



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

MAY -5 2005

Vincent T. Leon Guerrero
Associate Superintendent
Department of Education
P.O. Box DE
Hagatna, Guam 96932

Dear Associate Superintendent Guerrero:

I am writing in response to your letter dated September 14, 2004, in which the Guam Department of Education (GDE) requests approval for the use of Part B of the Individuals with Disabilities Education Act (Part B) funds for the purchase of five mini buses to be used solely by GDE Transportation Services to provide services to eligible students under Part B. You state in your letter that the purchase of the mini buses, which are specially adapted with wheelchair lifts, are necessary for GDE to ensure the provision of a free appropriate public education (FAPE) to students eligible under Part B. See: 20 U.S.C. §1411, et. seq. (see also: 34 CFR §300.13).

As you are aware, the Office of Management and Budget (OMB) Circular A-87 – *Cost Principles for State and Local Governments*, Attachment B Section 15.b.(3) states that capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior approval of the awarding agency. The Part B regulation at 34 CFR §300.756(a) further states:

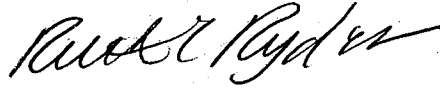
If the Secretary determines that a program authorized under this chapter would be improved by permitting program funds to be used to acquire appropriate equipment, or to construct new facilities or alter existing facilities, the Secretary is authorized to allow the use of those funds for those purposes.

OSEP has reviewed the information GDE submitted with respect to the mini buses acquisition purchase. We have concluded that the proposal to buy the mini buses would improve the program administered by GDE. Thus, the proposed expenditure of \$72,000 - \$75,000 for each mini bus is determined to be an allowable expenditure of Part B funds.

Page 2 - Vincent T. Leon Guerrero

If you have any questions, please contact me at (202) 245-7629, or Martin Benton of my staff at (202) 245-7270.

Sincerely,

A handwritten signature in black ink, appearing to read "Ruth E. Ryder". The signature is fluid and cursive, with a prominent initial "R" and a long, sweeping tail.

Ruth E. Ryder
Division Director
Monitoring and State Improvement
Planning Division