



## **QUALIFIED SCHOOL CONSTRUCTION BOND (QSCB) PROGRAM Guidelines**

### **INTRODUCTION**

The American Recovery and Reinvestment Tax Act of 2009 authorized the creation of Qualified School Construction Bonds (QSCBs), a new tax credit bond program which provides interest free financing for school districts by giving a tax credit to buyers of these bonds. QSCBs are taxable bonds. In lieu of interest payments from the school district, the purchaser of the bond receives a tax credit against its annual tax liability to the federal government. The Act requires that 100 percent of the available project proceeds must be used for the construction, rehabilitation, or repair of public school facilities, equipment for these facilities, or related site acquisition.

For 2009, the U.S. Department of the Treasury has allocated \$315,737,000 of QSCB authority to the Commonwealth of Pennsylvania. The Pennsylvania Department of Education is responsible for making allocations to school districts. The Bureau of Budget and Fiscal Management, Division of School Facilities, is responsible for administering the program.

### **APPLICATION REQUIREMENTS**

#### **Who can apply?**

The Pennsylvania QSCB Program will initially be offered to school districts that meet at least one of the following criteria:

- High tax effort/high poverty: To qualify, (1) the school district's 2007-2008 equalized millage must be greater than or equal to 19.0 **or** the school district must be in a county designated distressed for 2010 by the Appalachian Regional Commission, **and** (2) its October 2008 Free and Reduced Lunch percentage must be greater than or equal to 45 percent.
- Growing school districts: To qualify, the school district's average daily membership must have increased between 2002-2003 and 2007-2008 by more than 500 **or** by more than 10 percent.

Please note that the Philadelphia School District is not eligible to apply for the state's 2009 QSCB allocation since it received its own 2009 QSCB allocation as one of the 100 largest local education agencies in the nation.

The application deadline for qualifying school districts is **April 1, 2010**.

If Pennsylvania's total 2009 QSCB allocation is not awarded to the initial qualifying school districts, participation in the program will be offered to other school districts.

In addition to the 2009 QSCB allocation, Pennsylvania will also receive a QSCB allocation for 2010. Following notification from the U.S. Treasury about the 2010 state allocation, guidance will be issued to school districts based on eligibility criteria to be determined at that time.

### **How will allocations be awarded?**

Allocations will be awarded on a competitive basis.

A school district may apply for more than one project. In addition to completing the application, the school district must prepare a written spending plan specifying how and when bond proceeds are to be used.

School building projects must address one or more of the following program objectives:

1. Creating sustainable schools (increasing energy efficiency, improving energy and water conservation, reducing green house gas emissions, improving indoor environmental quality, and reducing waste). For more ideas, visit [www.greenschoolbuildings.org](http://www.greenschoolbuildings.org). School districts are encouraged, but not required, to apply for "green" certification (LEED for Schools silver or higher, two or more Green Globes, Energy Star building rating of 75 or more) in these projects; or
2. Creating or renovating space for high-quality pre-school, full-day kindergarten, and/or reducing class size in the early grades; or
3. Creating or renovating space for Science, Technology, Engineering, and Mathematics (STEM) programs; or
4. Correcting health and safety deficiencies, including school building security upgrades and building code violations.

If QSCB allocation requests received by the Pennsylvania Department of Education exceed PA's total allocation (\$315,737,000), preference will be given to projects based on the following rating system:

1. Increasing energy efficiency, improving energy and water conservation, reducing green house gas emissions, improving indoor environmental quality, and reducing waste – up to 30 points,

2. Creating or renovating space for high-quality pre-school, full-day kindergarten, and/or reducing class size in the early grades – up to 30 points,
3. Creating or renovating space for Science, Technology, Engineering, and Mathematics (STEM) programs – up to 20 points,
4. Correcting health and safety deficiencies, including school building security upgrades – up to 10 points,
5. Opening bids and starting construction in 2010 – up to 10 points.

Allocation amounts will be based on the level of response to the program and how projects meet the goals and criteria set forth above. If there is significant demand, amounts allocated to individual school districts may be limited.

## **ISSUANCE OF BONDS**

### **How will bonds be issued?**

The 2009 QSCBs must be issued by December 31, 2010. A state authority will issue the 2009 QSCBs to finance eligible projects on behalf of local school districts, and will then lend the proceeds of the QSCBs to the participating school districts.

Participating school districts must be willing to authorize a general obligation note with a maturity structure consistent with the program requirements. Initial costs of issuance will be allocated pro rata to participating school districts.

