



U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Administration on Developmental Disabilities

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4. Key Word: State Use of Service Funds	5. 25% Provision
6.	7.

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POLICY ANNOUNCEMENT

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

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

LEGAL AND RELATED REFERENCES : Public Law 98-527, Developmental Disabilities Act of 1984

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

States : Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virgin Islands, Virginia, West Virginia

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  
OHDS  
1200 Main Tower, 20th Floor, Room 2000  
Dallas, Texas 75202

MIDWESTERN REGION

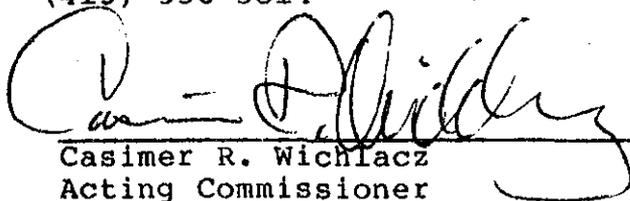
States : Colorado, Illinois, Indiana, Iowa, Kansas,  
Michigan, Minnesota, Missouri, Montana,  
Nebraska, North Dakota, Ohio, South Dakota,  
Utah, Wisconsin, Wyoming

Contact : Mr. Robert Fain  
OHDS  
601 East 12th Street  
Kansas City, Missouri 64106  
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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Casimer R. Wichlacz  
Acting Commissioner  
Administration on Developmental  
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cc: Regional Administrators  
Regions III, VI, VII, and IX  
Regional Directors, Office of Fiscal  
Operations, Regions III, VI, VII, and IX

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