Georgia Department of Education

**Memorandum** 

**DATE:** **April 22, 2014**

**TO:** **System Superintendents**

**FROM:** Mike Rowland

 Facilities Director

**SUBJECT: Qualified Zone Academy Bonds - Allocations for 2012-2013**

The Qualified Zone Academy Bond (QZAB) program is a federal initiative designed to help finance renovation and repair in schools that serve low-income children and establish an academy program in partnership with business, industry partners. QZABs provide federal tax credits to financial institutions that purchase QZAB bonds. Under optimal market conditions, the tax credits cover the interest on the bonds, thereby leaving the school system responsible for repaying only the principal amount on the bonds.

Currently, Georgia has QZAB allocations of $14,616,000 for each of the calendar years 2012 and 2013. Systems must make an application to the State to receive authorization, and the QZABs must be issued by December 31st of 2014 or 2015, respectively. Systems can request up to $8 million per eligible school. Eligible schools must have a free/reduced lunch percentage of 35% or higher, create an academy to enhance student skills, and garner a 10% match from private sources based on the value of the bonds to be sold. Legislation requires that 10% of the bond proceeds be committed to contract within 6 months of bond issue and 95% spent within five years. **Please note use of the QZAB funds must comply with the wage requirements of the Davis-Bacon Act**.

QZAB requests will be approved in rank order as defined by:-

1. CTAE career pathways available and need for revision and or expansion.
2. The quality of the needs assessment to include statistical analysis of the regional labor market.
3. The quality of the academy description including the level of academic integration.
4. The capacity to sustain the academy long term.

Application materials along with additional information about the QZAB program are attached. Please complete an application for each school you wish to have considered and send the applications together in one packet to me as follows:

Mr. Mike Rowland, Facilities Services Director

Georgia Department of Education

1670 Twin Towers East

205 Jesse Hill, Jr. Drive, SE

Atlanta, Georgia, 30334

Feel free to submit an application at anytime during the year, however, keep in mind that funding is available on a first come/first serve basis.As such, we encourage you to submit those applications as soon as you can. **Applications must be received no later than 4:00 p.m. on Friday, August 29, 2014 to be considered in the 2012 QZAB allocation.**

I hope you will be able to use this program to augment state and local resources for facility improvements. For questions or assistance, please contact me or Emily Jones at 404-656-2454.

Qualified Zone Academy Bond Program Request for Allocation

*Instructions: To request a Qualified Zone Academy Bond (QZAB) allocation for a potentially qualifying school, submit a signed request form accompanied by the following attachments: A. Assurances, B. Academy Program Description,* C. *Description of Renovation/Repair Project, and D. Project Budget. Complete a separate request form for each school to be considered;* ***eligibility is determined on a school-by-school basis.***

School System: Superintendent: System Code:

 XYZ Dr. E.W. Brown 925

Name of School: Utopia High School School Code: 0213

Contact Person: Mr. J. Smith Title CTAE Director

Address: 2315 School Rd. City: Utopia ZIP: 02315

Phone: 404-867-5309 Fax: 404-212-5050 E-mail: jsmith@uptopia.k12.ga.us

Request is hereby made for an allocation of QZAB bonding authority for the above named school. I certify that to the best of my knowledge, the attached assurances and information for this request are true and correct.

Amount of request: $ 4,000,000.00

 (Maximum request: $8 *million per school)*

 7/14/2014 >

 (Signature of Superintendent) (Date)

**Submit to:**

Mr. Mike Rowland, Director

Facilities Services Division

QZAB Program

Georgia Department of Education, 1670 Twin Towers East

205 Jesse Hill, Jr. Drive, SE

Atlanta, Georgia 30334-5001

Please direct questions to Mike Rowland or Emily Jones at 404-656-2454.

 For State Department Use Only

Criteria Met Approval of Request

 - Location in EZ/EC OR at least 35 percent of students Amount Allocated:

 in school are eligible for free/reduced price meals.

 - Academy program consistent with definition. Date Approved:

 - Signed Commitment( s) for 10 percent private entity match.

