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OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES  
REHABILITATION SERVICES ADMINISTRATION  
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TECHNICAL ASSISTANCE CIRCULAR  
RSA-TAC-25-01  
DATE: January 16, 2025

ADDRESSEES: STATE VOCATIONAL REHABILITATION AGENCIES  
STATE REHABILITATION COUNCILS  
CLIENT ASSISTANCE PROGRAMS  
STATE LICENSING AGENCIES  
TECHNICAL ASSISTANCE CENTERS

SUBJECT: Allowable Use of Funds for Management Services for the Benefit of the  
Randolph-Sheppard Vending Facility Program

PURPOSE:

This Technical Assistance Circular (TAC) provides guidance on the allowable use of State Vocational Rehabilitation (VR) Services program funds, both Federal funds and non-Federal matching funds (hereinafter VR program funds), as well as Randolph-Sheppard Vending Facility Program (RSVFP) set-aside funds<sup>1</sup>, for costs associated with management services and supervision (hereinafter, “management services”).<sup>2</sup> Through this guidance, the Rehabilitation Services Administration (RSA) provides examples of the nexus between the requirements of the Rehabilitation Act of 1973 (Rehabilitation Act)<sup>3</sup> and the Randolph-Sheppard Act (R-S Act)<sup>4</sup> with respect to the allowable use of funds for management services.

This TAC responds to inquiries received by RSA from State licensing agencies (SLAs)<sup>5</sup>, RSVFP vendors, and professional associations on behalf of RSVFP vendors regarding the use of VR

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<sup>1</sup> “Set-aside funds” is defined at 34 C.F.R. § 395.1(s) as funds which accrue to an SLA from an assessment against the net proceeds of each vending facility in the RSVFP and any income from vending machines on federal property which accrues to the SLA.

<sup>2</sup> For purposes of the VR program at 34 C.F.R. § 361.49(a)(5)(i), the term used is “management services and supervision;” however, the same activity under the RSVFP is identified at 34 C.F.R. §§ 395.1(j) and 395.9(b)(3) as “management services.” For the convenience of the reader, this TAC refers to these activities as “management services” throughout, regardless of the funds used to pay the costs. See also footnote 9.

<sup>3</sup> 29 U.S.C. § 723(b)(1).

<sup>4</sup> 20 U.S.C. § 107(b)(3)(C).

<sup>5</sup> An SLA, as defined in 34 C.F.R. § 395.1(v), is the VR agency providing VR services to individuals who are blind in the State under the VR services portion of the Unified or Combined State Plan (see 34 C.F.R. §§ 395.2 and 395.5) and that has been designated by the Secretary of the U.S. Department of Education to issue licenses to individuals who are blind under the RSVFP. Therefore, when providing VR services for the benefit of licensed blind vendors operating vending facilities under the RSVFP, there is a close administrative nexus between the State VR agency and the SLA. Although the VR agency is solely responsible for administering the VR program and the costs incurred under that program (34 C.F.R. § 361.13(c)) and the SLA is responsible for

program funds and RSVFP set-aside funds to support and improve the RSVFP through the provision of management services. Through this TAC, RSA clarifies the applicability of pertinent Federal requirements governing the use of VR program funds and RSVFP set-aside funds for the provision of management services, thereby supporting VR agencies and SLAs in the appropriate use of those funds to increase opportunities for individuals who are blind to obtain and maintain competitive integrated employment and economic self-sufficiency in the RSVFP. This TAC is the final in a three-part series requested by SLAs and the RSVFP vending community. The content of this TAC, along with the other two TACs in this series<sup>6</sup> issued previously, together supersede and rescind PAC-89-02, dated January 3, 1989.

## BACKGROUND:

Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) allow VR agencies, in pertinent part, to use VR program funds to provide management services for licensed blind vendors operating vending facilities under the RSVFP and supervised by the State agency. Similarly, the R-S Act at 20 U.S.C. § 107b(3)(C) and 34 C.F.R. § 395.9(b)(3), in pertinent part, allow SLAs to use RSVFP set-aside funds for the provision of management services for licensed blind vendors operating vending facilities under the RSVFP.

## TECHNICAL ASSISTANCE:

For purposes of the RSVFP and this TAC, “management services” include inspection, quality control, consultation, accounting, regulating, in-service training, and related services provided on a systematic<sup>7</sup> basis to support and improve small business enterprises<sup>8</sup> operated by individuals with significant disabilities (34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j)).<sup>9</sup> Management services

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administering the RSVFP (34 C.F.R. § 395.3) and the costs incurred with RSVFP set-aside funds, this TAC uses “VR agency” and “SLA” interchangeably throughout, depending on which term best fits the specific content of that reference.

<sup>6</sup> [RSA-TAC-24-03, Use of VR Program Funds for Initial Stocks and Supplies and Operating Expenses for Vendors Under the Randolph-Sheppard Vending Facilities Program, issued on April 5, 2024](#), and [RSA-TAC-24-06, Allowable Costs for Vending Facilities and Equipment for Vendors Under the Randolph-Sheppard Vending Facility Program, dated August 13, 2024](#).

<sup>7</sup> According to the Merriam-Webster Dictionary, “systematic” means 1) relating to or consisting of a system; 2) presented or formulated as a coherent body of ideas or principles, e.g. *systematic* thought; 3a) methodical in procedure or plan, e.g. a *systematic* approach or a *systematic* scholar; 3b) marked by thoroughness and regularity, e.g. *systematic* efforts; 4) of, relating to, or concerned with classification. *Systematic*, Merriam-Webster.com, last visited Nov. 4, 2024).

<sup>8</sup> The VR regulations at 34 C.F.R. § 361.49(a)(5) refer to “small business enterprises” operated by individuals with significant disabilities under the supervision of the State agency. For purposes of this TAC, these small business enterprises are “vending facilities,” as defined at 34 C.F.R. § 395.1(x), operated by licensed blind vendors under the RSVFP. In the event a State VR agency administers another Business Enterprise Program, the technical assistance provided in this TAC does not apply to that program; the State should request further specific technical assistance from RSA as needed.

