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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
PUBLIC HEALTH SERVICE
9000 ROCKVILLE PIKE
BETHESDA, MD. 20014
Health Services & Mental Health Administration

REFER TO:

January 27, 1969

XXX (See page 3 for list of Addressees)

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Dear

You may have seen news reports of a "freeze" imposed on Regional Medical Program funds. This letter is sent to acquaint you with the current situation with respect to awards for support of RMP activities.

The Congress appropriated \$56 million for the support of grants for FY 1969 to which was added \$36 million in carry-over funds from last year, FY 1968. Thus, a total of \$92 million is potentially available, subject always to release of funds by the Administration. The amount recommended for FY 1970 in the President's Budget, submitted to Congress on January 15, is \$96 million for grant awards. This is \$24 million less than the maximum amount authorized in the legislation extending Regional Medical Programs but it represents a \$40 million increase over the new funds appropriated in 1969.

A question was raised by the Department as to whether the funds being awarded in FY 1969 by the Division of Regional Medical Programs, on recommendation of the National Advisory Council, would raise the spending by the Regions to a level that would create severe hardship in FY 1970 if the Congress did not increase its appropriation by the \$40 million requested in the Administration's budget.

The following information was supplied to the Department to indicate the continuation funding requirements, recommendation of Council at its November meeting and anticipated recommendations at the February meeting.

Continuation requirements for balance of year:

Operational Projects	\$29,889,000
Core Activities	18,257,000
	<u>\$48,146,000</u>
November Council Recommendation	14,020,867
Anticipated February Approvals	23,000,000

The priorities established by the Division of Regional Medical Programs for funding Regions are as follows:

1. Support of core activities for all Regions whether in the planning or operational phase;
2. Support of continuation costs for Regions already operational;
3. Support of awards to Regions newly approved for operational activities; and
4. Support for supplemental awards to Regions already operational.

Careful review of the funding requirements for each Region suggests that a rigid application of these priorities may not always be in the best interest of the national program. Exceptions made for specific reasons do not, however, invalidate the general order of priorities listed.

Because decisions relating to the possible restriction of funds have such an important implication for the Coordinators, the Steering Committee, chaired by Dr. M. J. Musser, met for a special meeting on January 10, 1969 in Bethesda. It reviewed the funding situation and recommended strongly that the Department release funds to make awards in FY 1969 up to the full amount available for Council recommended awards. It indicated its judgment that the program's ability to obtain congressional appropriations would be seriously damaged if the Administration carried over any currently available funds into the next fiscal year at a time when the Division had received requests substantially in excess of available funds for support of high quality projects.

The National Advisory Council also met in special session to review the funding situation. Like the Steering Committee, it strongly recommended the awarding of grants up to the full amount available to support programs which have been reviewed and recommended for support.

The Department has reviewed our submissions and has authorized the funding of Council recommended awards on the following basis:

1. 100 percent of core support for Regions whether in the planning or operational phase;
2. 90 percent of the amounts recommended for continuing support of projects;
3. 75 percent of the amounts recommended for projects for Regions initiating operational activities;
4. Selected support for approved supplemental projects.

Each Region can determine for itself the implications of this policy in each of the categories except the last. We shall be in touch with the Regions who have Council approved supplementary awards to clarify this aspect of the funding policy.

Your understanding and cooperation are needed to insure that the allocation of limited funds is made to serve both the local and national interest.

Sincerely yours,

Stanley W. Olson, M.D.
Director
Division of Regional Medical Programs

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