 - Repair/renovation need in five-year facility plan. Signed:

*Instructions: Check all appropriate blanks to provide assurance that the school meets QZAB qualifying requirements and the school system will comply with state and federal requirements associated with bond issuance and the use of bond proceeds, including meeting the requirements of the Davis-Bacon Act.*

 **X A. The School Meets Financial Eligibility Requirements**

At least 35 percent of students attending the school are eligible for free or reduced-cost lunches.

OR

The school is located in an Empowerment Zone or Enterprise Community. *(EZ/ECS include portions of Albany, Atlanta, the Central Savannah River Area (CSRA), and Southwest Georgia.)*

 **X B. The Qualifying School Meets the Requirement for Establishing an Academy Program with emphasis on CTAE pathways as identified under the Career Clusters.**

The school or academy program in the school meets the following eligibility criteria:

The school's academy should establish, revise, or enhance CTAE programs that embrace academic integration in order to increase graduation and employment rates, and to better prepare students for the rigors of college and the increasingly complex workforce.

The students in the academy program school are subject to the same academic standards and assessments as

 other students in the school system.

The schools comprehensive education plan (school improvement plan) which includes the academy program, has been approved by the school system.

A description of the academy program, including business/private entity support, is contained in Attachment B.

 **X C. The School/System Meets the 10 Percent Contribution Requirement**

**The school system must provide written commitments** from business(es), non-profit organization(s), and/or individual(s) for contributions that support the academy program in the qualifying school. The commitments are equal to at least 10 percent of the value of the QZAB bond issue. Qualifying contributions can include:

 -equipment, including state of the art technology and lab equipment.

 -technical assistance in developing curriculum or training teachers.

 -services of employees as volunteer mentors.

 -internships, job shadowing, field trips, or other experiences outside the school.

 -other property (including cash) or services as specified by the local educational agency.

 OR

 The nonprofit National Education Foundation (NEF), the national leader in providing the most recognized and accepted 10% QZAB match, and setting up the QZAB academies nationally, has agreed to provide the required 10% match to all QZAB-eligible schools/school districts in Georgia. NEF will donate the 10% in terms of 4,000 top-quality online courses in K-12 STEM (Science, Technology, Engineering and Math, with emphasis on Math),K-12 ELA, SAT/ACT, Digital Literacy for 8th graders mandated by NCLB, , IT (including 60 IT certifications in Microsoft, Cisco, Oracle, A+, Net+, Security+, Web Design, IT Security etc.) , Business and Management (including Project Management Professional certification) courses. The QZAB funds for curriculum can be used to pay the $39 Solution Site License fee.

The school system will keep written documentation of the contribution(s) on file at the qualifying school and/or the central administration office.

 **X D. The School System will follow the Requirements for Bond Issuance and Use of Bond Proceeds.**

All applicable federal and state laws will be followed, including but not limited to those pertaining to public bonding and indebtedness, school facilities and capital outlay, and bidding procedures**.**

**P**roceeds will be used only for renovation or repair of the school facility in which the academy program is located and infrastructure improvements and/or equipment to support the renovation or repair project.

No more than 2 percent of the proceeds can be used for administrative purposes associated with the bond issue.

The system must provide a written spending plan including commitment to have the bond funds contractually committed within six months and to have spent 95% of the funds within five years.

A description of the facility repair/renovation project and proposed budget are contained in Attachments C and D.

**Attachment B. - Academy Program Description**

***Instructions: Provide a brief overview of the proposed academy program and how the program will contribute to improved student achievement, attainment of school improvement goals, and the identified purposes in federal laws which include CTAE programs and embracing academic integration while increasing graduation and employment rates, and better preparing students for the rigors of college and the increasingly complex workforce. Include a description of how the school has worked in cooperation with business to design the program and how business, non-profit organizations, and/or individuals have or will contribute an equivalent of 10 percent of the QZAB bond issue in support of the academy program. Also include a detailed description of how the academy will be sustained long term to include staffing and equipment.***

Commerce Academy includes the following Career Clusters:

Arts, A/V technology & Communications,

Business Management & Administration

Finance

Hospitality & Tourism

Marketing Sales & Service

Utopia HS believes in promoting quality education opportunities for all students through appropriate programs, facilities and integration of technology to enhance all components of the educational process. We are committed to working with students, parents, and business & industry in a joint effort to ensure student success. Our school supports an ongoing improvement process that focuses on effective instructional strategies, strong character values and student achievement. With this mission in mind, Utopia HS desires to create a Commerce Academy as part of the existing Career Technical and Agricultural Education (CTAE) program. This will be a new and innovative partnership between Utopia HS, Utopia Technical College, Utopia University and numerous local businesses and community organizations.