<sup>9</sup> “Management services and supervision” under the VR program’s VR services to groups at 34 C.F.R. § 361.49(a)(5)(i) includes “inspection, quality control, consultation, accounting, regulating, in-service training, and related services provided on a systematic basis to support and improve small business enterprises operated by individuals with significant disabilities. Management services and supervision may be provided throughout the operation of the small business enterprise.” The same activity under the RSVFP is identified at 34 C.F.R. § 395.9(b)(3) and defined at § 395.1(j) as “management services,” which means “supervision, inspection, quality

may be provided throughout the operation of the vending facility; this is true under both the VR program and the RSVFP (34 C.F.R. §§ 361.49(a)(5)(i) and 34 C.F.R. § 395.9(b)(3)). Therefore, no time limit exists for the provision of these services.

This means the VR agency may use VR program funds and RSVFP set-aside funds to pay for the ongoing activities identified as “management services” as provided by the SLA on a systematic basis to support and improve the vending facilities operated by licensed blind vendors under the RSVFP. To be clear, “management services” are separate and distinct from the ongoing operational costs of vending facilities, commonly considered business operating expenses, the costs of which are allowable under the VR program only during the initial establishment period of that facility, not to exceed six months (34 C.F.R. § 361.49(a)(5)(iii)); there is no authority under 34 C.F.R. § 395.9(b) to use set-aside funds to pay ongoing operational costs of a vending facility.<sup>10</sup> The activities described in “management services” at 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j) clearly indicate they consist of administrative (as opposed to business operational) activities provided on a systematic basis and are not tailored for the benefit of an individual vending facility or vendor, but rather to support and improve all facilities and vendors (or a group of those facilities and vendors) in the RSVFP.

When the SLA provides these administrative activities on a systematic basis, they constitute “management services;” as such, they are methodical in procedure or plan or marked by thoroughness and regularity, to support and improve the operation of the RSVFP vending facilities. As the examples below show, the systematic nature of management services does not necessarily mean the SLA must provide the service to every vendor in the State; the SLA may provide a particular type of management service to a certain subset of vendors (e.g., new vendors or all micro market vendors) in the State, as appropriate, and it would still be considered as “provided on a systematic basis,” as required by 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j), if the SLA provides it in a methodical or standardized manner to all vendors receiving the service.

Because “management services” are administrative in nature, they encompass the SLA personnel costs in the scenarios presented below when associated with administering the RSVFP. Therefore, although the R-S Act does not specifically authorize the use of RSVFP set-aside funds for administrative costs, per se, as is permitted with VR program funds in accordance with

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control, consultation, accounting, regulating, in-service training, and other related services provided on a systematic basis to support and improve vending facilities operated by blind vendors. Management services does not include those services or costs which pertain to the on-going operation of an individual facility after the initial establishment period.” The RSVFP regulatory definition is almost identical to the description of “management services and supervision” under the VR program, and we view management services under both programs as substantively the same and complementary to each other. Under both the RSVFP and VR program, management services can be provided throughout the duration of the vending facility and management services does not include on-going operational costs of the vending facility. The RSVFP definition makes this clear by distinguishing “*management services*” permitted under the RSVFP with set-aside funds at 34 C.F.R. § 395.9(b)(3) and the operating costs of a vending facility, which are not authorized to be paid with RSVFP set-aside funds under 34 C.F.R. § 395.9(b) but are permitted with VR program funds under the VR program at 34 C.F.R. § 361.49(a)(5)(iii) for the initial establishment period, not to exceed six months. See also footnote #2.

10. For more detailed guidance on initial operating costs of a vending facility, see RSA-TAC-24-03, Use of VR Program Funds for Initial Stocks and Supplies and Operating Expenses for Vendors Under the Randolph-Sheppard Vending Facilities Program, issued on April 5, 2024.

Section 111(a)(1) of the Rehabilitation Act and 34 C.F.R. § 361.3(b),<sup>11</sup> such specific reference in the R-S Act is unnecessary because the SLA personnel time to manage the RSVFP clearly falls within the scope of “management services” as one of the identified activities or “other related services provided on a systematic basis to support and improve” vending facilities operated by licensed blind vendors (34 C.F.R. §§ 361.49(a)(5)(i) and 395(1)(j)). For example, “management services” can include costs for SLA personnel time to negotiate vending facility permits and contracts; procure equipment, services, and goods needed by the RSVFP vendors; manage any RSVFP-established systems for ensuring the payment of fair minimum return, sick and vacation pay, and pension funds; and manage the RSVFP set-aside assessments paid to the SLA. Although these personnel time costs associated with administering the RSVFP are allowable management services, *it is important for SLAs to determine the underlying RSVFP activities performed to ensure the proper allocation of costs between VR program funds and RSVFP set-aside funds.*

If the underlying activity is only allowable under the VR program (e.g. initial operating costs), then management services associated with that activity can only be paid with VR program funds. Similarly, if the underlying activity is only allowable under the RSVFP (e.g. fair minimum return), then management services associated with that activity can only be paid with RSVFP set-aside funds. However, if the underlying activity is allowable under both the VR program and the RSVFP (e.g. the purchase and maintenance of equipment), then management services associated with that activity can be paid from either funding source. Payment with set-aside funds of management services to administer the RSVFP set-aside activities must be consistent with the SLA’s policies and procedures developed in active participation with the Elected Committee of Blind Vendors (Elected Committee)<sup>12</sup> and approved by RSA (34 C.F.R. §§ 395.4 and 395.14).

Before expending funds for the provision of management services to administer either allowable VR expenditures to benefit the RSVFP or set-aside expenditures, regardless of whether paying with VR program funds or RSVFP set-aside funds, State agencies must ensure the costs are allowable, reasonable, necessary, and allocable to the applicable program in accordance with Federal cost principles at 2 C.F.R. §§ 200.403 through 200.405. As VR agencies and SLAs plan for the expenditure of funds – VR program funds and RSVFP set-aside funds -- it is important to remember that neither Section 103(b)(1) of the Rehabilitation Act nor the R-S Act (20 U.S.C. § 107b(3)) requires agencies to expend funds on the provision of management services. Rather, the Rehabilitation Act and the R-S Act authorize State agencies to expend funds, as allowable, for these purposes.

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<sup>11</sup> Section 111(a)(1) of the Rehabilitation Act and 34 C.F.R. § 361.3 authorize States to use VR program funds for providing VR services, which include those activities paid for the benefit of the RSVFP under section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5), and for administering the VR program. For purposes of the VR program, the term “administrative costs” is defined at section 7(1) of the Rehabilitation Act and 34 C.F.R. § 361.5(c)(2); however, the SLA personnel time described in this TAC constitutes “management services” because the personnel are managing or supervising activities in the administration of the RSVFP. Therefore, the definition of “administrative costs” for purposes of the VR program is not applicable to this personnel time.