### **Internal Revenue Service Requirements**

- A contract must be in place with a third party to spend down at least 10 percent of the bond proceeds within six months after issuance.
- 100 percent of the available project proceeds must be spent within 3 years of the bond issuance.
- QSCB proceeds are subject to arbitrage rules.
- Issuers are subject to IRS reporting requirements.
- The maximum maturity and the credit rate for QSCBs are determined as of the date that there is a binding, written contract for the sale or exchange of the bond. The applicable maximum maturity, the discount rate for determining the maturity, and QSCB credit rate are published for that date by the Bureau of Public Debt on its internet site for State and Local Government Series securities at: <https://www.treasurydirect.gov>.

## SOURCES FOR ADDITIONAL INFORMATION

Participating school districts should read and thoroughly understand the following documents:

- The American Recovery and Reinvestment Tax Act of 2009, Section 1521(a) <http://www.ed.gov/policy/gen/leg/recovery/modernization/leg-arrta.html>.
- Internal Revenue Bulletin: 2009-35, <http://www.irs.gov/pub/irs-drop/n-09-35.pdf>.

Additional information is available from the U.S. Department of Education at [www.ed.gov](http://www.ed.gov).

### Contacts

Internal Revenue Service (202) 622-3980  
Office of Chief Counsel  
Tax Exempt and Tax Credit Branch

Pennsylvania Department of Education (717) 787-5480  
Bureau of Budget and Fiscal Management [ra-schoolfacilities@state.pa.us](mailto:ra-schoolfacilities@state.pa.us)  
Division of School Facilities

**QUALIFIED SCHOOL CONSTRUCTION BOND PROGRAM  
 QUALIFIED ZONE ACADEMY BOND PROGRAM  
 High Tax Effort / High Poverty School Districts**

<b>AUN</b>	<b>School District</b>	<b>County</b>	<b>2007-08 Equalized Mills</b>	<b>Appalachian Regional Commission - Distressed County</b>	<b>2008-09 Free &amp; Reduced Percent</b>
103021903	Clairton City SD	Allegheny	35.0		87.17
103022103	Cornell SD	Allegheny	29.6		56.46
103022503	Duquesne City SD	Allegheny	35.2		98.88
103022803	East Allegheny SD	Allegheny	38.8		47.45
103024753	Highlands SD	Allegheny	30.4		45.34
103026002	McKeesport Area SD	Allegheny	26.9		69.07
103027352	Penn Hills SD	Allegheny	35.6		49.21
102027451	Pittsburgh SD	Allegheny	24.4		68.82
103028833	Steel Valley SD	Allegheny	24.1		48.64
103028853	Sto-Rox SD	Allegheny	37.1		65.34
103029803	Wilkinsburg Borough SD	Allegheny	43.9		80.72
103029902	Woodland Hills SD	Allegheny	32.1		65.75
127040503	Aliquippa SD	Beaver	25.2		80.44
127041503	Big Beaver Falls Area SD	Beaver	28.6		62.82
127045653	New Brighton Area SD	Beaver	20.3		49.91
127046903	Rochester Area SD	Beaver	23.9		59.06
114067002	Reading SD	Berks	25.5		88.08
122091303	Bristol Borough SD	Bucks	20.0		60.50
108112003	Ferndale Area SD	Cambria	21.8		57.02
108112502	Greater Johnstown SD	Cambria	19.9		73.84
121136603	Panther Valley SD	Carbon	27.8		61.05
110171003	Clearfield Area SD	Clearfield	19.9		49.74
110173003	Glendale SD	Clearfield	22.0		49.34
110173504	Harmony Area SD	Clearfield	20.3		54.93
110179003	West Branch Area SD	Clearfield	19.7		47.22
115222752	Harrisburg City SD	Dauphin	31.0		87.02
115228003	Steelton-Highspire SD	Dauphin	30.4		68.32
125231232	Chester-Upland SD	Delaware	26.3		67.87
125238402	Southeast Delco SD	Delaware	31.7		62.98
125239452	Upper Darby SD	Delaware	28.1		47.01
125239652	William Penn SD	Delaware	37.1		59.77
105251453	Corry Area SD	Erie	21.9		53.36
105252602	Erie City SD	Erie	23.1		75.40
105256553	Iroquois SD	Erie	26.1		48.75
106272003	Forest Area SD	Forest	14.0	Yes	46.26
101306503	Southeastern Greene SD	Greene	27.2		57.22
101308503	West Greene SD	Greene	21.1		46.22
128327303	Purchase Line SD	Indiana	20.9		54.32
119351303	Carbondale Area SD	Lackawanna	25.8		55.08
119357402	Scranton SD	Lackawanna	26.1		56.52
113361503	Columbia Borough SD	Lancaster	26.7		55.00
113364002	Lancaster SD	Lancaster	26.6		77.37
104375302	New Castle Area SD	Lawrence	23.1		56.11
113384603	Lebanon SD	Lebanon	25.5		69.22
121390302	Allentown City SD	Lehigh	24.8		71.81
118402603	Greater Nanticoke Area SD	Luzerne	22.6		46.35
118403003	Hanover Area SD	Luzerne	22.6		50.10

