

REHABILITATION SERVICES ADMINISTRATION  
Randolph-Sheppard Financial Relief and Restoration Payments (FRRP) Appropriation  
ASSURANCES and USE of FRRP FUNDS

Name of State licensing agency (SLA): Iowa Department for the Blind  
DUNS: 808345938

**A. Assurances**

The State licensing agency (SLA), responsible for administering the Randolph-Sheppard Act program in the State, assures it will (check if yes):

- ✓  (1) cooperate with the Secretary in applying the requirements of the Randolph-Sheppard Act in a uniform manner when administering the FRRP, pursuant to 34 C.F.R. § 395.3(a)(11)(i), and will comply with all applicable Federal statutory and regulatory requirements for Federal recipients, as well as the terms and conditions of the grant award;
- ✓  (2) use all funds received under the FRRP in accordance with the terms of the Consolidated Appropriations Act of 2021, PL 116-260, Division H, Title III, section 318, specifically for the purposes of:
- offsetting losses of blind vendors that occurred during calendar year 2020, to the extent that such losses were not otherwise compensated; and
  - other purposes authorized under 34 C.F.R. § 395.9 for set-aside funds, but only to the extent any funds remain available after offsetting losses that were incurred by blind vendors during calendar year 2020.
- ✓  (3) actively participate with the State Elected Committee of Blind Vendors in developing for RSA approval how it will use the FRRP funds, consistent with the information required by Part B of this document, pursuant to 34 C.F.R. §§ 395.3(a)(2), 395.3(a)(6), 395.3(a)(11)(iii), 395.4(a), and 395.14, and Technical Assistance Circular RSA-TAC-21-01. The SLA understands that this information in Part B is required since receipt and use of the FRRP funds represent a change in the SLA's procedures covering the operation of vending facilities in accordance with Federal laws and its sources of funds for the administration of the program;
- ✓  (4) expend all FRRP funds, including for administrative purposes, in a manner that is allowable, reasonable, and allocable as required by 2 C.F.R. §§ 200.403 through 200.405;
- ✓  (5) not use Vocational Rehabilitation (VR) program funds, either Federal or non-Federal, to cover the administration of the FRRP funds unless such costs are also allowable under the VR program in accordance with section 103(b)(1) of the Rehabilitation Act of 1973 (Rehabilitation Act) and 34 C.F.R. § 361.49(a)(5) (*i.e.*, "financial relief and restoration payments to offset losses of blind vendors that occurred during calendar year 2020" are

not allowable expenses under the VR program), and allocable to that program in accordance with the Federal cost principles at 2 C.F.R. §§ 200.403 through 200.405. In the unusual event an activity under the FRRP funds is also authorized under the VR program and the SLA wants to use VR program funds, either Federal or non-Federal, to pay the administrative costs, the SLA assures it will allocate those costs proportionately across all benefitting programs in accordance with 2 C.F.R. §§ 200.403 through 200.405;

- ✓ \_\_\_ (6) not use expenditures paid with these FRRP funds to meet the non-Federal share of the VR program, because these are Federal – not non-Federal – funds; and
- ✓ \_\_\_ (7) satisfy all applicable requirements under the Randolph-Sheppard Vending Facility Program, including those set forth at 34 C.F.R. § 395.3(a)(11) (viii) and (ix), as well as those of 2 C.F.R. part 200, including those governing internal controls (§ 200.302), financial management (§ 200.303), financial reporting (§ 200.328), performance reporting and monitoring (§ 200.329), and grant closeout (§ 200.344).

## **B. Use of FRRP Funds**

1. Explain briefly how the SLA will distribute the FRRP funds to blind vendors to offset losses incurred during the 2020 calendar year (*e.g.*, proportional to losses incurred, based on losses due to vendor’s spoiled or expired stock, etc.).

Current vendors with net losses will each equally split the first 25% of FRRP funds after administrative costs, not to exceed each vendor’s net loss. To arrive at net losses, IDB will consider losses comparing 2019 to 2020 net profits, less previous compensations defined in #4 below, and taking into consideration the following four exceptions for defining loss.

The remaining losses of those not yet fully compensated will be totaled and each vendor’s percentage of the total remaining loss calculated. Of the remaining FRRP funds, each will receive their percentage of losses. Initial calculations show there will be no funds left over for set-aside purposes, however if that should occur, it was determined by consensus that any residual funds remaining will be used for equipment, which is a set-aside authorized use of FRRP funds. All vendors with losses (estimated at 13 of 16), are expected to have at least 80% of losses reimbursed and two of those will be reimbursed at 100%. The calculation spreadsheet template is attached.

Here are the exceptions to defining loss:

- a. One new “first-assignment” vendor did not have a facility in 2019, so this vendor’s losses will be based on that vendor’s amount of income earned in 2020 as compared to that vendor’s amount of expenses paid in 2020.
- b. Further, the new vendor who did not have a facility in 2019, took over a retiree’s rest area on July 30, and experienced a learning period followed by slow season. This vendor will be just as eligible as others to be included fully (not prorated by months worked) for the 25% equal distribution portion of calculations, even though the vendor only worked a partial year.