<sup>12</sup> 34 C.F.R. § 395.14 and RSA-TAC 21-01: Active Participation of Elected Committees of Blind Vendors with State Licensing Agencies in the Randolph-Sheppard Vending Facility Program (December 15, 2020).

The State agency may use non-Federal funds to pay allowable costs under the VR program, including expenses associated with management services for the benefit of the RSVFP, instead of Federal VR funds. Any non-Federal funds used to pay these allowable VR program costs, including RSVFP set-aside funds, count toward the State's match and maintenance of effort (MOE) requirements; therefore, VR agencies must report these amounts as non-Federal share on the Vocational Rehabilitation Financial Report (RSA-17), as required by 34 C.F.R. §§ 361.60 and 361.62. SLAs also must report the use of these funds on the Report of Vending Facility Program (RSA-15). Furthermore, expenditures made with RSVFP set-aside funds that are also allowable under the VR program must satisfy all Guidance for Federal Financial Assistance (Uniform Guidance) requirements for purposes of the VR program, particularly those governing Federal cost principles when expending funds and requesting prior written approval for certain expenditures. This is necessary because these expenditures paid with RSVFP set-aside funds, which are also allowable under the VR program, count towards the State's MOE requirement under the VR program since they constitute part of the total amount of non-Federal expenditures incurred under that program in accordance with section 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. § 361.62(a).

#### Examples:

The following illustrative examples provide specific factual scenarios to help clarify when the State agency may use VR program funds and RSVFP set-aside funds to pay for management services under the RSVFP. Because the examples provided herein are general and cannot cover every factual circumstance that could arise, they do not automatically determine the outcome for any other specific factual scenario. SLAs should engage in their own analysis of their individual factual circumstances to determine whether an activity is a management service. **Before spending VR or RSVFP set-aside funds on management services, we urge VR agencies and SLAs to consult with both the RSA Financial Management Specialist and RSA RSVFP Liaison assigned to their State to obtain specific technical assistance regarding the allowability of particular costs or the development of policies, procedures, or internal controls based on the examples in this TAC.** In this way, RSA can ensure a holistic approach to the technical assistance provided for the specific circumstances arising in the State.

1. The SLA contracts with ABC Corp. to provide the following management services on behalf of all vending facilities in the State:
  - Preparing and generating data for various reports on behalf of the SLA, including the Federal RSA-15 report;
  - Providing quarterly in-service trainings to vendors to support and improve the operation of their vending facilities under the RSVFP (e.g., trainings on cash management, inventory management, and business management); and
  - Providing replacement staff when vendors attend quarterly in-service trainings.

All the above activities under the contract support and improve the licensed blind vendors' operation of vending facilities under the RSVFP; the contract requires the contractor to provide all services according to State policies and procedures. Therefore, for the reasons set forth below, the entire contract in this example represents allowable management services costs, including the SLA personnel time to manage the contract. As such, the SLA may pay

the entire contract cost as management services with either VR program funds or RSVFP set-aside funds. In addition, no time limit exists for the provision of these services.

With respect to the activities under the contract related to the generation of data for Federal reporting purposes, these administrative services constitute those activities identified at both 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j) as “management services” because they involve accounting, consultation, and other related services provided for the support of licensed blind vendors operating vending facilities under the RSVFP. Second, the State provides these administrative services on a systematic basis to support and improve the vending facilities operated by licensed blind vendors under the RSVFP. The State provides these activities, not for the benefit of any individual vending facility, but rather in a methodical manner on behalf of all facilities to support and improve the RSVFP (i.e., on a systematic basis).

With respect to the quarterly in-service trainings and replacement staff costs when vendors attend those trainings, both 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j) describe “management services” as including “in-service trainings” that support and improve the vending facilities operated by licensed blind vendors under the RSVFP. Because the vendors attend trainings necessary to support and improve the operations of their vending facilities (e.g., to improve their skills on cash management, inventory management, and business management), the SLA may use both VR program funds, and RSVFP set-aside funds to pay for the training costs as “management services.” This would be true regardless of whether the contractor provides the in-service trainings at the vendor’s own vending facility or offsite at a different location.

Although the description of “management services” at 34 C.F.R. § 361.49(a)(5)(i) and 395.1(j) does not specifically mention replacement staff costs when a vendor attends an in-service training (but in-service training is specifically mentioned as “management services”), those replacement staff costs may be allowable as “management services” if they satisfy the Federal cost principles at 2 C.F.R. §§ 200.403 through 200.405. The allowability of these costs will depend on the applicable facts for each vending facility in the State. Pursuant to 2 C.F.R. § 200.403(a), except as specifically authorized under law, a cost is allowable if it is reasonable and necessary for the performance of the Federal award and allocable to that award. The allowability of replacement staff costs will depend on the specific facts presented, such as whether the vendor already maintains additional staff. For example, a prudent person could determine at the time of incurring costs that a vending facility managed by a sole proprietor reasonably requires replacement staff to avoid closing for the day, making the cost for replacement staff reasonable and allowable under the Federal cost principles at 2 C.F.R. §§ 200.403 through 200.405. However, a vending facility with other staff members may not require replacement staff to avoid closure of the facility while the vendor participates in the in-service training.

It is likely the SLA would need to assign State agency personnel to manage the contract. Because the personnel in this example would be performing management services for a contract that includes RSVFP activities that are allowable under both the VR program and RSVFP, this personnel time also is allowable under both the VR program and RSVFP.

For the foregoing reasons, each of the above activities in this particular factual scenario would constitute allowable management services. As allowable costs, the SLA may use either VR program funds or RSVFP set-aside funds to pay these costs. To the extent the State uses non-Federal funds to pay any of these management services costs, including RSVFP set-aside funds, the State may count these expenditures toward satisfying its match requirement, if necessary, but all such expenditures must count toward the State's MOE requirement because the expenditures are part of the total non-Federal expenditures incurred under the VR program, as required for the calculation of MOE according to Section 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. § 361.62(a).

2. The SLA amends the contract with ABC Corp. to provide in-service trainings to all licensed blind vendors in the State regarding "the relationship between work and the receipt of Social Security Administration (SSA) benefits." Specifically, the training focuses on the amount of income the vendor can earn and still satisfy SSA eligibility requirements.

