# SFY26 Information and Instructions for Extended Employment Grant Applicants

## Program Overview

The mission of Vocational Rehabilitation Services is to assist Minnesotans with disabilities to reach their goals for working and living in the community. The purpose of the Extended Employment (EE) program is to provide the ongoing services necessary to maintain and advance the employment of persons with significant disabilities. The program is governed by Minnesota Statutes 268A and Minnesota Rule. The program is governed by Minnesota Rules 3300.6000 – 3300.6070. EE providers funded under these guidelines shall deliver EE services in accordance with all applicable statutes, rules, and regulations.

## Certification/Eligibility for Funding & Funding Application Instructions

The certification/eligibility for funding and funding application processes have been combined into this one form.

### How to Complete your Certification/Eligibility for Funding & Funding Application

To complete your application, please go to <https://mn.gov/deed/job-seekers/disabilities/partners/grantees/> and download the following forms:

* Certification/Eligibility for Funding & Funding Application Form (Specific to EE Program)
* Attachment F: Conflict of Interest Disclosure Form

A spreadsheet with each Extended Employment Provider’s SFY26 Contract Allocation, based on SFY25 ending contracts as well as CBE phase-out information will be emailed to providers. Please use that spreadsheet to help you fill out your funding information. To complete the funding table, follow the directions as noted in the form.

### How to Submit your Certification/Eligibility for Funding & Funding Application

Please submit your SFY26 Certification/Eligibility for Funding & Funding Application Form and Conflict of Interest Disclosure Form via email to [VRSGrantApps.DEED@state.mn.us](mailto:VRSGrantApps.DEED@state.mn.us).

### Questions?

If you have questions, please contact the Extended Employment Team at [Extended.Employment@state.mn.us](mailto:Extended.Employment@state.mn.us).

## Funding Guidelines and Contract Information

### Contract Period

The contracting period for SFY26 is July 1, 2025 through June 30, 2026.

### Provider Allocation: Starting SFY26 Contract Allocation

The starting point for each provider’s SFY26 contracted allocations is determined by each provider’s SFY25 contracts, as amended, and the CBE phase-out outlined in the EE Rule.

### Provider Allocation: Subprogram Distribution

When applying for funding for the SFY26 contracts, providers may adjust the distribution of their total allocation amount by subprograms.

* A provider may keep subprogram allocations at their SFY25 levels (if the CBE phase-out does not apply.)
* A provider may adjust the distribution of the provider’s total funding allocation among the subprograms in developing the new fiscal year contract as follows:
  + A provider may shift a portion of the provider’s *center-based employment* subprogram allocation to the provider’s *community employment* subprogram allocation or the provider’s *supported employment* subprogram allocation, or both.
  + A provider may shift a portion of the provider’s *community employment* subprogram allocation to the provider’s *supported employment* subprogram allocation.

### Center-Based Subprogram Phase-Out

The 2019 rule set a phase-out schedule for each provider’s center-based subprogram allocation. The basis for each provider's reduction each year is the provider's ending fiscal year 2020 center-based employment subprogram contract allocation.

A provider may shift the funds reduced from the center-based employment subprogram to either its community employment subprogram contract allocation or its supported employment subprogram contract allocation. The provider may also forfeit the funds.

Of the funds reduced from the center-based employment subprogram allocation each year, no more than 50 percent of the funds can be shifted to the community employment subprogram.

The phase-out schedule is as follows:

* In fiscal year 2021, a provider's center-based employment subprogram contract allocation must be reduced by at least five percent of the provider's center-based employment subprogram fiscal year 2020 contract allocation.
* In fiscal year 2022, a provider's center-based employment subprogram contract allocation must be reduced by at least 15 percent of the provider's center-based employment subprogram fiscal year 2020 contract allocation.
* In fiscal year 2023, a provider's center-based employment subprogram contract allocation must be reduced by at least 20 percent of the provider's center-based employment subprogram fiscal year 2020 contract allocation.
* In fiscal year 2024, a provider's center-based employment subprogram contract allocation must be reduced by at least 25 percent of the provider's center-based employment subprogram fiscal year 2020 contract allocation.
* In fiscal year 2025, a provider's center-based employment subprogram contract allocation must be reduced by at least 35 percent of the provider's center-based employment subprogram fiscal year 2020 contract allocation.
* The commissioner must not provide funding to a provider for the center-based employment subprogram in fiscal year 2026 and later.

### Non-Competitive Cap

The 2019 rule set a cap on employment that does not meet the definition of competitive, integrated employment for each provider. The cap for each provider is set as the sum of a provider's fiscal year 2020 contract allocations for the center-based employment subprogram and the community employment subprogram. The cap was effective beginning in state fiscal year 2021. That cap for each provider is listed in the funding spreadsheet.

