program.

On April 1, 2009 the Department of Education released 50 percent of the funding allocated in the ARRA for state VR programs. The other 50 percent will be awarded by September 30, 2009. Along with the funding, the Department of Education released [guidance](#) for state use of these funds.

Background: American Recovery and Reinvestment Act Funding for VR State Grants Program

The goal of the Vocational Rehabilitation State Grants (VR) program is to provide grants to states to assist individuals with "significant" disabilities prepare for, obtain, and maintain employment. According to the guidance issued by the Department of Education on (DATE), the American Recovery and Reinvestment Act of 2009 (ARRA) provides an opportunity for states and VR agencies to implement innovative strategies to improve employment outcomes for individuals with disabilities.

ARRA funds available for the VR State Grants program are authorized under Title I, Part B of the Rehabilitation Act (Rehab Act). States do not need to submit a new or amended VR State Plan in order to receive the first 50 percent of the VR ARRA funds. These funds, made available on April 1, 2009, were allocated to states based on states' eligibility established for regular FY 2009 VR funds. However, in order to receive the remaining 50 percent on September 30, 2009, states must submit additional information that addresses how the state will meet the accountability and reporting requirements of the ARRA. More guidance will be issued by the Department of Education on preparing and submitting this additional information. States can begin using the funds immediately and must obligate all of them by September 30, 2011.

The VR ARRA funds do not require a state match like regular federal VR appropriations. However, this does not waive existing requirements that states match regular VR funds. In addition, the ARRA allocation must be spent according to the state plan already in place. Therefore, a state still must provide the requisite non-federal funds, as required in section 7(14) of the Rehabilitation Act, to match its FY 2009 VR grant award received through the program's regular appropriation. The funds released on April 1, 2009 must be spent according to each states' 2009 state plans. The funds set to release on September 30, 2009 must be spent according to states' 2010 state plans. Therefore, states can factor in the ARRA funds as they develop state plans for 2010.

States must keep track of VR ARRA funds separately from regular VR funds. A new Catalog of Federal Domestic Assistance number for tracking these funds was assigned by the Department of Education. States will also be expected to monitor sub-recipients (i.e. providers contracting VR services) to ensure data quality and proper expenditure of ARRA funds. Should any ARRA VR funds not be used, re-allotment will occur using the process already in place.

The ARRA does not waive the state Maintenance of Effort requirements under the Rehab Act. All VR ARRA funds must be used consistently with the statutory and regulatory requirements for the VR State Grants program, as well

as applicable requirements in the General Education Provisions Act (GEPA) and the Education Department General Administrative Regulations (EDGAR).

Department of Education Guidance for Use of ARRA VR Funds

[Guidance](#) for use of the ARRA VR funds provides the Department of Education's interpretation of the statutory provisions in the ARRA and is not meant to impose requirements beyond those included in the ARRA.

According to the guidance, funds should be used for short-term investments that have the potential for long-term benefits, rather than for commitments that a state may not be able to sustain once ARRA funds are expended. State VR agencies are encouraged to consider serving individuals on waiting lists in states currently using an order of selection. This would increase services to eligible consumers and expand services to traditionally underserved and unserved populations in the state, including students with disabilities transitioning from school to the workplace.

VR ARRA funds can be used for construction or alteration of community rehabilitation facilities, as can regular VR funds. However, plans for such construction and alteration must be outlined in a state's plan and must cost no more than 10 percent of a state's allotment. Although the Rehab Act requires a state to provide a 50 percent match for construction activities, the ARRA waives this match requirement for VR ARRA funds. States must comply with the construction requirements set forth in the ARRA should they use funds for this purpose. (see Department of Education [guidance](#) for additional construction rules)

States are also encouraged to use funds for significant system improvement. The Department of Education gives the following examples of possible uses including:

- Obtaining or improving effective case management systems that provide the agency with enhanced program management and evaluation capabilities.
- Providing training to VR counselors and other persons who provide VR services that will enhance the utilization of rehabilitation technology by VR program participants and improve employment outcomes.
- Providing intensive training to VR counselors and other persons who provide VR services on effective and innovative evidence-based VR practices to improve employment outcomes for persons with disabilities.
- Providing intensive training to agency staff to improve the capability of the agency to analyze and use data to improve VR services and employment outcomes.

ANCOR Members Providing VR Services: Future Guidance

If you are an ANCOR member providing VR services, contact state officials with your recommendations on the use of these funds. It is imperative that you work with your state during the development of its FY 2010 state plan. If you have questions on the use of these funds, use the email address provided below to contact the Department of Education.

The Department of Education will provide additional updates and more guidance on the use of ARRA VR funds as additional information becomes available and as the public requests guidance in specific areas. The Department will also provide further information on the government-wide data collection and reporting requirements as this information becomes available.

If you have any questions or concerns about the ARRA VR funding please email them to RSARecoveryActComments@ed.gov. Further guidance will be developed based on these questions and public input. When guidance becomes available the Department of Education will post it on their ARRA [webpage](#) or find it on ANCOR's employment incentives [webpage](#). The Department of Education also plans to host webinars on current and future guidance.