- c. Another vendor who took over the other retiree's route on July 29, already had a facility and years of experience, so that vendor's comparative calculations utilize the retired vendor's August – December 2019 data.
  - d. Forgiven 2020 PPP loans reported as income on 2020 Monthly Reports will have those amounts, identified by vendors on an attestation form, removed for the FRRP calculation of income purposes.
2. Does the SLA anticipate using any of the FRRP funds to cover administrative costs?  
 Yes  No
  3. If yes, what percentage of the FRRP funds do you anticipate expending on administrative costs? 2%-4%
  4. How will the SLA ensure blind vendor losses were not previously compensated (*e.g.*, attestation, financial reports, inventory reports, documentation of losses due to spoilage, etc.)?
    - Monthly Reports which vendors submit themselves or through accountants will suffice as documentation of business data.
    - Vendors will sign an attestation that the net profit amounts used by the SLA for the FRRP loss calculations are correct, and list dates and amounts of forgiven PPP loans that have previously been reported in Monthly Reports so the SLA knows how much to remove from income for the FRRP calculation purposes. Attestation template is attached.
    - Compensation that will and will not be counted against a vendor's share of the FRRP:
      - a. Fair minimum return and sick or vacation leave paid by set-aside would not be counted since neither is used in Iowa.
      - b. Spoilage reimbursement offered by the SLA's Gifts and Bequests fund would be counted if submitted and approved by May 15, 2021, however no vendor as of this writing has applied for that reimbursement.
      - c. Unemployment payments would not be counted. No one on the committee knows of any vendor who qualified for unemployment due to state guidelines. Also, the committee viewed unemployment as basic needs payments for food, housing, and so forth so this should not be counted.
      - d. 2020 PPP loans will not be counted.
  5. Does the SLA anticipate having any FRRP funds remaining after distributing funds to the blind vendors to cover losses incurred in calendar year 2020?  Yes  No
  6. If yes, please identify for which authorized set aside purposes under 34 C.F.R. § 395.9 the SLA anticipates using the funds (check all that apply):
 

<input type="checkbox"/> purchase of equipment	<input type="checkbox"/> fair minimum return to vendors
<input type="checkbox"/> maintenance of equipment	<input type="checkbox"/> establishment and maintenance of
<input type="checkbox"/> management services	retirement or pension funds*

\_\_\_\_ paid sick leave\*  
\_\_\_\_ paid vacation time\*

\_\_\_\_ health insurance contributions\*

\*Use of funds for these purposes would also require a majority vote of the blind vendors licensed by the SLA in accordance with 34 C.F.R. § 395.9(b)(5).

7. Explain briefly how the SLA actively participated with the State's Elected Committee of Blind Vendors to develop the Use of FRRP funds under Part B of this document and the result of their active participation (*e.g.*, was there consensus on the use of the funds). Documentation, such as meeting minutes when the use of FRRP funds was discussed, must be available upon request.

IDB will use a formula that was created in collaboration with the ECBV. To get to this, all BEP vendors were invited to the BLAST FRRP special session, followed by a Zoom Town Hall for Iowa Vendors to share needs, discuss and ask questions about FRRP on January 26.

Between then and the next BEP ECBV Monthly Meeting, the ECBV and BEP Administrator and Counselors reached out to non-committee vendors to ensure everyone's voice was heard, and some ideas for formulas were developed. The concerns from vendors were that every vendor who experienced losses got some benefit and that it was simple.

At a special FRRP ECBV meeting February 23, Terry Smith presented to clarify some questions. Four formulas were brought to the table and the result was leaning towards a combination flat rate and proportional rate of distribution, but they wanted to see the calculations in action and have it tweaked by the BEP team. That occurred.

At the March 2 Monthly ECBV meeting (minutes taken by the ECBV and recorded), FRRP was discussed, and differences in net profits were shared by groupings. The ECBV requested loss comparisons in groupings by percentage of loss and dollar value, which was done March 10.

At the April 6 BEP meeting (minutes taken by the ECBV and recorded), this form section B was discussed point-by-point and the consensus was to use a combination flat rate and proportional rate of losses. This final formula was unanimously voted upon to recommend to the SLA. The SLA approved.

In actually distributing figures, it became apparent that some vendors had reported forgiven PPP loans and others had not yet had PPP loans forgiven, so an April 26 special ECBV meeting was held at the request of the ECBV to clarify whether and how PPP would be considered. The ECBV determined through discussion to recommend that PPP would not be considered and PPP forgiven amounts previously reported as income would be removed from income for FRRP calculations only. The ECBV voted to confirm the decision and the SLA approved.

At the July ECBV meeting, it was discussed and mutually determined with the SLA that a new vendor on first-assignment of a facility experiencing net losses

with only 2020 the vendor's own data considered, should be eligible because of the learning curve and the pandemic's impact combined with back half of the year entry into business, resulting in an amendment request to the originally approved FRRP application.

8. Please identify the date by which the SLA anticipates obligating all FRRP funds, making sure all funds will be obligated by September 30, 2022.
  - September 30, 2021

### C. Certification

As a duly authorized representative of the applicant, I hereby certify that the applicant will comply with the Assurances in Part A. I also attest that the information provided in Part B regarding the Use of FRRP Funds is true and accurate.

Printed name and title of authorized representative: Kathy Roat

Signature: 

Date: May 7, 2021

Amendment Request Date: July 22, 2021

Paperwork Burden Statement: According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1820-0698. Public reporting burden for this collection of information is estimated to average 1 hour per response, including time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. The Department is requiring States to respond to this collection to obtain or retain benefit pursuant to 34 C.F.R. §§ 395.3, 395.4(a), and 395.14, and consistent with the requirement of 2 C.F.R. § 200.207. If you have any comments concerning the accuracy of the time estimate, suggestions for improving this information collection, or if you have comments or concerns regarding your individual form, application, or survey, please contact Jesse Hartle, U.S. Department of Education, 550 12<sup>th</sup> Street, SW, Washington, DC 20202-5176, Jesse.Hartle@ed.gov, directly. Note: Please do not return the completed form to this address.

This form should be emailed to: [randolph-sheppardvfprestorationfunds@ed.gov](mailto:randolph-sheppardvfprestorationfunds@ed.gov).