

What Is Impact Aid

The purpose of Impact Aid is to provide formula grants to school districts burdened by the presence of nontaxable federal land and installations to make up for the lost revenues and additional costs associated with the federal presence. It is one of the few formula programs where Local Educational Agencies (LEAs) receive funds directly from the U.S. Department of Education (ED) rather than through their states.

Impact Aid was first signed into law by President Harry S. Truman in 1950 and has been amended many times since then. Originally, the program consisted of two separate laws — one for operating costs and one for construction — but the two laws were consolidated into Title VIII of the Elementary and Secondary Education Act (ESEA) in 1994.

There are five main categories of aid. Traditionally, these categories were identified by reference to their section numbers as they existed under the 1950 law.

The five categories consist of LEAs that:

1. Experience a substantial and continuing financial burden due to the acquisition of real property by the United States – Section 8002;
2. Educate children who reside on federal property *and* whose parents are employed on federal property – Section 8003;
3. Educate children whose parents are in the military services; children who reside on Indian trust/treaty land or land conveyed at any time under the Alaska Native Claims Settlement Act; live in federally subsidized low-rent housing projects (not Section 8 housing) – Section 8003;
4. Educate heavy concentrations of children whose parents are civilian employees of the federal government and do not reside on federal property – Section 8003; or
5. Need special assistance with capital expenditures for construction activities because of the enrollments of substantial numbers of children who reside on federal land - Section 8007.

I. ELIGIBILITY REQUIREMENTS

Local educational agencies (LEAs) receive formula grants based on the amount of federal property in their jurisdictions and/or the number of “federally connected” children in average daily attendance (ADA) at their schools. LEAs must have a certain minimum amount of property or children to qualify for the program.

For the purposes of this program, “federal property” includes not only military bases

and similar federal installations, but also Indian Reservation (Trust) and/or "Treaty" lands, Alaskan village lands, land used for federally subsidized low-rent housing projects (not including the Section 8 housing programs administered by HUD) and land used to provide housing for homeless children at a closed military base as long as the land remains under federal ownership.

"Federally connected" children include not only children of military personnel, but also children residing on Indian or Alaskan Native lands; children residing in federally subsidized housing projects (exclusive of Section 8 housing) or homeless housing on a military base, children of foreign diplomatic or military personnel, and children of parents who live or work on federal property.

Roughly 1,350 LEAs nationwide receive some kind of Impact Aid payment that enroll over 950,000 federally connected children, but with a total combined student enrollment of over 12 million children.

II. USES OF FUNDS

This program provides a payment in lieu of local taxes otherwise collected for LEAs that are burdened by the presence of nontaxable federal land and installations but are nonetheless responsible for educating children of federal personnel who live and/or work on these properties. Except for money earmarked specifically for children with disabilities, the aid becomes part of the LEA's regular budget, and no specific restrictions are placed on the use of the funds.

A separate component of the program provides aid for construction and repair of school facilities in especially "impacted" areas.

What is NAFIS

The National Association of Federally Impacted Schools (NAFIS) is a non-profit, non-partisan organization of school districts from across the United States, organized primarily to educate Congress on the importance of Impact Aid. Founded in 1973, the association works to ensure that the federal obligation to replace lost revenue for eligible school districts impacted by a federal presence is met with adequate federal funds. Organizationally, NAFIS serves as an umbrella for four subgroups: Federal Property School District Association; the Military Impacted Schools Association; the National Indian Impacted Schools Association; and the Mid- to Low-LOT Schools Association.

For more information check the website of the National Association of Federally Impacted Schools (NAFIS), visit www.nafisdc.org.

The Subgroups

Federal Property Schools Association: An organized coalition of school districts dedicated to the preservation of Section 8002 of the Impact Aid statute Title VIII of the Elementary and Secondary Education Act of 1965. This section of the law deals strictly with federal property, e.g. dams, national forests, etc. and its effect on a particular school district due to the loss of what was once taxable property when the Federal Government took the land off the tax rolls for its use. The association has a CEO located in Lemont, Illinois.

