



# Impact Aid

# Overview Of Impact Aid

## Presentation to:

Virginia Council on the Interstate  
Compact on Educational Opportunity  
for Military Children

## Presenter:

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# Impact Aid Topics To Be Discussed

1. Overview of Impact Aid and how it differs from other federal education programs
2. Eligibility and funding categories
3. Best practices
4. Federal budget, appropriations, and sequestration

# Overview of Impact Aid vs. Other Federal Education Programs

# Federal Impact Aid

Reimbursement to school districts for lost tax dollars due to the federal presence in a community.

# Federal Impact Aid

## *The Federal Government's Obligation to Local Communities*

- The Impact Aid law was enacted in 1950
- The legislators noted that, “without continued federal help, more than 1.8 million children in these federally impacted areas would not receive normal school services...”
- Since the land is tax exempt, the federal government has not accepted “the responsibility of the normal citizen in a community” to meet its financial obligation to support public schools.

# Federal Presence Impact on a Community Tax Base

Examples include:

- Federally owned property is not subject to local real estate property taxes
- Members of the armed forces that have their legal residence in another state may not pay personal property tax or pay vehicle registration fees (Service Members Civil Relief Act)
- Federal government does not pay business license tax
- Commissary sales are not subject to state sales tax
- Members of the armed forces who are not Virginia residents are not subject to Virginia income tax on their military pay

# Impact Aid is a Unique Program

- School districts receive funds directly from the U.S. Department of Education rather than through their states.
- Every dollar appropriated by Congress goes to eligible school districts.
- Impact Aid becomes part of the school district's regular budget with NO restrictions placed on the use of the funds, except for children-with-disabilities payment.
- Impact Aid is not forward-funded, as are most other federal education programs.



# Eligibility and Funding Categories

# Impact Aid Is Broken Down Into Two Programs

- **Section 8002 Federal Property**—A payment in lieu of taxes (PILT) to school districts that have lost taxable land due to federal acquisition.
- **Section 8003 Basic Support**—Basic support to a school district to cover the cost of federally connected students.
- Federally connected students are dependent children of federal workers, military personnel, children residing in federally subsidized low-rent housing units (Not Section 8 Housing), and children residing on Indian Trust/Treaty land.

# Eligibility for Funding

## Section 8002 (federal property)

Eligibility: School district must lose 10% or more of its assessed value of taxable property to the federal government as a result of federal acquisition on or after January 1, 1939.

- Nationwide 242 districts applied in FY 2013
- FY 2014 Funding Level: \$66,613,000
- FY 2009–14 Foundation Payments to Virginia eligible districts:
  - York County : \$2,283,105
  - Craig County: \$50,807

# Eligibility for Funding

## Section 8003 – Basic Support Payments for Federally Connected Children

- Nationwide—over 940,000 federally connected students enrolled in over 1,300 districts that enroll over 11 million students.
- In Virginia—over 106,000 federally connected children in 27 districts with a total enrollment of over 726,000 students (14.6% federal impactation).
- Virginia ranks in the top 15 states in the nation for Section 8002 and 8003 Impact Aid funding.

# Impact Aid Application Process

## Section 8002

- School districts must work with their county/city assessor's office to identify the eligible federal properties and to apply the federal formula for determining the assessed value of eligible federal properties.
- Assessor must certify the assessments.
- District completes and files application with the USDOE.

# Impact Aid Application Process

## Section 8003

- District conducts the federal student survey.
- District works with base housing office to complete source check if appropriate.
- If Table 9 eligible (students displaced due to base housing renovations), district must work with base housing officials to certify the housing that is being renovated.
- District completes and files application with the USDOE.

# Eight Categories of Eligible Students and Weighted Federal Student Unit

Weights are based on the financial impact that a student category has on a district's loss of local revenue due to the non-taxpaying status of the Federal Government.

