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About Impact Aid

Impact Aid Programs

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OVERVIEW

Many local school districts across the United States include within their boundaries parcels of land that are owned by the Federal Government or that have been removed from the local tax rolls by the Federal Government, including Indian lands. These school districts face special challenges — they must provide a quality education to the children living on the Indian and other Federal lands and meet the requirements of the No Child Left Behind Act, while sometimes operating with less local revenue than is available to other school districts, because the Federal property is exempt from local property taxes.

Since 1950, Congress has provided financial assistance to these local school districts through the Impact Aid Program. Impact Aid was designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt Federal property, or that have experienced increased expenditures due to the enrollment of federally connected children, including children living on Indian lands. The Impact Aid law (now Title VIII of the Elementary and Secondary Education Act of 1965 (ESEA)) provides assistance to local school districts with concentrations of children residing on Indian lands, military bases, low-rent housing properties, or other Federal properties and, to a lesser extent, concentrations of children who have parents in the uniformed services or employed on eligible Federal properties who do not live on Federal property.

Nearly 92 percent of the \$1.19 billion appropriated for FY 2003 is targeted for payment to school districts based on an annual count of federally connected school children. Slightly more than 5 percent assists school districts that have lost significant local assessed value due to the acquisition of property by the Federal Government since 1938. Slightly less than \$27 million is available for a competitive discretionary construction grant program for which certain Impact Aid-eligible school districts can apply.

The Impact Aid law (now Title VIII of the Elementary and Secondary Education Act of 1965) has been amended numerous times since its inception in 1950. The program continues, however, to support local school districts with concentrations of children who reside on Indian lands, military bases, low-rent housing properties, and other Federal properties, or who have parents in the uniformed services or employed on eligible Federal properties. The law refers to local school districts as local educational agencies, or LEAs.

HOW DO SCHOOL DISTRICTS USE IMPACT AID?

Most Impact Aid funds, except for the additional payments for children with disabilities and construction payments, are considered general aid to the recipient school districts; these districts may use the funds in whatever manner they choose in accordance with their local and State requirements. Most recipients use these funds for current expenditures, but recipients may use the funds for other purposes such as capital expenditures. Some Impact Aid funds must be used for specific purposes. All payments are distributed by wire transfer directly to the bank accounts of school districts.

School districts use Impact Aid for a wide variety of expenses, including the salaries of teachers and teacher aides; purchasing textbooks, computers, and other equipment; after-school programs and remedial tutoring; advanced placement classes; and special enrichment programs. **Payments for Children with Disabilities must be used for the extra costs of educating these children.**

IMPACT AID PROGRAM COMPONENTS

Payments for Federal Property (Section 8002)

Payments for Federal Property assist local school districts that have lost a portion of their local tax base because of Federal ownership of property. To be eligible, a school district must demonstrate that the Federal Government has acquired, since 1938, real property with an assessed valuation of at least 10 percent of all real property in the district at the time of acquisition.

Basic Support Payments (Section 8003(b))

Basic Support Payments help local school districts that educate federally connected children. These may be the children of members of the uniformed services, children who reside on Indian lands, children who reside on Federal property or in federally subsidized low-rent housing, and children whose parents work on Federal Property. In general, to be eligible for assistance a local school district must educate at least 400 such children in average daily attendance, or the federally connected children must make up at least 3 percent of the school district's total average daily attendance. Heavily Impacted Districts that enroll certain percentages of federally connected children and meet other specific statutory criteria, receive increased formula payments under Section 8003(b)(2).

Children With Disabilities Payments (Section 8003(d))

Payments for Children with Disabilities provide additional assistance to school districts that educate federally connected children who are eligible for services under the Individuals with Disabilities Act (IDEA). These payments are in addition to Basic Support Payments and IDEA funds provided on behalf of these children. A school district that receives these funds MUST use them for the increased costs of educating federally connected children with disabilities.

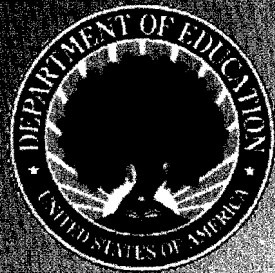
Construction Grants (Section 8007)

Construction Grants go to local school districts that educate high percentages of certain federally connected children — both children living on Indian lands and children of members of the uniformed services. These grants help pay for the construction and repair of school buildings. Section 8007(a) provides formula grants to the local school districts based on the number of eligible federally connected children they educate. Section 8007(a) was not funded in fiscal year 2008. Section 8007(b) provides competitive grants for emergency repairs and modernization.

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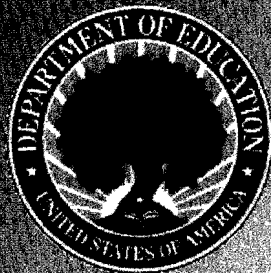
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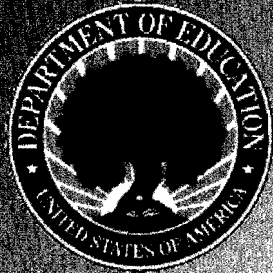
Impact Aid Program

- Purpose is to compensate local educational agencies (LEAs) for:
 - lost local revenue due to tax-exempt federal property
 - increased expenditures for federally connected children
- Payments are determined by:
 - formulas specified in the law
 - annual appropriation amounts



Legislation & Regulations

- **Legislation**
P.L. 89-10 as amended
(currently amended by No Child Left Behind)
- **Law**
20 USC 7701-7714
- **Regulations**
34 CFR 222



Use of Funds

Payments can generally be used for broad purposes:

- Section 8003(b) basic support payments
 - used as determined by LEA in accordance with local and State requirements
- Examples of allowable expenditures
 - salaries
 - textbooks, computers, and instructional materials
 - special programs such as afterschool, remedial & advanced placement