Unlike the in-service trainings described in Example 1 above during which the vendors learned about cash management, inventory management, and business management, the SSA training in Example 2 does not support and improve the operation of the RSVFP. Rather, this training focuses on the personal income needs of each vendor who attends; the knowledge the vendors gain at the training will not support and improve the vending facilities operated under the RSVFP. For this reason, the in-service trainings described in Example 2 do not constitute management services, as described at 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j); therefore, States may not use either VR program funds or RSVFP set-aside funds to pay for any of the associated costs with these trainings, including the personnel time to manage that portion of the contract directly related to these SSA trainings since the underlying cost of the training is not allowable under either the VR program or RSVFP. In other words, the SLA must cost allocate the costs associated with these SSA trainings, as well as the personnel time to manage that portion of the contract and pay those costs with another source of funds available to it for this purpose; these expenditures do not count towards the State's match or MOE requirements under the VR program since the costs are not allowable under that program.

3. The SLA recently acquired two new vending facilities in the State and assigned Vendor A and Vendor B to those new facilities. The SLA agreed to pay the following ongoing operational costs for Vendor A and Vendor B:
  - Fiscal, accounting, and related support services to the new vendors, which include generating monthly settlement reports, processing cash receipts (turn-ins and commissions), vendor staff payroll, accounts payable, monthly draw (advances drawn from vendor monthly settlement disbursements), monthly sales tax, payroll tax deposits, monthly and annual tax reports (including 1099's and W-2s), reconciliation of Asset and Liability accounts, reconciliation of bank statements, and preparing annual budgets;
  - Ongoing vendor dues to professional organizations;
  - Internet service fees for each of the new vending facilities; and
  - Vendor's unemployment insurance for their employees.

Although the SLA provides each of these services on behalf of both Vendor A and Vendor B – the only new RSVFP vendors in the State, the accounting services pertain specifically to Vendor A’s and Vendor B’s vending facilities. Each of the accounting services offered are tailored to meet their individual operational needs – not systematically (i.e., not provided methodically and generally to support and improve their businesses as part of a larger system within the RSVFP). For example, with respect to the fiscal accounting services provided by the SLA to Vendor A and Vendor B, the SLA assists both vendors to reconcile their individual bank statements or asset and liability accounts. The SLA also processes 1099s and W-2 forms for each of the vendors and their employees, submits monthly sales tax forms, and makes payroll tax deposits on behalf of their individual vending facilities. Because the fiscal and accounting services in this example benefit the individual needs of Vendor A and Vendor B, these services constitute operational costs of the vending facility (i.e., business expenses for the vendors), not “management services” as described at 34 C.F.R. § 361.49(a)(5)(i) and 395.1(j).

Similarly, costs incurred for professional dues, internet service fees, and unemployment insurance for their employees benefit only the individual needs of Vendor A and Vendor B and their respective vending facilities. These expenditures do not help to support and improve the operation of the vending facility systematically (i.e., methodically as part of the RSVFP system); rather, they are ongoing operational costs typically incurred by the vendor in operating a vending facility. As such, these costs do not constitute “management services,” but instead ongoing operational costs of Vendor A’s and Vendor B’s vending facilities. Even if the SLA wanted to pay for any of these costs for all vending facilities operated under the RSVFP in the State, these specific expenditures used in this example still would represent ongoing operating costs of the vendors and their individual vending facilities, not management services incurred by the SLA on a systematic basis to support and improve the operation of the RSVFP.

Under the VR program, the SLA may use VR program funds to pay the costs of operating expenses incurred during the initial establishment of the vending facility not to exceed six months; however, States may not use VR program funds to pay for these costs beyond the initial establishment period (34 C.F.R. § 361.49(a)(5)(iii)). VR program payment of allowable initial operating costs assists licensed blind vendors by paying for those on-going costs necessary to start up a vending facility when the vendor may have little to no income to cover these costs and while the vendor is learning how to meet their operational needs. Such expenditures fit squarely within the purpose of the VR program, which assists individuals with disabilities, including those with significant disabilities, to achieve employment outcomes and economic self-sufficiency (Section 100(a)(2) of the Rehabilitation Act). The VR program’s financial support for the initial establishment period of any vending facility, not to exceed six months, increases the likelihood that blind vendors become and remain economically self-sufficient in competitive integrated employment.

However, as explained in RSA-TAC-24-03, the R-S Act and 34 C.F.R. part 395 do not authorize SLAs to use RSVFP set-aside funds to pay for ongoing operational costs – even during the initial establishment period of a facility – because the definition of “management services” at 34 C.F.R. § 395.1(j) specifically excludes ongoing operational costs from that



definition. Moreover, 34 C.F.R. § 395.9(b) does not authorize the use of RSVFP set-aside funds for this purpose.

Even though none of these services provided by the SLA to Vendor A and Vendor B constitute “management services,” they constitute initial operating costs under the VR program, which are allowable with VR program funds for Vendor A and Vendor B during the initial establishment period of their vending facilities, not to exceed six months, in accordance with 34 C.F.R. § 361.49(a)(5)(iii). Therefore, any SLA personnel time to manage these expenditures during that initial establishment period is also allowable as management services under the VR program only; the personnel time is not allowable as management services with RSVFP set-aside funds because the underlying cost (i.e., initial operating costs) are not allowable with RSVFP set-aside funds. As stated above, initial operating costs can only be paid with VR program funds, meaning the same is true with the associated personnel time to manage those expenditures. At the end of the initial establishment period, Vendor A and Vendor B must pay these ongoing operational costs from the proceeds of their vending facilities, and the SLA personnel time (i.e., management services) would cease at that time for these particular activities. To be clear, the SLA may not use RSVFP set-aside funds to pay any of these costs at any time.

4. The SLA contracts with AAA Corp. to manage health insurance, pension fund, and a system for paying out vacation and sick leave for vendors. All RSVFP vendors in the State benefit from these services managed by AAA Corp.

It is important to note that the health insurance, pension fund, and sick and vacation payments managed by AAA Corp. do not constitute “management services;” rather, any payments made for these purposes constitute allowable RSVFP costs pursuant to 34 C.F.R. § 395.9(b)(5). Therefore, RSVFP set-aside funds may be used to make these payments. However, none of these payments are allowable under the VR program; thus, VR program funds may not be used to make any of these payments, and the RSVFP set-aside payments made pursuant to 34 C.F.R. § 395.9(b)(5) do not count towards the State’s match and MOE requirements under the VR program since the costs are not allowable under that program.