The academy will directly impact student students in grades 9-12. The school has a population of 1,800 students and traditionally 88% of our students participate in one or more CTAE classes. We would like to improve the percentage of students completing a CTAE pathway and passing of the respective industry recognized student credential; the current percentage of CTAE pathway completion is 22%. The Commerce Academy will allow our students to be college and career ready and provide a seamless transition to post secondary education. In addition to facility renovation and equipment purchases, the QZAB funds will be used to provide extensive professional learning for teams of academic and CTAE teachers to provide high quality academic integration in all academy courses.

Utopia HS is located on the Georgia coast in area where the primary economic driver is the hospitality and tourism industry. Businesses related to these industries serve on the school’s advisory committee that has conducted a needs assessment verifying future employment trends. The career clusters selected for this academy were validated by the needs assessment. In our area, numerous job opportunities exist and are predicted for the future in each of the career clusters planned for inclusion in the Commerce Academy. Some of the goals for the Commerce Academy are:

1. Increase pathway completion from 22% to 50% within two years and 80% within 5 years
2. Increase Work-Based Learning student placements in occupations related to the Commerce Academy career clusters
3. Increase the school’s graduation rate from 72% to 90% over three years
4. Improve student performance on all measurements related to existing academic testing and benchmarks

Utopia High School has two CTAE labs that have not been utilized for some years. Renovation plans include removing a wall and stripping the contents of the two old labs. This will give us 7,200 square feet to plan and re-build labs serving the pathway courses that make up the Commerce Academy. In the new space we will have an A/V Technology & Communications lab including a production studio connected to two other labs. The second lab will be designed for delivery of the Business Management & Administration and Finance clusters. The third lab will house the Hospitality & Tourism and Marketing Sales & Service clusters. The students in the Business Management & Administration and Finance clusters and the Hospitality & Tourism and Marketing Sales & Service clusters will collaborate with the A/V Technology & Communications students. For example, students will interact on project based activities to produce videos and other public relations materials related to the hospitality and tourism industry.

We will use the Peach State Pathways: Program of Study tools provided by GADOE for to plan the coursework that students will take and the related Work-Based Learning experiences. All students enrolled in this academy will receive career guidance and complete a program of study upon entering the academy. Through extensive professional learning activities, the Commerce Academy teachers will be paired with core academic teachers and will design activities to apply academic skills in the CTAE pathway courses. The planned integration will be bi-directional requiring core academic teachers to plan activities related to Academy projects as well as CTAE teachers applying academic skills in the CTAE class activities. For example, students in the English and Language Arts program will apply reading and writing skills through a research paper related to their current coursework in the Commerce Academy. Another example will have students applying math skills in the use of monetary calculations and the use of percentages within their Marketing Sales & Service or Finance classes.

**Attachment C. Facility Renovation/Repair Project**

***Instructions: Briefly describe the school/facility renovation or repair project and how it relates to the CTAE programs and academic integration. Include in the description any equipment to be procured with QZAB proceeds. We recommend an architect estimate for the proposed renovations.***

Utopia HS a wing of the HS that has not been utilized for some years. We are going to renovate the entire area, removing a wall and striping the contents of the two old labs. This will give us 7,200 square feet to work with. In the new space we will have an A/V technology studio/ communications lab connected to two other labs. The second lab will be for business management and finance clusters. The third lab will house the hospitality, tourism and marketing sales and service clusters. There will need to be additional equipment for each of the labs.