<u>Category – Student whose parent is:</u>	<u>Assigned Weight</u>	<u>Virginia ADA</u>
1. Civilian living and working on Federal Property	1.00	187
2. Foreign military officer residing on-base	1.00	22.87
3. U.S. Military personnel residing on-base	1.00	9,385.04
4. Resides on Indian Trust/Treaty Land	1.25	0

# Eight Categories of Eligible Students and Weighted Federal Student Unit

<u>Category – Student whose parent is:</u>	<u>Assigned Weight</u>	<u>Virginia ADA</u>
5. Foreign military officer residing off-base	.20	629.93
6. U.S. Military personnel residing off-base	.20	47,924.01
7. Residing in a Low-Rent Housing Project	.10	9,169
8. Civilian living OR working on Federal Property	.05*	38,779

*\*A school district must enroll 1,000 students, or the number of students must make up 10% of the school district's total enrollment in order to qualify for payment. Besides civilians, eligibility is based on 400 students or 3% of enrollment.*



# Calculation of Maximum Payments

Payments are calculated by taking a  
school district's total number of student weights  
X  
their local contribution rate

For Example:

	<u>Total # of Weighted Units</u>		<u>LCR</u>	<u>Maximum Payment</u>
York County	1,686.94	X	\$5,648	= \$ 9,527,837.12
Virginia Total	22,161.35	X	\$5,648	= \$125,167,304.80
National Total				\$2,086,865,261

# Calculation of Actual Payments

Amount Appropriated by Congress in FY 2014: \$1,151,233,000

Only funds 56% of the total Maximum Payment of \$2,086,865,261

Districts payments are prioritized based on:

Percentage of Federal Students

+

Percentage that their Maximum Payment is of their Total Current Expenditures

# Calculation of Actual Payments

Example:

	<u>Percentage of Federal Students</u>		<u>Percentage of Budget</u>		<u>LOT</u>
York County	41.54%	+	9.89%	=	51.43%

York County's Payment will be set at 51.43% of \$11,377,174 = \$5,851,280

*Final Payment will either be up or down depending funding level appropriated by Congress, total number of eligible students and average per pupil expenditures*

# Impact Aid Disability Payments

- Disability Payments are additional (supplemental) to the regular Basic Support Payment
- Payments are based on Assigned weights:
  - Military on-base and Indian Land IDEA eligible are weighted at 1.0
  - Military off-base are weighted at .50
  - Payment per Disability Unit (to date): \$1,100
  - Total Virginia Disability Units: 3,695.64
- This program is woefully underfunded. Cost of providing educational services for a student with a disability can exceed \$75,000.

# Best Practices

# Best Practices for School Districts Applying for Impact Aid

## Survey:

- Pre-fill information on survey form so that parents only need to verify information, sign, and return the form.
- When possible, use a Source Check for students living on federal bases.
- Make sure you get a survey card from each student. In York, one card can be worth as much as \$3,000.
- Inform staff and parents of the importance of the of the survey card. Parent support is critical.

# Best Practices for School Districts Applying for Impact Aid

## Coordination efforts:

- Work closely with your Base Housing officials regarding source checks and complete Table 9 for students displaced due to renovations.
- Work closely with your military liaison and family groups – excellent source of information for quality of life issues related to military students and families.
- Work closely with your Base Commander and other military officials on the impact of base realignments that will impact your school division or region.