With respect to the SLA personnel time to oversee the AAA Corp. contract described in Example 4, this personnel expenditure represents supervisory (i.e., administrative) activity provided on a systematic basis for the benefit of the RSVFP. As such, this SLA personnel time constitutes “management services.” However, as noted above, the AAA Corp. contract activities supervised by the SLA personnel in Example 4 are only allowable under the RSVFP and not the VR program. For this reason, the supervisory (i.e., administrative) activities performed by the SLA personnel to manage this contract are only allowable under the RSVFP, meaning they constitute “management services” only under the RSVFP since the underlying activity is only allowable under the RSVFP and not the VR program; therefore, these personnel time costs (i.e., management services expenditures) can be paid with RSVFP set-aside funds. Because the underlying contract activities performed by AAA Corp. in Example 4 are not allowable under the VR program at all, the SLA personnel time to supervise the contract also is not allowable under that program, meaning the agency may not use VR program funds to pay these costs.

With a contract such as that described in Example 4, RSVFP set-aside funds or other funds available to the SLA for this purpose are the only sources of funds allowable; VR program funds are not allowable for any costs associated with this contract. As always, the SLA must ensure all payments made with RSVFP set-aside funds are consistent with the State's policies and procedures developed with the active participation of the Elected Committee and approved by RSA.

5. An SLA assigns one staff person to supervise the State's RSVFP. This State, in active participation with the Elected Committee, has established programs for sick and vacation time and a pension fund. This staff person is responsible for overseeing these payments to the four licensed blind vendors in the State (10 percent of their time). The staff person also is responsible for negotiating contracts and permits on behalf of the RSVFP (15 percent of their time), looking for new vending facility opportunities to expand the RSVFP in the State (10 percent of their time), arranging and providing in-service trainings for the vendors (50 percent of their time), and inventorying the RSVFP equipment (10 percent of their time), as well as other related duties provided on a systematic basis to benefit the RSVFP (5 percent of their time).

It is important to note that the SLA personnel's time supports and improves the operation of the entire RSVFP in the State through activities done methodically, not just the individual operations of each vending facility or licensed blind vendor. Similar to the SLA activities in Example 4 above, Example 5 highlights a particular activity that the SLA personnel is supervising (i.e., administering) that is only allowable under the RSVFP and not the VR program, namely the payments made pursuant to 34 C.F.R. § 395.9(b)(5) for sick and vacation pay and pensions. Because the underlying costs are allowable only under the RSVFP and not the VR program, the SLA may use RSVFP set-aside funds to pay the management services cost associated with the SLA personnel's time for managing those specific activities (i.e., 10 percent). The State agency cannot use VR program funds to pay these costs, and these particular personnel costs (i.e., 10 percent of the staff person's time) cannot count towards the State's match and MOE requirements under the VR program because they are not allowable under that program.

With respect to the remaining 90 percent of the SLA personnel's time spent supervising (i.e., administering) the RSVFP in this State, all activities identified are allowable under both the VR program and RSVFP as management services. Therefore, the SLA may use either VR program funds or RSVFP set-aside funds (or some combination of the two funding sources) to pay 90 percent of this staff person's time for supervising the RSVFP. All non-Federal expenditures spent for this 90 percent of the SLA personnel's time, including RSVFP set-aside funds, count towards the State's match and MOE requirements. To be clear, the SLA must cost allocate the staff person's time to ensure, for reporting and accounting purposes, the 10 percent for costs not allowable under the VR program is not paid by VR funds. However, since the remaining 90 percent of the costs are allowable under the VR program, when paid by RSVFP set-aside funds or other funds available for this purpose, they are subject to the State's match and MOE requirements under the VR program.

6. The SLA contracts with BBB Corp. to develop and manage a new financial and data management system that is available to all vending facilities in the State. The vendors will use the system to do their own monthly financial accounting and submit monthly reports to the SLA, who, in turn, will use the information when completing the annual RSA-15 report for RSA. The vendors pay BBB Corp. a monthly fee for the use of the system.

Developing a systematic financial and data management system under these facts constitutes a “management service” under both the VR program and RSVFP at 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j). In this case, the financial and data management system supports and improves the operation of the entire vending facility program in the State, not just the individual operations of each vending facility. Although the financial and data management system may also serve individual needs for each vending facility, such as their own financial record keeping and accounting, the primary purpose of the system is to provide a statewide mechanism through which the vendors input and transmit monthly profit and other data needed by the SLA for its own reporting and record-keeping purposes required by the RSA-15.

Because the development of the financial and data management system in this example constitutes a “management service,” the SLA may use VR program funds and RSVFP set-aside funds to pay these costs, as well as any SLA personnel time to manage this contract, receive vendors’ data, and then submit RSA-15 reports. These expenditures are allowable under both the VR program and the RSVFP, meaning that all non-Federal expenditures count toward the State’s match and MOE requirements under the VR program.

The development of the financial and data management system for use by the vendors for their own operational needs and the use of the system by the SLA to obtain the data necessary to submit the RSA-15 reports to RSA, including SLA personnel time associated with managing the BBB Corp. contract, constitute management services under both the VR program and RSVFP. As such, these costs may be paid with either VR program funds or RSVFP set-aside funds, or a combination of the two sources. While the vendors use the financial and data management system for their own operational needs - accounting and data management purposes, such as to maintain sales reports, complete 1099s, and submit sales tax reports – they pay a monthly fee to use this system directly to BBB Corp. The SLA is not involved in the vendors’ operational functions.

To be clear, the financial and data management system in Example 6 (the establishment and management of which is allowable as “management services”) differs from a statewide accounting system required by some States for the vending facilities to use. In those States, the State requires the licensed blind vendors to use the State’s accounting system to input all fiscal data on a regular basis; the State’s accounting system, in turn, generates sales tax reports, Federal 1099 reports, and other reports on behalf of each vendor. In these States, the SLA also uses the State’s accounting system to send monthly checks to the vendors, rather than having the vendors determine their own profits. Although “management services” includes accounting services, those must be done methodically – systematically – to support and improve the operation of the vending facilities in the RSVFP. These State accounting services just described, on the other hand, are tailored specifically for the individual

operational needs of each vendor and each vending facility; most of the activities focus on the particular profits and losses experienced by each facility (see also Example 3 above) and result in the SLA performing the operational functions of the vending facility. As such, these accounting services represent ongoing operational costs that each vendor needs to incur for the life of the vending facility. The SLA could pay these initial operational costs (and any associated administrative costs) with VR program funds for the initial establishment period of a vending facility, not to exceed six months. After that initial establishment period ends, however, the vendor must pay for the costs. As operational costs, the SLA cannot use RSVFP set-aside funds to pay any of these costs.

