

Fact Sheet: Qualified Zone Academy Bonds (QZAB)

Qualified Zone Academy Bonds (QZABs) were introduced in the Taxpayer Relief Act of 1997 (P.L. 105-34), with an annual limit of \$400 million from 1998. The bonds are allocated to states and territories based on their portion of the U.S. population living below the poverty line. Each state then sub-allocates issuance volume to school districts.

QZAB Details:

- What is QZAB? It is a Federal zero interest (up to 20 years) program.
- QZAB Eligibility: 35 percent or more students on free/reduced lunch, or location in an empowerment zone and enterprise community.
- Amount: You can apply up to \$30 million or more, depending on state allocations and regulations.
- QZAB Rate: www.treasurydirect.gov/GA-SL/SLGS/selectQTCDDate.htm.
- Use of QZAB Funds: renovation, energy, technology, equipment, curriculum (STEM academies) and teacher training.
- QZAB Federal Law mandates: 1) 10 percent match donation at reasonable fair market value. Discounts that are ordinarily given and are not acceptable; 2) QZAB academy that “prepares students better for college and workforce.” Be sure you comply with these to avoid problems with IRS audit.
- Assistance Offered by the non-profit National Education Foundation at the request of the U.S. Department of Education: The 10 percent match donation and QZAB academy (focused on STEM+) in partnership with the State University of New York and/or local university/college. See www.qzab.org