



Missouri Department of Elementary and Secondary Education

— Making a positive difference through education and service —

May 26, 2009

TO: School Administrator

FROM: Roger Dorson, Coordinator - School Administrative Services

SUBJECT: ARRA Qualified School Construction Bonds

The American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law by President Obama on February 17, 2009. This legislation included the creation of the Qualified School Construction Bond (QSCB) program. One benefit of a QSCB is that interest on the bonds is paid by the federal government in the form of an annual tax credit to the bank or other eligible financial institute that holds the QSCB. Because the federal government provides for the “interest” payment, the district is only responsible for repayment of the bond principal.

Missouri has been allocated \$141,441,000 of QSCB authority available for issuance by December 31, 2009 for QSCB applications. Districts must secure financing through a voter-approved bond issue. The bond proceeds may be used to finance new construction, rehabilitation, repair of public school facilities, and the acquisition of land on which a public school facility will be constructed.

The Missouri Department of Elementary and Secondary Education (DESE) is hereby notifying all districts and charter schools of the availability of QSCBs, the eligibility criteria, and the application process. The application to apply for the QSCBs is now available.

The primary requirement of QSCB is that the wages paid on the construction projects funded by QSCB be in compliance with the prevailing wages of the Davis-Bacon Act. The district is responsible for compliance with Missouri Statutes and U.S. Department of Education and U.S. Department of the Treasury requirements concerning Qualified School Construction Bonds.

The application must be signed and dated by the School Board President and the Superintendent. Applications must be in the DESE, School Administrative Services office by the closing deadline in order to be accepted. Completed applications can be mailed, faxed or scanned/e-mailed to DESE, School Administrative Services, by 4:00 p.m. Friday, June 12, 2009. DESE expects to provide notification of QSCB awards no later than June 30.

Additional information on the QSCB program may be obtained on the web at www.irs.gov/taxexemptbond/article/0,,id=206034,00.html. Questions regarding the QSCB may be directed to Roger Dorson, at 573-751-0357.