7. A teaming partner on an SLA cafeteria contract with a Federal agency has brought a case in the Court of Federal Claims against the Federal agency. The SLA wants to intervene and participate in the matter to protect the interests of the RSVFP in maintaining the contract and support the interest of the licensed blind vendor against the teaming partner. The SLA hires an attorney with subject matter expertise to advise on this highly specialized issue.

In this example where the claim is outside the RSVFP arbitration process, the attorney's representation focuses on the facts of one vendor and their vending facility, but the outcome of the matter could impact the SLA's administration of the RSVFP and other vendors in the State and their vending facilities. In addition, if the cafeteria contract is lost, it could affect the amount of funds that the SLA receives from set-aside assessments and thus, the available amount of set-aside funds that supports the RSVFP. For these reasons, the attorney's representation protects the vending facility operations in the State by supporting the interests of the RSVFP and the licensed blind vendors in the State. The SLA's hiring of the attorney in this matter is systematic, as required by both 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j), because the resolution of the issue could impact all vending facilities with teaming partners and the health of the RSVFP, and the SLA did so in accordance with the State's policies and procedures for such activities. Therefore, based on the facts in this example, the attorney's legal services constitute "management services" under both the VR program and RSVFP -- provided on a "systematic basis to support and improve" the vending facilities operated under the RSVFP. Because these legal fees constitute allowable management services, the SLA may use either VR program funds or RSVFP set-aside funds to pay these costs, as well as any SLA personnel time associated with contracting the legal services.

At the conclusion of the legal matter, should the SLA determine it necessary to retain the attorney further to provide specialized consultation services to assist the SLA and licensed blind vendor in choosing a new teaming partner, such legal services also constitute "management services" for both the VR program and RSVFP. Although the attorney would advise only the SLA and this one vendor, their advice is systematic in that it would apply to all vendors in the State and would be implemented methodically in other similar factual circumstances. For example, the attorney advises the vendor on facts to consider in choosing a teaming partner, as well as points to remember for ensuring a successful vendor-teaming partner relationship. This systematic advice benefits the operation of the vending facility within the broader RSVFP system by ensuring it succeeds and avoids the pitfalls of legal disputes. Other vendors in the State benefit from this advice as well when shared with them by the SLA. Therefore, this specialized consultation service, as described here, constitutes

management services for purposes of both the VR program and RSVFP. As such, the SLA may use either VR program funds or RSVFP set-aside funds to pay these costs, as well as the SLA personnel time to manage that legal services contract, which also constitutes management services.

8. The SLA negotiated an agreement with a teaming partner to settle a dispute and has agreed to pay the teaming partner an amount to end the contract, thereby enabling the licensed blind vendor to enter into a business relationship with a different teaming partner. The SLA wants to use Federal VR funds to pay the full negotiated settlement amount to the teaming partner.

Unlike legal fees incurred for consultation purposes on behalf of the SLA for the benefit of licensed blind vendors and determined to constitute “management services,” as described at 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j) under the factual scenario of Example 7, a legal settlement payment under the facts as presented in Example 8 does not constitute “inspection, quality control, consultation, accounting, regulating, in-service training, and related services provided on a systematic basis to support and improve small business enterprises operated by individuals with significant disabilities.” First, this settlement payment does not constitute one of the identified or related types of activities described at 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j) as a “management service.” Second, the settlement payment benefits the adverse party (i.e., the teaming partner), not the licensed blind vendors. As noted in the facts, the teaming partner and licensed blind vendor were in a dispute, which the SLA agreed to settle on behalf of the vendor, paying out a sum of money to the teaming partner. In Example 8, the payment at issue is the legal settlement to the teaming partner – who is adverse to the vendor, not the legal advice provided to reach the settlement agreement, which would be more similar to the allowable legal services provided under the factual scenario in Example 7 above. Third, while settling the case could provide an indirect benefit to the RSVFP by reducing the amount of legal costs otherwise incurred and redirecting those funds to other efforts benefiting the RSVFP and VR programs, such a tangential connection does not allow funds spent on settlement costs in one case to become management services provided on a systematic basis to support and improve vending facilities operated by blind vendors as a whole.

For these reasons, the SLA cannot use VR program funds or RSVFP set-aside funds to pay the settlement payments under the facts of Example 8 or administrative costs associated with the actual payment. However, just as in Example 7, the personnel time spent negotiating the settlement, whether directly or contracting with legal services, under the facts in Example 8 is a management service.

9. The SLA contracts with an attorney to represent its own interests in a dispute with a blind vendor, including the evidentiary hearing and arbitration proceeding.

Unlike the legal services provided in Example 7 above, which were for the benefit of the RSVFP vending facilities and the licensed blind vendors and clearly to support and improve the vending facilities on a systematic basis, the SLA retains the attorney in Example 9 to provide these legal services to represent its (i.e., the SLA’s) own interests – not the interests of the licensed blind vendors or the RSVFP. To be clear, in Example 7, the SLA hires the

attorney to assist the licensed blind vendor and their interests because the SLA and vendor are on the same side with similar interests. However, in Example 9, the SLA hires the attorney to represent itself against the vendor and their interest, meaning the SLA and vendor are adverse parties to one another with opposing interests. In Example 9, these legal services do not provide systematic support and improvement for the vending facilities operated under the RSVFP; rather, they oppose the interests of the licensed blind vendor. As such, these legal services in the factual scenario of Example 9 do not constitute “management services” as described at 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j). Therefore, the SLA cannot use VR program funds or RSVFP set-aside funds for this purpose or for any associated administrative costs for the personnel time to manage the legal services contract. The personnel time does not constitute management services for the same reason that the legal services in this example do not.