The equipment includes:

**A/V Technology & Communications Lab with:**

Full production studio, cameras, mixer board and other miscellaneous equipment

Sublimation printing equipment, computers, software and related equipment

Graphic Design and production equipment

**Business Management & Administration and Finance:**

Networked computers, color printers

Model Office Arrangement to teach business management skills

 Financial Software

**Hospitality & Tourism and Marketing Sales & Service:**

Networked computers, printers, software

Catering equipment and area

Coffee shop and snack bar

Display equipment/School based enterprise

Security cameras

Kitchen for preparing food

**Attachment D. Project Budget**

*Instructions: Complete a budget for the QZAB-financed project. See footnotes for additional information. Please note the funds can be used in four areas to include: renovations, equipment (including technology), curriculum, and professional development.*

|  |  |  |
| --- | --- | --- |
| **Budget Item** | **Amount Financed By QZAB** | **Private Entity Contribution or NEF** **(10% of QZAB)** |
| Renovation or repair of the public school facility. | $1.5 Million |  |
| Equipment necessary for the renovation/repair project to support academy program.  | $2.2 Million |  |
| Development of curriculum materials. |  |  |
| Services of private sector employees as volunteer mentors. |  | $300,000 |
| Internships, field trips, job shadowing, or other experiences outside school.  | $220,000 | $100,000 |
| Other property (including cash) or services specified by the school system.  |  |  |
| Administrative costs, not to exceed 2 percent of QZAB bond issue. |  |  |
| System cost: Staffing  |  |  |
| **Totals** | **$3,920,000**  | **$400,000** |

**Footnotes:**

I. If a school system requests QZAB allocations for more than one school, a separate request form, an academy program description, facility renovation/repair description, and project budget must be submitted for each potentially qualifying school.

2. The written commitment(s) for contributions from one or more businesses, non-profit organizations, and/or individuals must be equal to at least 10 percent of the QZAB bond issue. Contributions of volunteer time should be estimated at reasonable fair market value for the community. Contributions to be made in the future, such as equipment or employee time for mentoring or internships, should be estimated in terms of present value. According to federal regulations, neither the services of school system personnel nor funds from local, state, or federal governments can be used to meet the contribution requirement. Enter an aggregate amount if contributions are committed from multiple business or private entity partners.

3. There is no federal requirement for LUA contribution. However, LUA funds for school improvement, curriculum development, staff development, or other purposes may be necessary to ensure that the academy program results in improved student achievement.

4. QZAB proceeds cannot be used for new construction or additions to existing school facilities.

5. Federal law requires that at least 95 percent of the QZAB bond proceeds be used for the facility renovation/repair project, including related equipment. **No more than 2 percent of the proceeds can be used for administrative purposes associated with the bond issue.**

QUALIFIED ZONE ACADEMY BONDS

 PROGRAM INFORMATION

**What is the Qualified Zone Academy Bond (QZAB) program?**

The QZAB program is a tax code provision (Internal Revenue Code 1397E) created under the Taxpayer Relief Act of 1997. It is designed to help local school systems finance facility renovation and repair projects in schools that serve low-income children and establish an academy program in cooperation with local businesses. Each state receives an annual allocation of QZAB bonding authority, which can be sub-allocated to local school systems by the state education agency. Georgia's 2012 allocation of $14,161,000 must be allotted and bonds issued prior to December 31, 2014. The 2013 allocation of $14,161,000 must be allotted and bonds issued by December 31, 2014.

**How is the program financed?**

The federal government finances the QZAB program by giving federal tax credits to the financial institutions purchasing the bonds. The tax credits cover the amount of the interest on the bonds, which means that school systems will pay little interest and under optimal market conditions, repay only the amount of the principal with no interest payments required.

**How can school systems participate?**

Interested school systems must submit a request for a QZAB allocation to the Georgia Department of Education (DOE) by the specified *deadline date of August 29, 2014 to be considered in the 2012 allocation of $14 million.* The allocations will be reviewed and awarded to systems on a first-come, first served basis. The Department reviews each application to determine if the proposed school site meets federal qualifying requirements and if the proposed renovation project is consistent with the local school facilities plan.

The school system must follow applicable state laws including but not limited to facilities planning, capital outlay, bonding and indebtedness, and bidding procedures. The constitutional provisions and state laws that pertain to incurring public debt apply to QZAB-financed projects, as do the bidding requirements for public works construction contracts.

**What can the QZAB proceeds be used for?**

Federal law requires that 98 percent or more of the QZAB proceeds must be used for the facility renovation or repair in the eligible school. Up to 2 percent can be used for administrative costs related to the QZAB project. In Georgia, the eligible uses for QZABs are:

 -Renovation or repair of the public school facility in which the qualified zone academy is located,

 including infrastructure improvements such as wiring related to new technology.

