

The Designated State Agency (DSA)

*Purpose, role, responsibilities, use of funds,
memorandum of understanding, and
periodic review.*





The term “designated State agency”

We will use the term designated State agency and the acronym DSA throughout the document.

Territories that receive funding for a DD Council must also have a designated “State” (Territory) agency to provide support to the Council.



What is a Designated State Agency?

An agency, on behalf of the State (or Territory), that provides support to the Council.

PL 106-402, Section 125(d)(1)



Who appoints the
Designated State
Agency?

The Governor (or the legislature, as
the case may be).

PL 106-402, Section 125(d)

What type of State agency can serve as a designated State agency?

- A State (or Territory) office. This includes the immediate office of the Governor or a State (or Territory) planning office
- A State (or Territory) agency that does not provide or pay for services for individuals with developmental disabilities. If a designation was made prior to 1994 and the agency provides or pays for services for individuals with developmental disabilities, the designation is allowed.
- The Council (if allowed by the laws of the State or Territory)

PL 106-402, Section 125(d)(2)(A)(I -iii).

What supports are
the designated
State agency
REQUIRED to
provide the
Council?

The DSA responsibilities that are required include:

- ✓ Receive federal funds
- ✓ Account for federal funds
- ✓ Disburse (pay bills) federal funds
- ✓ Provide sound financial and accounting procedures
- ✓ Keep necessary records
- ✓ Provide access to records
- ✓ Provide timely financial reports at the request of the Council on money spent, obligations, and liquidations and the use of federal and non-federal shares.
- ✓ Provide the required on-federal share for projects and activities
- ✓ Assist in obtaining the required assurances for the 5-year plan
- ✓ Enter a memorandum of understanding that outlines roles and responsibilities of the DSA, if requested by the Council

PL 106-402, Section 125 (d)(3)(A-G).

*Receive,
account for,
and disburse
funds*

- The DSA shall receive funds, account for the funds, and disburse funds (pay the bills).
- The DSA provides proper controls and accounting procedures so that Council funds are tracked and spent properly.

Fiscal, Records, Access & Reports

- The DSA must keep and provide access to records and reports the Council and federal government needs.
- The DSA must provide timely financial reports at the request of the Council about expenses, obligations, and liquidation by the agency or the Council, and the use of Federal and non-Federal money.

Federal share

Federal share means the cost of projects and activities in a State or Territory paid for with federal funds provided to the DD Council. There are rules about federal share.

- ❑ The basic rule: The federal share cannot be more than 75% of the total cost of projects or activities. This means that 25% of the total cost of a project or activity is the non-federal share.
- ❑ Exception #1: If a project or activity target individuals with developmental disabilities who live in urban or rural poverty areas (as determined by the US Census Bureau), the federal share cannot be more than 90% of the total cost of the project or activity. This means 10% of the total cost of the project or activity is the non-federal share.
- ❑ Exception #2: If a project or activity is performed by the Council or Council staff the federal share can be 100%. This means there is no non-federal share requirement.

(Section 126 (a)(1-3))

Non-federal share

The DSA shall provide the required non-federal share. Non-federal share may be cash or in-kind contributions.

Contributions to Council projects by a state or local government agency may be considered as a contribution by the State.

State contributions, including contributions by the DSA to provide support services to the Council, may be counted as part of the non-federal share of projects funded by the Council.

The non-federal share may vary from Council to Council.

DD Councils can require their grantees to provide the non-federal share for Council funded projects and activities. The non-federal share provided is reported to the DSA for reporting.

Reference: Section 126 (a)(1-3); (c)(1-2)

Assurances

Assurances are things the State or Territory promises to do.

Assurances must be provided with a Council's five-year plan and include:

Use of funds, State financial participation, Conflict of interest, Urban & rural poverty areas, Program accessibility standards, Individualized services, Human rights, Minority participation, Employee protections, Staff assignments, Noninterference, State quality assurance, Other assurances provided by the State/Territory.

Public Law, Section 124 (c)(5)(A-N)



Support Services

The Council can also request and discuss other support services with the DSA.

These support services are **not required** by the DD Act and can be negotiated with the designated State agency.

Common examples of other support services:

- Personnel Services/Human Resource services
- Legal Services
- Contract Development Services
- IT Services
- Payroll Services
- Financial Responsibilities

Support services provided by other agencies

With the agreement of the designated State agency, the Council can use or contract with other agencies to perform the functions of the designated State agency.

PL 106-402, Section 125 (d) (4) (B)



Memorandum of Understanding

A memorandum of understanding (MOU) is a document that outlines the roles and responsibilities of the designated State agency.

At the request of the Council, the designated State agency must enter into a memorandum of understanding.

Approximately 75% of Councils have an agreement in place with their DSA.

PL 106-402, *Section 125 (d)(3)(G)*.

Use of funds

The designated State agency can request reimbursement each federal fiscal year for up to $\frac{1}{2}$ of the expenses necessary to perform the required DSA support services.

This means the DSA must provide supports at a cost at least equal to the amount they are seeking reimbursement. For example, if a DSA wants reimbursement of \$50,000 of the costs necessary to support the Council, the DSA must provide a minimum of 100,000 in support costs to the Council.



The amount of reimbursement with federal funds cannot be more than 5% of the total annual grant award or \$50,000 whichever is LESS.

Section 124(5)(B)(vi)

Additional note: The DSA reimbursement must be identified and accounted for as an administrative cost in the Council budget.


Periodic Review of the Designated State Agency

The DD Act requires a Council to periodically review the designated State agency.

- A formal process has been established for the Council to follow in [45 CFR 1326.34 \(b-d\)](#)
- The review is primarily to assess the operations relationship with the designated State agency and include the required supports and other negotiated supports
- Any recommendations for change are sent to the Governor following the formal review process.

The Council must be able to serve as an independent advocate for individuals with developmental disabilities and their families.

- The Council should periodically determine if their independence as an advocate is assured. This is part of a DSA review.
- For more information, see the [Review of a DSA resource](#).



More
Information



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