Fields of Opportunities

STATE OF IOWA

THOMAS J. VILSACK, GOVERNOR
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DEPARTMENT OF EDUCATION
JUDY A. JEFFREY, DIRECTOR

DATE: April 13, 2005

TO: Local Education Agency Superintendents

FROM: Judy A. Jeffrey, Director

SUBJECT: Announcement of Qualified Zone Academy Bond Authorization Application 2005

The Iowa Department of Education is pleased to announce the availability of the authorization application for the Qualified Zone Academy Bonds (QZABs) authority for 2005.

The Federal Taxpayer Relief Act of 1997 created the Qualified Zone Academy Bond Program to provide low or no interest financing for renovating school buildings and purchasing equipment.

Iowa currently has $3,389,333 in QZAB authority from the 2004 and the new 2005 allocations. QZABs are financial instruments that provide low or no interest bonds, which are subsidized by the federal government in the form of tax credits to the bondholder.

An eligible Qualified Zone Academy includes any public school or academic program within a public school that is established and operated under the supervision of a school district to provide education or training below the postsecondary level if:

1. Such public school or program is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce.
2. Students in such public school or program will be subject to the same academic standards and assessments as other students educated by the eligible local education agency.
3. Such public school is located in an Empowerment Zone, or Enterprise Community or there is a reasonable expectation that at least 35 percent of the students attending such school or participating in a program will be eligible for free or reduced priced lunches under the school lunch program established under the National School Lunch Act.
4. Such school or program has established a partnership with a business.

School districts may use the Voted School Physical Plant and Equipment Levy or the Local Option Sales and Services Tax for School Infrastructure to repay the principal. These bonds must also be counted toward the district's debt limit. Bonds from the 2004 allocation must be issued or returned before the allocation expires on December 31, 2006, and for the 2005 allocation, which expires on December 31, 2007.

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Authorizations will be made up to a cumulative maximum of $1,000,000. Only one project per district is allowed. Authorization to participate in the QZAB program will be made upon receipt of a qualified application “first come – first served” basis. However, if additional allocations become available, priority will be given to districts that previously applied but were not completely authorized.

For additional information on QZABs, see the Frequently Asked Questions at http://www.ed.gov/pubs/fixschools/faqs.html or http://www.qzab.org.

The QZAB application may be downloaded from the Department's web page at: http://www.state.ia.us/educate/fis/si/qzab/index.html

Should you have any questions about the application process, please contact C. Milton Wilson, Consultant School Facilities at (515) 281-4743 or milt.wilson@iowa.gov.