Military Impacted Schools Association: An organized group of school districts whose main objective is to ensure that the needs of military dependent students enrolled in highly impacted military school districts (20% or more Department of Defense related students) are met. Their main objective each year is to secure supplemental funding in the Defense Authorization/Defense Appropriations Bill to help address costs associated with base realignment and closure, deployment, and the overall force restructuring initiative of the Department of Defense. The association has a CEO located in Bellevue, Nebraska

National Indian Impacted Schools Association: A formalized association of school districts serving children residing on Indian Trust or Treaty land and land claimed under the Alaska Native Claims Settlement Act. As a category of school districts, Indian Land districts generally are those with a high percentage of federally connected children especially those that are located on a reservation. The association's office is located in Minnesota.

Mid-to-Low-LOT School Districts: This group represents those federally connected school districts that are low to moderately impacted, with federally connected children. Newly organized, they have come together to address issues that ensure Impact Aid dollars are equitably distributed to all school districts while recognizing the need component (Learning Opportunity Threshold – LOT formula) inserted in the law in 1994. They do not have a CEO, but they do have officers with the president located in California.

The Federally Impacted Schools Educational Foundation (FISEF)

In 2000, the NAFIS Board of Directors acknowledged that member school districts

could benefit from knowledge about the unique nature of its member school districts, namely in the areas of infusing multicultural education in schools (to address the needs of Indian Lands school districts) and evening out the detrimental effects on students affected the transient nature of the military.

NAFIS formed the Federally Impacted Schools Educational Foundation (FISEF), and it has been on a continuing mission to reach a goal of \$100,000 so it can begin to award teacher grants for best practices research in these areas. More than two-thirds of the way to our goal, FISEF is preparing to offer the first set of research grants to teachers in what hopefully will be an on-going awarding system.

FISEF offers school business officials workshops periodically throughout the year as a means of raising the seed money it needs to offer the research grants. These workshops focus on the correct way to fill out the Impact Aid application so that schools reap as much Impact Aid money as they qualify for.

A Quick Look at the Program

- Section 8002 (Federal Property) – **242 districts applied in FY 2010**
 - Eligible districts receive a payment in lieu of tax (PILT) payment based on the assessed value x tax rate of taxable property adjacent to the Federal property.
 - **FY 2010 Funding Level: \$67,208,000**
- Section 8003 (a) Basic Support – **1,319 districts applied in FY 2010**
 - To be eligible, a district must have an enrollment of federally connected children that comprises either three-percent of their enrollment or 400 federally connected children as computed in average daily attendance. Payments are based on a formula that is based on half the national or state average per-pupil expenditure multiplied by a weight assigned to each type of federal student.
- Section 8003 (b) Heavily Impacted School Districts – **27 districts applied in FY 2010**
 - Provides highly impacted districts with an additional payment above what they would receive under 8003(a) if they meet local taxing requirements and have a low spending level.
 - **FY 2010 Funding Level for 8003 (a) and (b): \$1,138,000,000**
- Section 8003(d) Disabilities
 - Provides an additional payment to eligible military dependent children and children residing on Indian Land that are eligible under the Individuals with Disabilities Education Act (IDEA). Dollars must be spent on an IDEA eligible activity.

- **FY 2010 Funding Level: \$48,602,000**
- Section 8007 (School Construction) – **172 districts eligible for formula grants in 2010**
 - Provides formula dollars (8007(a)) to eligible school districts and under Section (8007(b)) provides a discretionary competitive grant. Discretionary grants usually fund 12 to 15 grants per funding cycle with emergency repair and little or no bonding capacity the priority.
 - **FY 2010 Funding Level: \$17,509,000 (Formula grants only)**
- Section 8008 (Department of Education Facilities)
 - Provides dollars to local education agencies using buildings owned by the Department of Education for maintenance and repair.
 - **FY 2010 Funding Level: \$4,864,000**