



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

FEB -7 2000

Dr. Alice Parker
State Director
Special Education Division
California State Department of Education
5 15 L Street, #270
Sacramento, California 95814

Dear Dr. Parka:

I am writing to you concerning an issue that was called to the attention of the Office of Special Education Programs (OSEP) after it reviewed the California Statewide Single Audit Report for fiscal year (FY 96). Specifically, OSEP is concerned about the audit report finding number 96-13-2 questioning the California State Department of Education's (CDE) use of funds under the "Grants to States for the Education of Children with Disabilities" to pay attorneys' fees of the parents or guardians of children with disabilities suing the State in the cases of *Lacayo, et al. V. Honig, et al.* and *Crawford, et al. v. Honig, et al.*

The final regulations for Part B of the Individuals with Disabilities Education Act, which took effect earlier this year, make clear -- at 34 C.F.R. 300.513 -- that funds awarded under that program cannot be used to pay attorneys' fees. CDE should take appropriate steps to ensure that it does not violate this provision in the future.

If this Office can be of assistance in any way, please let me know.

Sincerely,

Kenneth R. Warlick
Director
Office of Special Education
Programs

600 INDEPENDENCE AVE., S.W. WASHINGTON, D.C. 20202

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