Having said this, SLAs may allocate such legal fees to the RSVFP (as a program, but not to the RSVFP set-aside funds) because, under certain circumstances, such costs are reasonable in the SLA’s administration of the RSVFP. Specifically, the R-S Act (20 U.S.C. § 107d–1(a)) and 34 C.F.R. § 395.13) requires that the SLA conduct a full evidentiary hearing when a blind vendor is “dissatisfied with any action arising from the operation or administration of the vending facility program.” After the evidentiary hearing, blind vendors dissatisfied with any action taken or decision rendered from the hearing may file a complaint with the Secretary of Education, requesting arbitration under the R-S Act (20 U.S.C. § 107d–1(a) and 34 C.F.R. § 395.13), thereby necessitating legal assistance by the SLA to defend its interest in these matters. As such, SLAs may allocate these legal expenses only to the RSVFP because they benefit only that program and none other. SLAs may not allocate these costs to the VR program because the VR program does not benefit from these costs nor do these costs aid in the administration of the VR program’s requirements.

Because the RSVFP receives no Federal funding, it must subsist on State appropriated and other non-Federal funding, as well as VR funds and RSVFP set-aside funds to the extent either of these two sources of funds are allowable, to cover certain costs incurred under the RSVFP. As stated above, these legal services and their associated administrative costs do not constitute allowable management services under either the VR program or RSVFP requirements, thereby rendering VR program funds and RSVFP set-aside funds as unallowable sources of funding for this purpose. However, SLAs may pay for these legal fees and their administrative costs with State appropriated or other non-Federal funds, to the extent such costs are consistent with the requirements of those funding sources, but the SLA cannot count these expenditures toward satisfying its match and MOE requirements under the VR program since these costs are not allowable under that program.

10. The SLA leases a warehouse to store RSVFP equipment, but a State building has become available to the agency for this purpose. The building requires extensive renovations to ensure the usability of the space to store RSVFP equipment. The SLA wants to use VR program funds to pay the costs of these renovations.

Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5) permit a VR agency, in pertinent part, to expend VR program funds for the acquisition of vending facilities and

equipment<sup>13</sup>, and management services provided on a systematic basis to support and improve vending facilities operated by licensed blind vendors. There is no time limit imposed on the provision of these services.

The regulations at 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j) do not provide an exhaustive list of examples of “management services”; however, the regulation makes clear that these activities include inspection, accounting, quality control, and related services provided on a systematic basis to improve and support vending facilities operated by licensed blind vendors. On a very basic level, under the factual scenario in Example 10, the warehousing of stored vending equipment and the personnel time to manage the warehousing of that stored equipment would fall within the scope of “management services” because it involves the inspection of that equipment, inventorying of that equipment for accounting purposes, and ensuring quality control of the condition of the stored equipment. The SLA personnel performs these activities on a systematic basis (i.e., methodical and standardized) for the benefit and support of all vending facilities operated in the State. For this reason, under the facts of Example 10, the SLA may use VR program funds and RSVFP set-aside funds to pay the costs associated in general with the warehousing of stored vending equipment, including the costs to ready the space for storing the equipment and the SLA personnel time for warehousing the equipment)

Although the storage of vending equipment and readying the State-owned warehouse for that purpose would constitute management services, to spend VR funds or RSVFP set-aside funds on such a capital improvement project (i.e., readying the space to house the stored equipment) requires prior written approval from RSA. (2 C.F.R. § 200.407). Therefore, with respect to the specific improvements to the new State-owned warehouse building that are necessary to house the equipment and the cost of those improvements in Example 10, the VR agency must request prior written approval from RSA. Factors RSA uses to determine whether to grant prior written approval include, but are not limited to:

- how the agency demonstrates its compliance with 2 C.F.R. § 200.316, which protects the Federal interest by requiring real property, equipment, and intangible property, acquired, or improved with a Federal award, to be held in trust by the grantee as trustee for the beneficiaries of the program under which the property was acquired or improved. This could involve the VR agency receiving written binding assurances from the State property authority that guarantee the building will be held for the VR program’s sole use for the duration of the usable life of the capital improvements;
- whether the agency followed its State procurement policies as required under 2 C.F.R. § 200.317; and
- the necessity, reasonableness, and allocability of the costs in accordance with 2 C.F.R. §§ 200.403 through 200.405.

Because these costs are allowable management services costs under both the VR program and RSVFP, all expenditures incurred with non-Federal funds (including RSVFP set-aside

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<sup>13</sup> For more information regarding the use of VR program funds and RSVFP set-aside funds with respect to vending facilities and equipment, please see RSA-TAC-24-06, Allowable Costs for Vending Facilities and Equipment for Vendors Under the Randolph-Sheppard Vending Facility Program, dated August 13, 2024.

funds) count toward the State's match and MOE requirements. This would be true for any expenditures incurred for SLA personnel time to manage the inventory of the RSVFP equipment or to request prior written approval from RSA because these expenditures also would constitute management services for both the VR program and RSVFP.

11. The SLA acquires and converts a vending facility from a vending machine facility to a micro market. This requires the acquisition of new equipment and additional stocks and supplies not previously sold in the vending machines. To install the new equipment (e.g., wall-to-wall refrigerator cases and wall-to-wall shelving), the SLA hires a plumber, electrician, and carpenter to do the necessary work associated with their installations. The SLA also contracts with CCC Corp. to develop a financial and data management software that can be used by all micro markets in the RSVFP for reporting purposes, including this new micro market. The contract includes individualized technical assistance for each of the micro market vendors, as needed, to answer their specific questions when using the software. The vendors will use the software to do their own bookkeeping, but also to report data to the SLA for the RSA-15 report. The SLA wants to pay all costs associated with the conversion of this vending facility to a micro market with Federal VR program funds and report the expenditures as "management services."

Most of the expenditures described in Example 11 do not constitute "management services" as that term is described at 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j). Rather, most of the expenditures pertain to the acquisition of a single vending facility (i.e., converting it from a vending machine facility to a micro market facility), the acquisition of equipment, and the purchase of initial stocks and supplies, as permitted by Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5). In addition, 34 C.F.R. § 395.9(b)(2) authorizes the use of RSVFP set-aside funds to purchase the equipment and ready the space to install it. However, the SLA cannot use RSVFP set-aside funds to pay for the purchase of initial stocks and supplies since they are not allowable expenditures under the RSVFP; this means it can use only VR program funds to pay these costs. Therefore, any SLA personnel time incurred for the purpose of purchasing the initial stocks and supplies could be paid only with VR program funds as "management services" since the underlying service is allowable only with VR program funds; in other words, RSVFP set-aside funds cannot pay this personnel time as management services.

