

July 15, 2003

Honorable David Hood
Secretary
Louisiana Department of Health and Hospitals
P.O. Box 629
Baton Rouge, Louisiana 70821

Dear Secretary Hood:

We have determined that your State's application for Fiscal Year (FFY) 2003, under Part C of the Individuals with Disabilities Education Act (Part C), can be conditionally approved. Therefore, I am enclosing your State's Part C grant award.

This conditional approval is based on our review and acceptance of the Department of Health and Hospitals' (DHH) Part C application for FFY 2003, including:

1. Those portions of the State's existing Part C application on file with the Secretary that are in effect as of July 1, 2003;
2. The amendments to your State's application under Part C including policies and procedures for the revised statewide system of early intervention services to be implemented by the DHH;
3. The assurance from DHH that the statewide system of early intervention services required by Part C and its implementing regulations is in effect; and
4. The June 27, 2003 letter from DHH to the Office of Special Education Programs, in which DHH assures that it will take steps necessary to complete revisions to its application to conform it to the requirements of Part C, and specifically to submit to OSEP by September 30, 2003, the final, signed, revised interagency agreement between Louisiana DHH and the Louisiana Department of Education (LDOE) to ensure coordination of transition matters, as required by 34 CFR §303.148(c).

This year, a number of States have either established systems of payments or are considering establishing or revising their systems of payments. Under 34 CFR §303.173(a), each State's Part C application must include the State's policies and procedures that identify: (1) how it will pay for early intervention services (under 34 CFR §303.520(a)); (2) any system of payments that the State chooses to establish (under 34 CFR §303.521(a)); and (3) all funding sources (under 34 CFR §303.522). Although a State is not required under Part C to access public and private insurance

available to a family, if a State requires parents under Part C to access their public and/or private insurance, the State must include this information in its Part C application as well as an assurance, under 34 CFR §303.520(b)(3)(ii), that the inability of a parent to pay will not result in the denial of any service under Part C.

States must ensure that all of the functions and early intervention services under 34 CFR §303.521(b) are carried out at public expense (i.e., no cost to the family). Additionally, under 34 CFR §303.521(c), States that provide children with disabilities under age 3 with a free appropriate public education (FAPE) under State law (i.e., birth-mandate States) must ensure that no fees are charged for the FAPE services provided to these children and their families. If a State has a system of payments under 34 CFR §303.521(a), any parent fees collected (for co-payments or other fees for services charged and received by the State's Part C program) are "program income" under 34 CFR §80.25. Program income is not included as part of total "State and local expenditures" for purposes of a State's meeting the non-supplanting requirements under Part C at 20 U.S.C. §1437(b)(5)(B) and 34 CFR §303.124.

Section I.C. of the FFY 2003 application for Part C funds requested updated information about each State's restricted indirect cost rate. Our records indicate that you have a cost allocation plan that has been approved by your cognizant agency that has been in effect since March 1999 and which is ongoing and last modified in March 2003. DHH submitted on June 27, 2003 an analysis of its cost allocation plan reflecting which of its agency costs are restricted and which are unrestricted under 34 CFR Part 76. DHH submitted on June 30, 2003 a revised budget (which was amended from the State's original May 23, 2003 Part C FFY 2003 application budget). The revised DHH Part C application budget for FFY 2003 lists direct costs and indirect costs of \$354,000, which represents 5.19% of DHH's total FFY 2003 application budget. OSEP approves the use of DHH's 5.19% restricted indirect cost rate for FFY 2003. By accepting this grant award, DHH agrees to continue to apply its 5.19% restricted indirect cost rate until a restricted indirect cost rate is reviewed and approved by the State's cognizant Federal agency.

DHH has also the right to obligate and liquidate funds from the State's FFY 2001 and FFY 2002 grant awards that were transferred by LDOE as set forth in OSEP's April 25, 2003 letter to the State. LDOE's Part C application budget for FFY 2002 included an indirect cost amount of \$79,988, which represented 10.8% of certain approved costs that are itemized in LDOE's March 24, 2003 approved restricted indirect cost agreement with its cognizant agency, the U.S. Department of Education (Department). DHH must ensure that the total amount of indirect costs charged to the Part C grant award for FFY 2001 and FFY 2002 (including amounts charged by LDOE) does not exceed 10.8% of the specific approved costs itemized in LDOE's March 24, 2003 approved restricted indirect cost agreement with the Department.

The enclosed grant award for FFY 2003 is made with the continued understanding that this Office may, from time to time, require clarification of information within your application and appendices, if necessary. These inquiries are needed to allow us to appropriately carry out our

Page 3 – Honorable David Hood

administrative responsibilities related to Part C.

We appreciate your ongoing commitment to the provision of quality early intervention services to infants and toddlers with disabilities and their families.

Sincerely,

/s/ Patricia J. Guard for

Stephanie S. Lee
Director
Office of Special Education Programs

Enclosure

cc: Nicole Dupree
Part C Coordinator