



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

JUL - 1 2012

Honorable Jon Fernandez
Superintendent
Guam Department of Education
Post Office Box DE
Hagatna, Guam 96932

Dear Superintendent Fernandez:

We have approved Guam's application for Federal Fiscal Year (FFY) 2012 funds under Part B of the Individuals with Disabilities Education Act (IDEA Part B). Our approval is based on review of the application submitted by the Guam Department of Education (GDOE) to the U.S. Department of Education, Office of Special Education Programs (OSEP), on May 4, 2012, including assurances provided in Section II and incorporated by reference to this letter as noted in Enclosure A.

Guam's FFY 2012 IDEA Part B grant award is being released subject to Special Conditions that are identified in the U.S. Department of Education's (Department's) June 21, 2012 letter to Guam, included as Enclosure C to this grant letter. These Special Conditions are being imposed pursuant to the Department's authority in the Education Department General Administrative Regulations (EDGAR) in 34 CFR §80.12 due to GDOE's continuing failure to successfully address significant problems in fiscal accountability for Department grant funds. On September 13, 2010, GDOE entered into a contract with a third-party fiduciary agent, Alvarez & Marsal, LLC (A&M) (Agent), which contract was approved by the Department and required by section II.A of the FFY 2009 Amended Special Conditions imposed on all FFY 2009 Department grants awarded to GDOE.

Under the FFY 2012 Special Conditions in Enclosure C to this letter, GDOE must maintain this contract with A&M, and A&M must perform the financial management duties previously performed by GDOE and which duties are required under the applicable EDGAR provisions in 34 CFR Parts 75, 76, and 80, for all grants awarded by the Department to GDOE on or after the date of these conditions, and for all grants previously awarded by the Department to GDOE that are still available for obligation or liquidation on the date of these Special Conditions, and under the terms and conditions specified in this IDEA Part B FFY 2012 grant award. The FFY 2012 Special Conditions also continue to require GDOE to implement its Comprehensive Corrective Action Plan (CCAP), to revise the process for reporting progress under the CCAP, and to report to the Department on a quarterly basis on its progress in implementing measures under the CCAP. As noted under section III.E in Enclosure C, these fiscal Special Conditions must be incorporated as an addendum to the contract between GDOE and A&M, inclusive of the responsibilities for GDOE and the Agent described in Attachments A and B of these conditions, before GDOE may expend Department grant funds, including IDEA Part B funds. By accepting the enclosed grant award, GDOE expressly agrees to comply with the Special Conditions identified in Enclosure C.

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The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

Please note that as part of your application for FFY 2012, Guam has made an assurance, pursuant to 34 CFR §80.11(c), that it will comply with all applicable Federal statutes and regulations in effect during the FFY 2012 grant period. Any changes made by Guam, after OSEP approval, to information that is a part of a State's application, must meet the public participation requirements in 34 CFR §300.165.

Enclosed is Guam's FFY 2012 grant award for funds currently available under the Consolidated Appropriations Act, 2012 -- P.L. 112-74 for the IDEA Part B Section 611 (Grants to States) program. These funds are available for obligation by States from July 1, 2012 through September 30, 2014 in accordance with 34 CFR §76.709.

The amount shown in your award for the Section 611 program is only part of the total funds that will be awarded to you for FFY 2012. Of the \$11,577,855,236 appropriated for Section 611 in FFY 2012, \$2,294,472,236 is available for awards on July 1, 2012, and \$9,283,383,000 will be available for awards on October 1, 2012. Enclosure B provides a short description of how Section 611 funds were allocated and how those funds can be used. In addition, Table I in Enclosure B shows funding levels for distribution of Section 611 funds and the parameters for within-State allocations.

In its September 18, 2006 grant award letter, OSEP approved GDOE's June 20, 2006 request for prior approval of its Bus Purchase Plan. In this plan, GDOE requested approval to purchase five buses in FFY 2006 and every year until FFY 2013. This Office has determined that the purchase of the buses described in the FFY 2006 letter are allowable costs if the requirements of Part B of IDEA, the Federal cost principles in OMB Circular A-87, and procurement requirements are met. OSEP reminds GDOE that if Part B funds are used to pay the entire cost of purchasing these vehicles, the vehicles must be used to provide transportation for children with disabilities.

In its May 4, 2012 status report on the Bus Purchase Plan, GDOE reported that it submitted a purchase order in May 2011 to purchase three buses with remaining FFY 2009 Part B funds and two buses with State (local) funds. GDOE reported that it received those buses on December 19, 2011. GDOE did not request approval to purchase any buses with FFY 2010 Part B funds. In its July 1, 2011 grant award letter, OSEP approved GDOE's request to purchase five buses with FFY 2011 Part B funds to replace five buses in the current fleet. GDOE reported that it is "currently working on the requisition for this purchase."

In its May 4, 2012 status report on the Bus Purchase Plan, GDOE requested approval to purchase five new buses with FFY 2012 Part B funds in order to replace older buses that need to be removed from use due to expected "wear and tear." OSEP approves GDOE's request to purchase five replacement buses using FFY 2012 Part B funds.

GDOE reaffirmed that its fleet of 37 buses (inclusive of the five new buses purchased with FFY 2009 Part B funds) are used solely for special education purposes, inventoried monthly, and are locked and secured at all times under the supervision of the driver or assigned personnel or secured in a government facility when not in use. GDOE also reported that there are two additional buses that are non-operational and not in use. GDOE must continue to confirm in

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each subsequent application whether the buses approved were actually purchased, that the plan is still valid and intact (including that the buses are inventoried once a month and are locked and secured at any government facility on Guam), and request approval for future purchases under that grant application.

The enclosed grant award of FFY 2012 funds is made with the continued understanding that this Office may, from time to time, require clarification of information within your application, if necessary. These inquiries may be necessary to allow us to appropriately carry out our administrative responsibilities related to IDEA Part B.

As a reminder, no later than August 31, 2012, all prime recipients of IDEA (Part B or Part C) funds, must report subaward information as required by the Federal Funding Accountability and Transparency Act of 2006 (FFATA), as amended in 2008. FFATA guidance is found at <http://www2.ed.gov/policy/gen/leg/recovery/rms-web-conferences.html>. Please contact your State's Recovery Act Facilitator if you have further questions.

We appreciate your ongoing commitment to the provision of quality educational services to children with disabilities.

Sincerely,



Melody Musgrove, Ed.D.
Director
Office of Special Education Programs

Enclosures

- Enclosure A
- Enclosure B
- Enclosure C

cc: Guam Director of Special Education