

## Administrative Memo

**Date:** March 1, 2013  
**To:** School Administrators, Federal Sub grantees/Recipients and Finance Staff  
**From:** Ron Lankford, Deputy Commissioner  
**Subject:** FAS-13-004 Sequestration – Direct Pay Subsidy Bonds

**Earlier this week a question was asked whether Federal subsidy payments for Direct-Pay Subsidy Bonds would be impacted by Sequestration. Information on these bonds was not included on any prior Sequestration information made available by the Department. Research relative to this inquiry is as follows:**

In September, 2012 the U.S. Office of Budget and Management released a document that cited direct-pay subsidy bond programs included Build America Bonds, Qualified Zone Academy Bonds, Qualified School Construction Bonds, Qualified Energy Conservation Bonds, and New Clean Renewable Energy Bonds among programs that would be impacted if Sequestration was to be implemented. These programs were a part of the American Recovery and Reinvestment Act (ARRA) and several school districts issued bonds through these programs in 2009 and 2010. Districts that participated in any of these programs should be aware that federal reimbursement for interest on these bonds will be subject to the reduction due to Sequestration.