

### **SACRAMENTO**

400 Capitol Mall, 27th Floor  
Sacramento, CA 95814  
T: 916.321.4500  
F: 916.321.4555

### **BAKERSFIELD**

1675 Chester Ave., Ste. 320  
Bakersfield, CA 93301  
T: 661.864.3800  
F: 661.864.3810

### **SAN LUIS OBISPO**

1432 Higuera Street  
San Luis Obispo, CA 93401  
T: 805.786.4302  
F: 805.786.4319

### **WWW.KMTG.COM**

Please visit the firm's  
[website](http://www.kmtg.com) for a searchable  
database of Legal Alerts.

### **RELATED AREAS OF PRACTICE**

[Education Law](#)  
[Public Finance](#)

Legal Alerts are published by Kronick Moskowitz Tiedemann & Girard as a timely reporting service to alert clients and other friends of recent changes in case law, opinions or codes. This alert does not represent the legal opinion of the firm or any member of the firm on the issues described, and the information contained in this publication should not be construed as legal advice. Should further analysis or explanation of the subject matter be required, please contact the attorney with whom you normally consult.

## **Update On Federal Funding Of School Construction**

On January 28, 2009, the US House of Representatives passed an economic stimulus bill - HR 1. The Senate Appropriations Committee reported out its version of the economic stimulus bill, S 336, but the full Senate has yet to vote on it. Both bills will have to be reconciled into a single bill before signature by the President.

Both bills as proposed provide billions of dollars for local school construction programs with the Senate Committee bill providing \$16 billion and the House bill providing \$14 billion. In the tax exempt financing area, the House bill provides up to \$23.8 billion in construction tax credit bonds to state and local governments while the Senate Finance Committee bill provides \$11.8 billion.

In terms of funding allocation, the House bill funds school districts in proportion to the funds they currently receive under Title 1, Part A, of the Elementary and Secondary School Act of 1965 (approximately half the country's 98,000 or so public schools receive Title 1 funds). Under the Senate bill, half the funds are directly allocated to the 100 poorest school districts, based on Title 1, with the balance allocated to the states. The states are to distribute the funds via competitive grant programs under the following criteria: percentage of poor children; need for renovation, repair, and construction; plans to use green practices; capability to implement projects expeditiously; and the school district's fiscal capacity.

The qualified school construction bonds represent a new type of tax credit bond for school districts to use in addition to the existing Qualified Zone Academy Bonds (QZAB) program. Unlike QZAB bond funds, proceeds from the qualified school construction bonds may be used not only for rehabilitation or repair of school facilities but also for new construction and land acquisition costs.

We will continue to monitor the economic

stimulus bill and provide you with updates.

### **Questions**

If you have any questions concerning the content of this Legal Alert, please contact the following from our office, or the attorney with whom you normally consult.

Marilyn Jacobs or Constantine Baranoff |  
916.321.4500