

SUMMARY OF THE SCHOOL CONSTRUCTION INITIATIVE

- **Up to 50% Interest Subsidy for New School Construction and Renovation.** This initiative would reduce interest costs on new school construction and renovation projects by up to 50%, with a sliding scale subsidy depending on need. The program will not be limited to providing interest subsidies, but will allow recipients flexibility in how funds are leveraged.
- **\$20 Billion In School Construction Spurred by \$5 Billion in Federal Jump-Start Funding Over 4 Years.** One of the key criteria in distributing funds to projects will be the extent to which the spending is incremental -- above what would have occurred without this initiative.
- **Two-Pronged Distribution.** The 100-125 school districts with the largest numbers of children in poverty would apply directly to the Department of Education, as would the 50 states. The program will have some competitive element.
- **Status: target date for introduction of legislation is January 21, 1997.** This initiative will be part of an omnibus education bill (along with America Reads and Hope Scholarships). ED's draft legislation has been circulated internally and to the NEC, Treasury and OMB for informal review. Once two pending policy questions on competition and state/local distribution are resolved by the White House a revised draft of the legislation will be circulated for formal review.