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118408852	Wilkes-Barre Area SD	Luzerne	26.3		54.28
118409302	Wyoming Valley West SD	Luzerne	23.5		50.08
117417202	Williamsport Area SD	Lycoming	19.9		57.76
109426003	Otto-Eldred SD	McKean	20.9		47.16
104432503	Farrell Area SD	Mercer	22.2		82.13
104435603	Sharon City SD	Mercer	23.7		66.67
120455403	Pocono Mountain SD	Monroe	25.6		45.12
123465602	Norristown Area SD	Montgomery	26.6		62.05
123466403	Pottstown SD	Montgomery	33.3		60.12
120481002	Bethlehem Area SD	Northampton	19.8		45.73
126515001	Philadelphia City SD	Philadelphia	19.7		75.35
129544503	Mahanoy Area SD	Schuylkill	28.1		55.92
129546103	Pottsville Area SD	Schuylkill	24.1		47.99
129547203	Shenandoah Valley SD	Schuylkill	28.0		63.18
119586503	Susquehanna Community SD	Susquehanna	19.9		49.39
106616203	Oil City Area SD	Venango	24.6		45.53
101631803	Charleroi SD	Washington	24.5		48.31
101638803	Washington SD	Washington	26.1		59.08
107654103	Jeannette City SD	Westmoreland	25.0		57.47
107655803	Monessen City SD	Westmoreland	22.6		66.44
107656303	New Kensington-Arnold SD	Westmoreland	26.4		57.06
112679002	York City SD	York	38.5		84.10

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**QUALIFIED SCHOOL CONSTRUCTION BOND PROGRAM**  
**Growing School Districts**

<b>AUN</b>	<b>School District</b>	<b>County</b>	<b>2007-08 ADM</b>	<b>2002-03 ADM</b>	<b>Growth 5-year</b>	<b>Growth 5-year Percent</b>
103021003	Pine-Richland SD	Allegheny	4,461.094	3,735.725	725.369	19.4%
103028703	South Fayette Township SD	Allegheny	2,194.507	1,810.419	384.088	21.2%
114061103	Conrad Weiser Area SD	Berks	3,055.646	2,708.392	347.254	12.8%
114061503	Daniel Boone Area SD	Berks	3,949.295	3,356.423	592.872	17.7%
114065503	Muhlenberg SD	Berks	3,438.804	3,019.463	419.341	13.9%
114067002	Reading SD	Berks	17,957.593	16,580.670	1,376.923	8.3%
114068103	Twin Valley SD	Berks	3,559.521	3,170.510	389.011	12.3%
114069103	Wilson SD	Berks	5,773.576	5,092.300	681.276	13.4%
122092102	Central Bucks SD	Bucks	20,518.579	18,578.695	1,939.884	10.4%
122097604	New Hope-Solebury SD	Bucks	1,535.110	1,352.765	182.345	13.5%
104105003	Mars Area SD	Butler	3,092.569	2,739.924	352.645	12.9%
121135003	Jim Thorpe Area SD	Carbon	2,277.508	1,884.022	393.486	20.9%
121136603	Panther Valley SD	Carbon	1,803.675	1,638.936	164.739	10.1%
124150503	Avon Grove SD	Chester	6,025.101	5,086.593	938.508	18.5%
124152003	Downingtown Area SD	Chester	12,250.759	10,839.429	1,411.330	13.0%
124153503	Great Valley SD	Chester	4,118.854	3,709.460	409.394	11.0%
124156603	Owen J Roberts SD	Chester	4,952.262	4,255.104	697.158	16.4%
124156703	Oxford Area SD	Chester	4,128.852	3,473.436	655.416	18.9%
125234103	Garnet Valley SD	Delaware	4,752.007	3,851.464	900.543	23.4%
125237603	Radnor Township SD	Delaware	3,630.307	3,265.124	365.183	11.2%
112281302	Chambersburg Area SD	Franklin	8,772.536	8,165.451	607.085	7.4%
119355503	Mid Valley SD	Lackawanna	1,788.642	1,569.216	219.426	14.0%
119357402	Scranton SD	Lackawanna	9,941.147	9,024.215	916.932	10.2%
113362203	Donegal SD	Lancaster	2,881.425	2,616.507	264.918	10.1%
104377003	Union Area SD	Lawrence	909.132	820.305	88.827	10.8%
113385303	Palmyra Area SD	Lebanon	3,287.343	2,831.869	455.474	16.1%
121390302	Allentown City SD	Lehigh	18,885.019	16,792.641	2,092.378	12.5%
121392303	East Penn SD	Lehigh	8,185.293	6,971.605	1,213.688	17.4%
121395103	Parkland SD	Lehigh	9,392.929	8,534.575	858.354	10.1%
118401403	Crestwood SD	Luzerne	3,177.359	2,848.655	328.704	11.5%
118403302	Hazleton Area SD	Luzerne	10,520.102	8,828.368	1,691.734	19.2%
120452003	East Stroudsburg Area SD	Monroe	8,418.066	7,565.639	852.427	11.3%
120455403	Pocono Mountain SD	Monroe	12,040.129	11,348.490	691.639	6.1%
120456003	Stroudsburg Area SD	Monroe	6,045.578	5,396.000	649.578	12.0%
123464603	Lower Moreland Township SD	Montgomery	2,080.564	1,697.182	383.382	22.6%
123466103	Perkiomen Valley SD	Montgomery	5,720.033	4,884.498	835.535	17.1%
123467303	Spring-Ford Area SD	Montgomery	7,611.467	6,425.029	1,186.438	18.5%
120481002	Bethlehem Area SD	Northampton	16,042.307	14,899.852	1,142.455	7.7%
120483302	Easton Area SD	Northampton	9,146.501	8,472.269	674.232	8.0%
120484803	Nazareth Area SD	Northampton	4,860.657	4,356.850	503.807	11.6%
120522003	Delaware Valley SD	Pike	5,840.123	5,255.453	584.670	11.1%
129547203	Shenandoah Valley SD	Schuylkill	1,187.347	1,012.326	175.021	17.3%
101631703	Canon-Mcmillan SD	Washington	4,769.062	4,279.703	489.359	11.4%
101636503	Peters Township SD	Washington	4,398.710	3,786.517	612.193	16.2%
112671303	Central York SD	York	5,731.458	4,704.203	1,027.255	21.8%
112671603	Dallastown Area SD	York	6,192.083	5,358.324	833.759	15.6%
112674403	Northeastern York SD	York	3,868.601	3,213.647	654.954	20.4%