 **-**Equipment related to the QZAB renovation or repair project.

**How is QZAB eligibility determined?**

Eligibility is determined on a "school-by-school" basis. Thus, if a system decides to apply for more than one school, a separate application must be submitted for each school. To qualify, a school must meet the following criteria specified in federal law:

-At least 35 percent of the students attending the school must be eligible for free or reduced-cost lunches or the school must be located in an empowerment zone or enterprise community.

-The school must have an education plan approved by the school system, and the students must be subject to the same standards and assessments as other students in the school system.

- The school's academy should establish, revise or enhance CTAE programs that embrace academic integration to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce.

-The school must provide pledges from business, NEF, or private entities for contributions equivalent to at least 10 percent of the gross proceeds of the QZAB issue.

**How can a school meet the 10 percent contribution requirement?**

The school must have written commitments from qualifying private entities at the time of the QZAB issue, although the actual contribution(s) can be made during the bond repayment period. According to IRS regulations, private entities include businesses, non-profit organizations, and individuals. The IRS regulations prohibit using the services of school system employees or resources from federal, state, or local governments to meet the 10 percent match requirement

OR

National Education Foundation:

The nonprofit National Education Foundation (NEF), the national leader in providing the most recognized and accepted 10% QZAB match, and setting up the QZAB academies nationally, has agreed to provide the required 10% match to all QZAB-eligible schools/school districts in Georgia. NEF will donate the 10% in terms of 4,000 top-quality online courses in K-12 STEM (Science, Technology, Engineering and Math, with emphasis on Math),K-12 ELA, SAT/ACT, Digital Literacy for 8th graders mandated by NCLB, , IT (including 60 IT certifications in Microsoft, Cisco, Oracle, A+, Net+, Security+, Web Design, IT Security etc.), Business and Management (including Project Management Professional certification) courses. The QZAB funds for curriculum can be used to pay the $39 Solution Site License fee. For more information, visit the website at www.qzab.org or submit an email to qzab@qzab.org.

Federal law lists the following as qualifying contributions:

* Equipment, including state of the art technology or vocational equipment.
* Technical assistance in developing curriculum or training teachers.
* Services of employees as volunteer mentors.
* Internships, job shadowing, field trips, or other experiences outside the school.
* Other property (including cash) or services as specified by the school system.

Contributions of volunteer time should be estimated at reasonable fair market value for the community. Contributions to be made in the future, such as employee time for mentoring or internships should be estimated in terms of present value. Schools must make good faith efforts to collect the private entity contributions. Documentation of the contributions must be maintained.

**What happens if the requests from school systems exceed the total amount available?**

If local requests exceed the available state allocation, awards will be made in rank order based on the percent of students in the system eligible for free or reduced cost lunches and the fiscal capacity to meet renovation and repair needs as measured by property tax and sales tax valuations per child. Conversely, if the QZAB requests are less than the total amount available, the Department will provide additional opportunities for school systems to apply.

**What if a school receives a QZAB allocation and then can't use it?**

It sometimes happens that unforeseen events will make it impossible for a school system to use its QZAB allocation. In such an event, the allocation will be redistributed to other schools through the established application process. This will not preclude reapplication by the school system at a later date, assuming continued availability of the QZAB program. This redistribution process is necessary because Congress places time limits on the use of QZAB allocations.

**Where can I get help or additional information?**

For information about the QZAB program or to obtain assistance with the application or determining how QZAB might be used to address unmet facility needs, please contact your area facilities services consultant, Mike Rowland or Emily Jones, Georgia Department of Education, by phone at 404-656-2454.

Information about the federal QZAB requirements can be found on the U.S. Department of Education Web site at http://www.ed.gov/offices/OESE/SST/qzab.html.

For information about Empowerment Zones and Enterprise Communities, visit www.ezec.gov. Georgia sites listed on the web site include the Albany Enterprise Community, Atlanta Renewal Community, Central Savannah River Area (CSRA) Enterprise Community, and Southwest Georgia United Empowerment Zone.

Sometimes loan guarantees are available through the Rural Development Program of the U.S. Department of Agriculture (USDA). For information, visit www.usda.gov or contact the USDA office in Athens, 706-546-2171.