



Fact Sheet

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IMPACT AID

In most school districts, operating funds are generated by state and local taxes. The presence of a federal military activity in a school district increases enrollment, yet reduces the tax base by the removal of property from the tax rolls. School districts also lose personal tax revenues, through the provisions granted the military member by the Servicemembers' Civil Relief Act, as well as sales taxes when military families shop in commissaries and exchanges.

Impact Aid payments are provided from the Department of Education (DoEd) to local public school districts that educate federally connected students (military, Native Americans, and federal public housing). Approximately 40 percent of Impact Aid funds go to districts educating military children. The Impact Aid program is normally authorized every five years as part of the Elementary and Secondary Education Act (ESEA) and was reauthorized in 2002, as part of the "No Child Left Behind Act of 2001", P.L. 107-110.

The original Impact Aid legislation established the Federal Government's responsibility to provide financial assistance to school districts on which the government places a financial burden. P.L. 103-382 (Section 8001) states that the purpose of the Impact Aid program is "to provide financial assistance to local educational agencies in order to fulfill the Federal responsibility to assist with the provision of educational services to federally connected children, because certain activities of the Federal Government place a financial burden on the local educational agencies." Impact Aid payments are provided to compensate school districts for tax revenue lost because of a federal activity. There are no strings attached on how this money may be used by the school district. It goes into the district's general fund and is used in the same way as tax revenue to pay district operating expenses, such as salaries, maintenance, transportation, and supplies.

Categories and Weights of Military Students

Different types of federal students have a different financial impact on school districts. In order to reflect the relative financial impact of a student on the school district when determining the district's basic support payment, each type of student is assigned a different weight. Military students residing on federal property (often referred to as "military A" students) are given the basic weight of 1.0. Disabled students living on the installation are given an additional student weight unit of 1.0. Military students not residing on federal property (referred to as "military B" students) were given a weight of 0.2 when the law was reauthorized. This weight is an increase from 0.1 under the former Impact Aid law, but still less than the 0.5 weighting in the original Impact Aid legislation. Disabled students living off the installation are given an additional student weight of 0.5. Students who do not reside on federal property but have a parent employed on federal property (referred to as "civilian B" students) are counted only if the number of such children equals at least 1,000 or the number equals at least 10 percent of the total average daily attendance. These students are given a basic weight of 0.05.

Payments

In order to be eligible for Impact Aid payments, a school district must have an enrollment of at least 400 federally-connected students or the number of those children must be at least 3 percent of the average daily attendance. Each district, using a federal Parent-Pupil Survey, collects enrollment information annually. Survey numbers are used as the basis for payment calculations for the following school year. Military families must make sure they complete the attendance surveys sent by their schools each year so the district that educates their children will receive the Impact Aid funds it needs.

Impact Aid funding is included in the annual Labor, Health and Human Services (HHS), and Education Appropriations Act. For Fiscal Year 2006, the total appropriation for Impact Aid was \$1.228 billion, down from \$1.244 in FY 2005. This figure included \$1.091 billion for basic support payments; \$50 million for payments for children with disabilities; \$5 million for facilities maintenance in schools owned by the DoEd and operated by local school districts; \$17.8 million for repair and renovation in heavily-impacted districts; and \$64.4 million for payments for federal property. The program received significant increases during the late 1990s, culminating in a \$1 billion appropriation in FY 2002; however, the rate of growth in funding has stopped. The small increase in the basic support amount for FY 2006 was gained only by cutting funding in other parts of the program. Should funding continue at a flat rate, adjustments will be needed in the allocations provided to the various components of Impact Aid in order to maintain districts' basic funding.

The Impact Aid basic support payment is determined through a complicated formula that factors in the number and weights of students, as well as the amount of money contributed by local and state sources. To determine the amount of the basic support payment, the Department of Education multiplies the total Weighted Student Units (WSU) by the Local Contribution Rate (LCR). If a school district had 300 military students living on federal property and 100 military students not living on federal property, its total WSU would be 300×1.0 (300) plus $100 \times .2$ (20) or 320. If the district's LCR was \$3,000, its Basic Support Payment would be $320 \times 3,000$ or \$960,000, if the Impact Aid program was fully funded.

When less is appropriated than needed to fund each school district under the above formula, school districts with larger percentages of federal students and for which the basic support payment represents a greater percentage of their operating budgets receive more funds than less impacted districts. Special education funding for disabled students is paid separately from the Basic Support payments but uses the same formula of WSU times LCR. Unlike basic support payments, which can be used for any district funding need, special education payments must be used to support special education students.

What Do Military Parents Need to Know About Impact Aid?

