TO: Directors, State Administering Agencies
    Directors, State Planning Councils

SUBJECT: Use of Funds by the State Administering Agency to Provide Services


BACKGROUND: Section 122(b)(3)(C) of the Developmental Disabilities Assistance and Bill of Rights Act, as amended by Section 2 of P.L. 98-527 provides that the Developmental Disabilities State Plan must contain or be supported by assurances satisfactory to the Secretary that "... not more than 25 percent of such funds will be allocated to the agency or agencies designated under Section 122(b)(1)(B) for the provision of services by such agency or agencies." The funds referred to are those allotted to States under Section 125 of the Act for the operation of the Basic State Grant Program.

POLICY INTERPRETATION: This Policy Announcement clarifies the requirements of Section 122(b)(3)(C). The 25 percent limit on the use of funds for services applies to the entire grant award. For example, in a minimum allocation State (grant award of $300,000), the maximum amount available to the State agency or agencies for services would be $75,000. This limit applies only to the costs of direct services to clients and/or service activities conducted by staff of the State administering agency.
In the case of multiple State administering agencies, the total for all of the agencies could not exceed 25%, or $75,000 in the case of a minimum allocation State.

This limit does not apply to grants or contracts awarded by the State administering agency or agencies to third parties (e.g., other State agencies and private non-profit service providing organization) for the provision of services or conduct of service activities.

INQUIRIES TO: Appropriate Regional Contact

**EASTERN REGION**


Contact: Mr. Alvin Pearis
OHDS
3535 Market Street
Philadelphia, Pennsylvania 19101

**SOUTHERN REGION**

States: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas

Contact: Mr. Manual Soto
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1200 Main Tower, 20th Floor, Room 2000
Dallas, Texas 75202
MIDWESTERN REGION

States: Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, Ohio, South Dakota, Utah, Wisconsin, Wyoming

Contact: Mr. Robert Fain
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601 East 12th Street
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Telephone: (816) 374-5211

WESTERN REGION

States: Alaska, Arizona, California, Guam, Hawaii, Idaho, Nevada, Northern Marianna Island, Oregon, American Samoa, Trust Territory of Pacific Islands, Washington

Contact: Mr. Charles Hall
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50 United Nations Plaza, Room 483
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Casimer R. Wicziacz
Acting Commissioner
Administration on Developmental Disabilities

cc: Regional Administrators
Regions III, VI, VII, and IX
Regional Directors, Office of Fiscal Operations, Regions III, VI, VII, and IX