With respect to the contract with CCC Corp. to develop a new financial and data management system exclusively for the micro market vending facilities in the State, these development costs would constitute "management services under these facts." As permitted by 34 C.F.R. §§ 361.49(a)(5)(i) and 395.1(j), "management services" include consultation, accounting, and related services provided on a systematic basis to support and improve the operation of vending facilities operated by licensed blind vendors under the RSVFP. In this case, CCC Corp. develops the financial and data management system to improve the financial and data management for all micro markets in the RSVFP, not tailored for the needs of particular vendors or vending facilities. CCC Corp. rolls out the software methodically to benefit the RSVFP micro market vending system. All micro market vendors will use the system to manage and report their financial data to the SLA who, in turn, will use that data to report the data on the RSA-15. The vendors also will use this data management system for



their own bookkeeping purposes; they will use the system to generate their own income and sales tax reports and 1099s and other such required forms and reports. In other words, CCC Corp. does not do the bookkeeping or data management work for the vendors; rather CCC Corp. simply developed the software that provides a standardized methodology – a systematic approach for the delivery of the services – so the vendors are able to work as independent business operators, thereby supporting and improving the RSVFP on a systematic basis. As such, the software development and its implementation meet a fundamental criterion for “management services.” As a “management service,” under the facts of this example, the SLA may use VR program funds and RSVFP set-aside funds to pay the cost associated with this contract for developing and managing the financial and data management system, including any SLA personnel time to manage that portion of the contract. As such, all costs associated with the development of the system, including the personnel time to manage that system, are allowable with both VR program funds and RSVFP set-aside funds, or a combination of both sources of funds. In this example, the SLA personnel time constitutes management services for purposes of both the VR program and RSVFP. All non-Federal expenditures incurred with respect to the development of the financial and data management system, including SLA personnel time to manage it, count toward the State’s match and MOE requirements.

Moreover, the individualized technical assistance (i.e., customer support) provided by CCC Corp. does not change the fundamental nature that this financial and data management system constitutes “management services” under both the VR program and RSVFP. As noted above, the development and implementation of the financial and data management system addresses the needs of the entire RSVFP micro market system. In rolling out the new system, CCC Corp. provides customer support to the vendors using the system, thereby providing consultation services on behalf of the SLA to ensure that the vendors have the information they need to use the system properly and efficiently. In so doing, CCC Corp., providing consultation services to the RSVFP vendors on behalf of the SLA, supports the vendors in their use of the system, thereby improving the financial and other data reported by them to the SLA and eventually to RSA.

12. A State VR agency pays all management services with RSVFP set-aside funds. This State has sufficient non-Federal funds from other sources for the VR program to match its entire grant amount and allotment funds. So, it does not want to report these expenditures on the RSA-17 as non-Federal expenditures incurred under the VR program.

Regardless of whether a State needs to count all non-Federal expenditures for match purposes (i.e., because it has enough to match all Federal VR funds available to it), the State still must report all allowable non-Federal expenditures incurred under the VR program for MOE purposes. Section 111(a)(2)(B) of the Rehabilitation Act and 34 C.F.R. § 361.62 make clear that to calculate a State’s MOE, the State must compare the **total** non-Federal expenditures in the prior year with the **total** non-Federal expenditures incurred two years prior to that year. For that reason, VR agencies must report on their RSA-17 reports all allowable non-Federal expenditures incurred during the Federal Fiscal Year under the VR program, including those non-Federal expenditures incurred for the benefit of the RSVFP under Section 103(b)(1) of the Rehabilitation Act and 34 C.F.R. § 361.49(a)(5). This means

that the VR agency must report all non-Federal expenditures allowable under the VR program and paid with RSVFP set-aside funds, such as those in this example paid for management services. Only in so doing can the VR agency ensure it accurately reports the total amount of non-Federal expenditures for purposes of determining whether the State satisfied its MOE requirement under the VR program. Therefore, regardless of whether a State needs to use the non-Federal expenditures for match purposes, the State still must report the non-Federal expenditures for MOE purposes.

On the other hand, if the State incurs costs under the RSVFP that are not allowable under the VR program, such as management services associated with fair minimum return or sick/vacation/pension funds, pursuant to 34 C.F.R. § 395.9(b)(4) and (5), respectively, the agency need not report these non-Federal expenditures on the RSA-17. Because these non-Federal expenditures are not allowable under the VR program, they do not count toward the State's match or MOE requirements under the VR program.

#### SUMMARY:

Under both the VR program and RSVFP, the SLA can provide "management services" through a variety of means on a systematic basis to support and improve vending facilities operated by licensed blind vendors under the RSVFP. The SLA may provide these services directly or may contract with specialists or other entities. Although management services can occur on an on-going basis, they differ from ongoing operational costs of the vending facilities themselves because management services provide systematic support to the RSVFP as a whole and are not tailored to the needs of any particular vending facility or vendor. SLAs may use VR program funds and RSVFP set-aside funds to pay for management services, including SLA personnel time to manage those services; however, there may be circumstances, because of the underlying services being supervised, that only RSVFP set-aside funds can be used to pay for the management services and not VR program funds and vice versa. No time limit exists for the provision of management services, regardless of whether SLAs pay for those services with VR program funds, RSVFP set-aside funds, or a combination of the two sources of funds. All costs allowable under the VR program, whether paid with VR or RSVFP set-aside funds, must satisfy the Federal cost principles at 2 C.F.R. §§ 200.403 through 200.405.

EFFECTIVE DATE: Immediately upon issuance.

#### INQUIRIES:

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#### CITATIONS:

Rehabilitation Act of 1973

Randolph-Sheppard Act

VR Program Regulations at 34 C.F.R. part 361 at §§ 361.3, 361.5(c)(2), 361.13, 361.49(a)(5), 361.60, and 361.62

RSVFP regulations at 34 C.F.R. part 395 at §§ 395.1, 395.2, 395.3, 395.9, 395.13, and 395.14

Uniform Grants Guidance at 2 C.F.R. part 200 at §§ 200.316, 200.317, 200.403 through 200.405, and 200.407

/s/  
Danté Q. Allen  
Commissioner

cc: Council of State Administrators of Vocational Rehabilitation  
National Council of State Agencies for the Blind  
National Association of Blind Merchants