



E001372



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
PUBLIC HEALTH SERVICE
HEALTH SERVICES AND MENTAL HEALTH ADMINISTRATION
ROCKVILLE, MARYLAND 20852

OFFICE OF THE ADMINISTRATOR

April 7, 1971

The change in anticipated funds available for Fiscal Year '71 after the mid point of the year had been passed resulted in an interim release to your program based upon certain fiscal assumptions on our part. While the release by Dr. Margulies dated February 22, 1971, came reasonably close to our final status, new information now available makes it necessary to implement a final adjustment. We are simultaneously giving to you our initial estimate for the subsequent year based on our present knowledge of your program and the budget request for 1972. We are fully cognizant of the difficulties created by late adjustment and stand ready to discuss with you any extraordinary problems this has created for you. Basically this second adjustment was necessary to assure funding in Fiscal Year '72 which would be equal to that requested for 1972.

The rate of expenditure released for your program in Fiscal Year '71 is and appropriate indirect costs. This is a decrease from our preliminary estimate of Your estimated base for 1972 is the same amount. It should be clear, however, that later changes for 1972 may result from on-site review of your program or from changes in available funds. Any such change will be transmitted only after formal notification and an opportunity has been extended to you for discussion.

You will receive a separate letter asking for program detail in response to this notification. In that response we expect you to utilize maximum local discretion in adjusting your own program. While you may not undertake new initiatives which are outside of the projects approved by the National Council you are free to readjust within approved projects with the attendant obligation to keep us informed of substantial changes.

HSMHA's response to the overall reduction in RPS funds has been to request the Regional Programs to share proportionately in that reduction. We recognize that this does not respond to the different levels of development in those programs. Time simply did not allow such a procedure. Any additional funds which become available to RPS will be applied to that effort.

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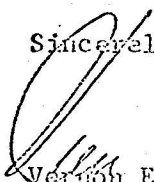
A few programs which are quite active and have had two sequential years of substantial cuts will have a slightly smaller proportionate cut because of attendant personnel problems. No change in your program for this situation is indicated.

It should be pointed out that the RMP's expenditure rate for Fiscal Year '71 will be 78.9 million dollars. Our authorized budget for Fiscal Year '72 will be 70 million. We will be therefore, dependent upon carryover funds at the level of 8.9 million dollars at the National level. Our experience this year indicates it is reasonable to anticipate that amount. Please try to manage your funds with this in mind. Past experience indicates that it should be achievable without undue hardship on any program. It is obviously an endeavor which calls for close cooperation.

Your cooperative attitude and constructive criticisms have been of great assistance to us in this difficult period. We hope you will continue to emphasize quality performance and will be particularly sensitive in the selection of program objectives to the newer health care initiatives which are uniquely of concern to providers of care. Harold Margulies and I will be dependent upon your further thought and suggestions for administrative refinements in our effort.

A more detailed procedural letter should arrive from Dr. Margulies' Office in the next few days.

Sincerely yours,


Vernon E. Wilson, M.D.
Administrator

cc:
Robert M. Satovick, M.D.