### Statewide Uniform Reimbursement Rates

The SFY26 statewide uniform reimbursement rates are unchanged from SFY25.

For each subprogram, the following statewide uniform reimbursement rates apply for each reported work hour up to the maximum contracted allocation:

* Supported Employment: $6.49
* Community Employment: $4.38
* Center-Based Employment: $2.11

### Reporting Overproduction

In 2019 state rule, there are mechanisms for the Extended Employment program to redistribute available funds to Extended Employment providers that overproduce in the Supported Employment subprogram, as overproduction demonstrates a need for increased service capacity.

To that end, it will be important for each provider to continue entering work records after you’ve met your contract in Supported Employment to demonstrate your need for increased service capacity. If this provision is used, your overproduction as reported in PRS and audited will be the mechanism by which additional funds are distributed and SFY25 grants amended.

# Conflicts of Interest

Download Attachment F: Conflict of Interest Disclosure Form from DEED’s website (<https://mn.gov/deed/job-seekers/disabilities/partners/grantees/>) and return with your Certification and Funding Application Form to [VRSGrantApps.DEED@state.mn.us](https://connect2.mn.gov/sites/DEED/VRS/GrantsContracts/Shared%20Documents/VRSGrantApps.DEED@state.mn.us).

The State will take steps to prevent individual and organizational conflicts of interest in reference to Grantees per Minn.Stat.§[16B.98](https://www.revisor.mn.gov/statutes/?id=16B.98) and Department of Administration, Office of Grants Management, Policy Number 08-01 [Conflict of Interest Policy for State Grant-Making](http://www.mn.gov/admin/images/grants_policy_08-01.pdf). When a conflict of interest concerning State grant-making is suspected, disclosed, or discovered, transparency shall be the guiding principle in addressing it.

Organizational conflicts of interest occur when:

* a Grantee is unable or potentially unable to render impartial assistance or advice to the State due to competing duties or loyalties.
* a Grantee’s objectivity in carrying out the grant is or might be otherwise impaired due to competing duties or loyalties.
* a Grantee has an unfair competitive advantage through being furnished unauthorized proprietary information or source selection information that is not available to all competitors.

Organizational conflicts include any individual part of the Grantee.

Individual conflicts of interest occur when:

* a Grantee uses his/her status or position to obtain special advantage, benefit, or access to the Grantee’s time, services, facilities, equipment, supplies, badge, uniform, prestige, or influence.
* a State employee is an employee or board member of a Grantee that is an immediate family member of an owner, employee or board member of the Grantee.

The State and the Grantee must act immediately upon any suggestion, inquiry, or intimation that an individual or organizational conflict of interest exists at any point in the grant process. Steps must be taken to identify and avoid or mitigate any potential conflicts. The conflict-of-interest guidelines continue throughout the life of the grant agreement.

The GRANTEE must complete and submit a Conflict of Interest Disclosure Form (Attachment G) indicating whether or not a perceived, potential, or actual conflict of interest exists. If the GRANTEE identifies an actual, potential or perceived conflict of interest on the form, the GRANTEE must identify and submit its conflict-of-interest avoidance or mitigation plan. The STATE will review the form and the GRANTEE’s individual or organizational conflict of interest avoidance or mitigation plan and other relevant facts, if needed, to determine if an actual, potential or perceived conflict of interest exists, as defined by policy or other relevant law. If it does, the STATE will pursue appropriate actions to mitigate, neutralize, or avoid the potential, perceived or actual individual or organizational conflicts of interest. These may include, but not be limited to, termination of the grant agreement; disqualification from future State grant awards, if it is determined that it improperly failed to disclose a known individual or organizational conflict of interest or misrepresented information regarding such conflict; revising the GRANTEE’s duties so that the conflict is mitigated; allowing the GRANTEE to propose the exclusion of task areas that create a conflict, if appropriate; allowing the individual with the conflict to be removed from taking any actions in relation to the grant agreement.

In cases where a perceived, potential, or actual individual or organizational conflict of interest is suspected, disclosed, or discovered by the GRANTEE throughout the life of the grant agreement, they must immediately notify STATE for appropriate action steps to be taken, as defined above.

Grantee is responsible for enforcement of this conflict of interest provision for any and all sub-grantees / sub-recipients of funding under this grant agreement. When a grantee gives funds to any sub-grantees or sub-recipients, DEED's conflict of interest requirements must be included in the grant agreements with any and all sub-grantees or sub-recipients and with all additional tiers of sub-grantees or sub-recipients.  All of the above provisions apply to any sub-grantees and applicable language must be included in the grantee / sub-grantee agreements.