



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Virginia C. Beridon
Director Division of Special Populations
Office of Student and School Performance
State of Louisiana.
Department of Education
Post Office Box 94064
Baton Rouge, Louisiana 70804-9064

Dear Ms. Beridon:

This is in further response to your inquiry concerning the use of funds awarded under Part B of the Individuals with Disabilities Education Act (Part B) for international travel. Please excuse the delay in issuing this response.

In response to my request made to you following your initial inquiry to this office regarding this matter, you provided additional information about the travel costs in question. Based on our review of this information and the applicable cost principles, we believe that the international travel expenses at issue are allowable costs, provided they are consistent with the provisions noted below. According to your letter, the purpose of the International Exchange program was to train providers of special education and related services in promising educational practices. As a State-administered program, Part B of IDEA is subject to the Education Department General Administrative Regulations (EDGAR) at 34 CFR Part 80 (Uniform Administrative Requirements for State, Local, and Tribal Governments). Section 80.22 of EDGAR incorporates, with respect to accounting procedures, Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments", and pertinent provisions of these Cost Principles are discussed below.

In section C.1. of Attachment A of the OMB Circular, "Basic Guidelines", and the general criteria for allowable costs are listed. This list includes the following relevant criteria: the cost must be necessary and reasonable for proper and efficient performance and administration of Federal awards; must be authorized or not prohibited under State or local laws or regulations; applied uniformly to both Federal awards and other activities of the governmental unit, and; be adequately documented. With regard to these criteria, you should clarify

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several matters with your state auditor such as: 1) was there an understanding that the cost of the International Educational Exchange program -- including international travel for personnel as part of it -- was a necessary and reasonable cost in the context of educational programs for the State; 2) was there any existing State prohibition against allowing the cost of international travel for programs or personnel development in general; 3) were the travel costs thoroughly documented?

At section C.2. of Attachment A of the OMB Circular, considerations regarding the definition of reasonable cost are listed. These considerations include: whether the cost exceeds that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made; is the cost generally recognized as ordinary and necessary for the operation of the governmental unit or for the performance of the Federal award, and; whether the cost represents a significant deviation from the established practices of the governmental unit which may unjustifiably increase the Federal award's cost. In light of these considerations, you may need to show that the costs incurred were prudent, ordinary and necessary for the operation of the SEA or of the funded program. It would be useful to link the objectives of your direct services and of your personnel development program with the international activities in order to show the practical context within which the activities were carried out and the costs were incurred.

In section C.3. of Attachment A of the OMB Circular, allocable costs are defined. The definition provides that a cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with the relative benefits received. For this reason, it would be helpful for you to show the alignment of the cost of the international activities with the quantifiable benefits gained in relation to your personnel development and direct service goals, including such benefits as the benefits to your students gained from the visits of the professional educators from Italy.

Your letter indicates that Part B funds were used to pay for some of the travel, meals and lodging costs associated with the International Exchange program. If these costs are allowable under the general policies and principles in Attachment A discussed above, section 41 of Attachment B of the OMB Circular provides the principles that are to be applied in establishing the allowability or unallowability of specific travel costs.

Note that generally airfare costs are allowable only at the customary standard (coach or equivalent) rate. So any airfare costs in excess of that rate for the flights in question would not be allowable.

I hope that this information is helpful to you in resolving this financial matter with your State auditors. I am enclosing a copy of OMB Circular A-87 for your information. If you would like further assistance, please contact Dr. JoLeta Reynolds or Ms. Rhonda Weiss of OSEP at (202) 205-5507 or (202) 205-9053, respectively.

Sincerely,

A handwritten signature in cursive script, appearing to read "Thomas Hehir".

Thomas Hehir
Director
Office of Special Education
Programs

Enclosure