



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

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3. Originating Office: Administration on Developmental  
Disabilities

4. Key Word: State Use of  
Service Funds

5. 25% Provision

6.

7.

RECEIVED

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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

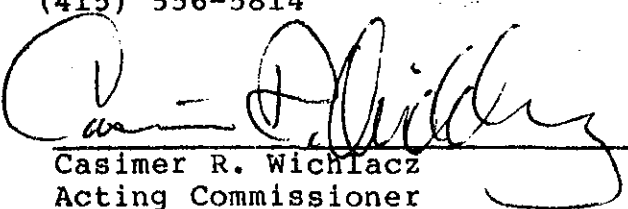
States : Colorado, Illinois, Indiana, Iowa, Kansas,  
Michigan, Minnesota, Missouri, Montana,  
Nebraska, North Dakota, Ohio, South Dakota,  
Utah, Wisconsin, Wyoming

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 Mariana Island,  
Oregon, American Samoa, Trust Territory of  
Pacific Islands, Washington

Contact : Mr. Charles Hall  
OHDS  
Federal Office Building  
50 United Nations Plaza, Room 483  
San Francisco, California 94102  
Telephone: (415) 556-5814

  
Casimer R. Wichlacz  
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

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