# QUALIFIED SCHOOL CONSTRUCTION BOND PROGRAM APPLICATION

INSTRUCTIONS: One signed copy of this application must be submitted for each school building for which a QSCB allocation is being requested. Applications should be submitted to: PA Department of Education, Division of School Facilities, 333 Market Street, Harrisburg, PA 17126-0333. Any questions regarding the completion of this form should be directed to the Division at (717) 787-5480.

School District Name:

Project Building/SiteName:

Project Building/Site Address:

Contact Person and Title:

Telephone Number - Ext:

FAX Number:

Email Address of Contact Person:

Grades  
Housed

\_\_\_\_\_ - \_\_\_\_\_

Estimated Bid  
Opening Date:

\_\_\_\_\_

Month/Year

Estimated Date By  
Which the School District Can  
Participate In a QSCB Sale:

\_\_\_\_\_

Month/Year

## PROJECT DESCRIPTION

Briefly describe the work to be completed by this project.

## PROJECT COST AND QSCB REQUEST

Total Estimated Project Cost \$ \_\_\_\_\_  
for this project only

QSCB Allocation Request \$ \_\_\_\_\_  
for this project only

## QSCB PROGRAM OBJECTIVES

School district project must address one or more of the following objectives.

Check all that apply and attach a detailed description of how each checked objective will be met.

- Creating sustainable schools (increasing energy efficiency, improving energy and water conservation, reducing green house gas emissions, improving indoor environmental quality, and reducing waste)
- Creating or renovating space for high-quality pre-school, full-day kindergarten, and/or reducing class size in the early grades
- Creating or renovating space for Science, Technology, Engineering, and Mathematics (STEM) programs
- Correcting health and safety deficiencies, including school building security upgrades and building code violations

## SUPPORTING DOCUMENTATION (check box if documents are attached to this application)

- Detailed description of the project and how the checked QSCB program objectives will be met.
- Written spending plan for the proposed project.

## BOARD CERTIFICATION

The Board hereby certifies that 100% of the available project proceeds of the QSCB issue will be used for the construction, rehabilitation, or repair of a public school facility, equipment for this facility, or for the acquisition of land on which this facility is to be constructed. The Board certifies that the information in this application and the attached documentation are true and correct.

BOARD ACTION DATE: \_\_\_\_\_

VOTING: AYE \_\_\_\_ NAY \_\_\_\_ ABSTENTIONS \_\_\_\_ ABSENT \_\_\_\_

\_\_\_\_\_  
Signature, Board Secretary

\_\_\_\_\_  
Board Secretary's Name, Printed or Typed