UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

MAR 26   2004

Butch Stevens, Program Developer
Water Valley School District
Office of Special Education
P.O. Box 808
Water Valley, Mississippi 38965

Dear Mr. Stevens:

The Office of Special Education Programs (OSEP) in the U.S. Department of Education has received your request to use funds from the Individuals with Disabilities Education Act (IDEA) to construct a small building on the campus of one of Water Valley School District's two schools. According to your letter, the building would be used to house the office of the department and create space for storage of its many documents relating to current and former students. You also state that additional space is needed for speech/language therapy and for a more appropriate location for the district's preschool and developmentally delayed classroom.

The information you submitted with your letter is not sufficient for the Secretary to respond to your request. For approval of any costs under the IDEA, the expenditures must relate to the provision of special education and related services. Further, to be allowable under Federal awards, costs must meet the general principles for determining allowable costs set forth by the Executive Office of the President, Office of Management and Budget (OMB). OMB Circular Number A-87 (Attachment A) lists the following general criteria that costs must meet in order to be allowable under Federal awards:

a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.

b. Be allocable to Federal awards under the provisions of this Circular.

c. Be authorized or not prohibited under State or local laws or regulations.

d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.

e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

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   g. Except as otherwise provided for in this Circular, be determined in accordance with generally accepted accounting principles.

   h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.

   i. Be the net of all applicable credits.

   j. Be adequately documented.

Under section 605 of the IDEA, the Secretary also must make an affirmative determination that a program authorized under IDEA "would be improved by permitting program funds to be used…to construct new facilities or alter existing facilities…" and must meet the compliance requirements of section 605(b), which state that "any construction of new facilities or alteration of existing facilities…shall comply with the requirements of (1) appendix A of part 36 of title 28, Code of Federal Regulations (commonly known as the 'Americans with Disabilities Accessibility Guidelines for Buildings and Facilities'); or (2) appendix A of part 101-19.6 of title 41, Code of Federal Regulations (commonly known as the 'Uniform Federal Accessibility Standards')."

In addition to the information your school district submits, the Secretary will also consider any information on this request that the State educational agency (SEA) believes is relevant. For that reason, we will be asking the Mississippi SEA for input on this matter.

Please send us information that addresses each of the issues outlined above so that the Secretary may consider your request.

Sincerely,

Patricia J. Guard   for

Stephanie Smith Lee
Director
Office of Special Education Programs

cc: Dr. Melody Bounds, Bureau Director
    Mississippi State Department of Education