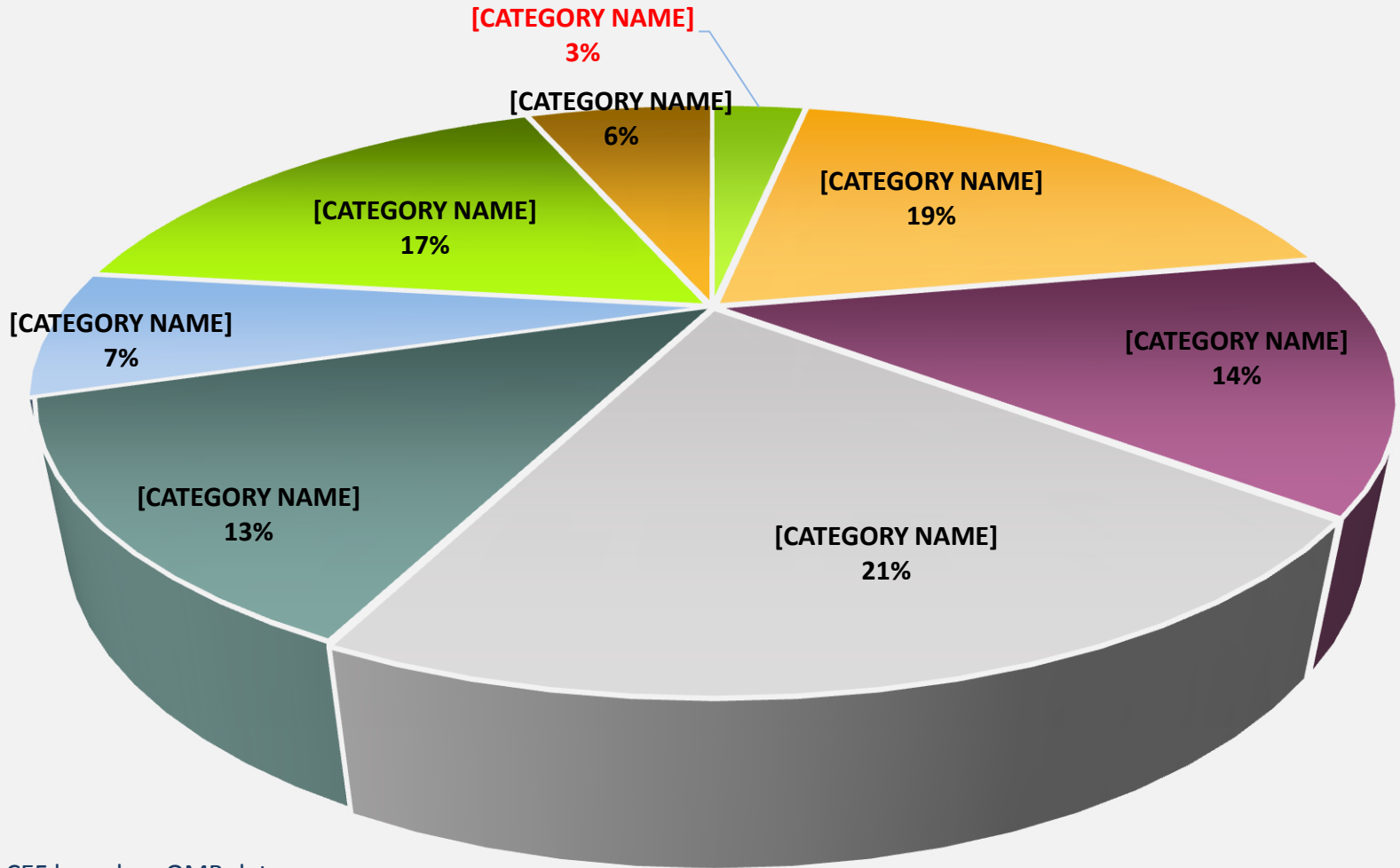
# Federal Funding Of Impact Aid



# Budget Control Act of 2011

- \$1.2 trillion deficit reduction over ten years
  - FY 2013: sequestration
  - FY 2014–22: lower discretionary caps
- Mostly from defense discretionary and non-defense discretionary, which make up only one-third of the federal budget

# Federal Outlays



CEF based on OMB data

# Sequestration

# What is Sequestration?

Across-the-board cuts, with some exceptions

# Little Support for Sequestration

- Most members of Congress and the President do not support sequestration.
- However, it is difficult to agree on an alternative approach.

# Fiscal Year 2013

## First Year of Sequestration

- 5% for every program

# Bipartisan Budget Act of 2013

- Two-year deal
- Helped ease sequestration for FY14 and FY15
- Restores \$63 billion in sequester cuts over FY14 and FY15
- Split evenly between defense and non-defense discretionary (NDD)
- Restores 87% of NDD FY13 sequester cuts
- Acknowledged that relying on defense and NDD cuts to education is not a long term solution

# Ultimately ...

- Most programs restored are close to FY12 level.
- How will the FY15 funds be allocated among programs?



# Fiscal Years 2016-2022

Will the sequester return?

# For More Information

## Contact:

National Association of Federally Impacted Schools

(202) 624-5455

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