While the purpose of the Impact Aid program is very clear—to compensate school districts for lost tax revenue due to a federal presence—the complicated distribution formula makes it confusing to many military family members and to many commanders as well. Here are a few of the Frequently Asked Questions NMFA receives regarding Impact Aid. We hope they will help you understand the program a bit better.

Do all school districts educating military children receive Impact Aid? While the districts serving the largest numbers of military children receive Impact Aid, not all districts educating military children do. The enrollment of federally-connected children in the district must be at least 400 or 3 percent of Average Daily Attendance. Some districts may decide not to apply for Impact Aid if they view the cost of doing the required attendance surveys as approximately equal to their projected payment.

Will the Impact Aid dollars my school district receives for my child be spent for his/her school? A school district's Impact Aid payment is based in part on the count of federally-connected—including military children—who attend schools in the district. The money, however, is not designated "for" individual children. Impact Aid payments are provided in lieu of lost tax revenue and thus go into the district's general fund. Impact Aid funds are not earmarked for any specific school, but to support the district as a whole. Nevertheless, military parents have the same right as other parents in their school districts to raise questions to school officials, including the superintendent and school board, when concerned about the adequacy of funding. Military commanders and school liaison officers can help parents raise their concerns to the appropriate level.

Isn't there any money to help individual schools that have a large enrollment of military children?

Congress recognizes the need faced by many school districts educating military children because of large numbers, frequent movements, and need for additional counseling and other resources to support children during the deployment of their parents. In most recent years, Congress has added approximately \$30 million to the Department of Defense budget for the DoD Supplement to Impact Aid. This funding is divided among school districts in which military children make up at least 20 percent of the enrollment, the so-called "heavily-impacted" districts. The legislation providing this funding from the DoD budget does not mandate that the DoD money be used specifically to support the education of military students. However, this money is provided because of the presence of military students and in the recognition of the unique stresses this population can place on a school district. NMFA believes the funds provided to school districts through the DoD Supplement, unlike the Impact Aid funding received from the Department of Education, should be used to support programs and services in schools with the largest enrollment of military children and to meet those needs resulting from the military's mission. (For

more information on the DoD Supplement, see the NMFA fact sheet, *DoD Support to Civilian Schools Educating Military Children*).

How can I find out how much funding my school district receives from Impact Aid or the DoD Supplement? Your school district central office and your installation school liaison officer should have that information. If you cannot get this information from your school district, contact NMFA at families@nmfa.org.

Because of changes in troop basing, many new military families are moving to our installation. Will Impact Aid help the schools pay for the additional school buildings, staff, and other related costs? As currently designed, the Impact Aid program cannot be very responsive to sudden increases in school population. Funding for the current school year is provided based on the student count made during the previous school year. Therefore, it will usually be two years following the arrival of the additional students before the Impact Aid payment that includes the funding for those students is received by the school district. Impact Aid is also designed to support operating costs and not fund large construction projects, which means districts needing new school buildings because of an influx of military students must look for other options. It is also important to remember that Impact Aid is not forward funded: the funding it receives in the annual appropriation is for that school year, not the coming year. If Congress is delayed in passing an appropriations bill, school districts can therefore face temporary shortfalls as they wait for their Impact Aid payments. These shortfalls will have an even greater impact if the district is also trying to accommodate growing enrollments. For FY 2006, Congress authorized \$10 million and appropriated \$7 million to assist districts facing a gain or loss of at least 250 military students due to global rebasing, Base Realignment and Closure, activation of new military units, or a change in the number of housing units on a military installation.

What is NMFA's position on Impact Aid funding? NMFA supports full funding of Impact Aid by the Department of Education for all categories of federal students, as well as continued funding for the DoD supplement to Impact Aid for heavily-impacted school districts serving military children. NMFA encourages DoD to address issues related to school funding or facility needs when Department policies or procedures (i.e. base realignment or closure, high operations tempo, housing privatization, or compassionate assignment of special needs children) have placed an extra burden on local school districts. NMFA will continue to monitor the effects of the movement of servicemembers and their families on Impact Aid funding and school facility needs.

Additional Information

For more information on the Impact Aid program, see:

- NMFA's website, www.nmfa.org.
- Military Impacted Schools Association (MISA) www.esu3.org/districts/bellevue/misa/misahome.html.
- National Association of Federally Impacted Schools (NAFIS): www.nafisdc.org.
- Department of Education Impact Aid Program Office: <http://www.ed.gov/offices/OESE/ImpactAid/>
- Department of Defense Educational Opportunities Directorate: www.militarystudent.org