



**Homeland
Security**

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TO: All State Administrative Agency Heads
All State Administrative Agency Points of Contact
All State Homeland Security Directors

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SUBJECT: Reaffirming ODP Policy for Reallocating Grant Funds

Beginning in FY 2004, ODP permitted states and localities to reallocate grant funds across the following allowable spending categories without prior approval from ODP: 1) planning; 2) equipment acquisitions; 3) training; 4) exercises; 5) management and administrative (M&A) costs.

This decision to allow this type of reallocation of funds was made in order to provide grantees the flexibility to address emerging threats identified through assessments during the grant's period of performance. Any reallocation of funds across those five categories must be consistent with state and urban area homeland security strategies. Furthermore, reallocations must be communicated to ODP through the required programmatic reports submitted throughout the life cycle of the grant (e.g., Initial Strategy Implementation Plans, Biannual Strategy Implementation Reports).

States and urban areas are reminded that FY 2004 guidance states clearly that the transfer of funds among grant programs (e.g., State Homeland Security Program; Law Enforcement Terrorism Prevention Program; and Citizen Corps) is prohibited.

These policies are supported and reaffirmed in appropriations language for the Department of Homeland Security in FY 2005. Grantees should anticipate similar provisions being included in FY 2005 grant program guidance.