



July 5, 2000

Paul Morgenstern
30 Burroughs Road
Lexington, MA 02420-1908

Re: Clarification of November 1, 1999 Opinion Regarding Pass Funds
OLA External Opinion

President
John McKay

Board of Directors
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Columbus, OH

Thomas F. Smegal, Jr.
San Francisco, CA

Ernestine P. Watlington
Harrisburg, PA

Dear Mr. Morgenstern:

Similarly each recipient can determine if its program will treat PASS funds as income for eligibility purposes. Our prior letter to you meant to explain why, under the LSC regulations, a recipient may decide to include PASS funds as income. LSC will not interfere with a local eligibility determination on this matter. The recipient is best suited to determine, within their discretion, how to utilize their scarce resources. Regrettably LSC recipients must often turn away applicants in genuine need.

Very truly yours,

Mark Freedman
Assistant General Counsel

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General Counsel

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