

Department of Education
IMPACT AID
Fiscal Year 2010 Budget Request

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For carrying out programs of financial assistance to federally affected schools authorized by title VIII of the Elementary and Secondary Education Act of 1965, \$1,265,718,000, of which \$1,128,535,000 shall be for basic support payments under section 8003(b), \$48,602,000 shall be for payments for children with disabilities under section 8003(d),¹ \$17,509,000 shall be for construction under section 8007(b) and shall remain available through September 30, [2010] 2011,² \$66,208,000 shall be for Federal property payments under section 8002,³ and \$4,864,000, to remain available until expended, shall be for facilities maintenance under section 8008.⁴ *Provided*, That for purposes of computing the amount of a payment for an eligible local educational agency under section 8003(a) for school year [2008-2009] 2009-2010, children enrolled in a school of such agency that would otherwise be eligible for payment under section 8003(a)(1)(B) of such Act, but due to the deployment of both parents or legal guardians, or a parent or legal guardian having sole custody of such children, or due to the death of a military parent or legal guardian while on active duty (so long as such children reside on Federal property as described in section 8003(a)(1)(B)), are no longer eligible under such section, shall be considered as eligible students under such section, provided such students remain in average daily attendance at a school in the same local educational agency they attended prior to their change in eligibility status.⁵ (Department of Education Appropriations Act, 2009.)

Note -- Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document which follows the appropriations language.

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Analysis of Language Provisions and Changes

Language Provision	Explanation
<p>¹...\$1,265,718,000, of which \$1,128,535,000 shall be for basic support payments under section 8003(b), \$49,602,000 shall be for payments for children with disabilities under section 8003(d)...</p>	<p>This language specifies funding levels for basic support payments and payments for children with disabilities.</p>
<p>²...\$17,509,000 shall be for construction under section 8007(b) and shall remain available through September 30, [2010] <u>2011</u>,...</p>	<p>This language specifies the amount for construction, makes it available only for competitive awards, and makes the funds available for 2 years, to provide sufficient time to hold the grant competition.</p>
<p>³...\$66,208,000 shall be for Federal property payments under section 8002...</p>	<p>This language specifies the amount for Federal property payments.</p>
<p>⁴...\$4,864,000, to remain available until expended, shall be for facilities maintenance under section 8008:...</p>	<p>This language provides funds for the maintenance and repair of federally owned school facilities on a “no-year” basis because these activities typically require several years to initiate and complete.</p>
<p>⁵ <i>Provided</i>, That for purposes of computing the amount of a payment for an eligible local educational agency under section 8003(a) for school year [2008-2009] <u>2009-2010</u>, children enrolled in a school of such agency that would otherwise be eligible for payment under section 8003(a)(1)(B) of such Act, but due to the deployment of both parents or legal guardians, or a parent or legal guardian having sole custody of such children, or due to the death of a military parent or legal guardian while on active duty (so long as such children reside on Federal property as described in section 8003(a)(1)(B)), are no longer eligible under such section, shall be considered as eligible students under such section, provided such students remain in average daily attendance at a school in the same local educational agency they attended prior to their change in eligibility status.</p>	<p>This language provides continued eligibility for students affected by the deployment or death of their military parent so long as the children still attend school in the same LEA.</p>

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**Amounts Available for Obligation
(\$000s)**

	2008	2009	2010
Discretionary appropriation:			
Appropriation	\$1,262,778	\$1,265,718	\$1,265,718
Across-the-board reduction	<u>-22,061</u>	<u>0</u>	<u>0</u>
Subtotal, appropriation	1,240,717	1,265,718	1,265,718
Recovery Act supplemental (PL 111-5)	<u>0</u>	<u>100,000</u>	<u>0</u>
Subtotal, adjusted discretionary appropriation	1,240,717	1,365,718	1,265,718
Unobligated balance, start of year	3,475	21,238	22,348
Recovery Act unobligated balance, start of year	0	0	60,400
Unobligated balance expiring	-1,109	0	0
Unobligated balance, end of year	-21,238	-22,348	-22,373
Recovery Act unobligated balance, end of year	<u>0</u>	<u>-60,400</u>	<u>0</u>
Subtotal, direct obligations	1,221,845	1,264,608	1,265,693
Subtotal, Recovery Act direct obligations	<u>0</u>	<u>39,600</u>	<u>60,400</u>
Total, direct obligations	1,221,845	1,304,208	1,326,093

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Obligations by Object Classification
(\$000s)

	2008	2009	2010
Contractual services and supplies:			
Advisory and assistance services	\$56	\$20	\$10
Peer review	0	20	20
Peer review, Recovery Act.....	0	200	0
Other services.....	0	50	50
Other services, Recovery Act	0	0	1,000
Purchases of goods and services from			
Government accounts	<u>0</u>	<u>100</u>	<u>100</u>
Subtotal	56	390	1,180
Grants	1,221,789	1,264,218	1,264,513
Recovery Act Grants.....	<u>0</u>	<u>39,600</u>	<u>60,400</u>
Total, obligations.....	1,221,845	1,304,208	1,326,093

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Authorizing Legislation
(\$000s)

Activity	2009 Authorized	2009 Estimate	2010 Authorized	2010 Request
Payments for federally connected children:				
Basic support payments (<i>ESEA-VIII-8003(b) and (e)</i>)	0 ¹	\$1,128,535	0 ¹	\$1,128,535
Payments for children with disabilities (<i>ESEA-VIII-8003(d)</i>)	0 ¹	48,602	0 ¹	48,602
Facilities maintenance: (<i>ESEA-VIII-8008</i>)	0 ¹	4,864	0 ¹	4,864
Construction (<i>ESEA-VIII-8007</i>)	0 ^{1,2}	17,509 ³	0 ¹	17,509 ⁴
Payments for Federal property (<i>ESEA-VIII-8002</i>)	0 ¹	66,208	0 ¹	66,208
Recovery Act – Construction (<i>ESEA-VIII-8007</i>) (<i>non-add</i>)	<u>0⁵</u>	<u>(100,000)</u>	<u>0⁵</u>	<u>(0)</u>
Total definite authorization				
Total appropriation (request subject to reauthorization)		1,265,718		1,265,718

¹ The GEPA extension expired September 30, 2008; the program is authorized in FY 2009 through appropriations language. Continued funding is proposed for this program in FY 2010 through appropriations language.

² The statute provides that 40 percent of the funds appropriated for Construction under section 8007 shall be used to make formula payments under section 8007(a) and 60 percent shall be used to make competitive awards under section 8007(b).

³ The 2009 estimate is based on appropriations language making Construction funds available for competitive awards only.

⁴ The Administration proposes that the Construction funds requested in fiscal year 2010 be available for competitive awards only.

⁵ The GEPA extension September 30, 2008; the program was authorized in FY 2009 through appropriations language.

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Appropriations History
(\$000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2001	\$770,000	\$985,000	\$1,075,000	\$993,302
2002	1,130,500	1,130,500	1,130,500	1,143,500
2003	1,140,500	1,185,000	1,176,500	1,188,226
2004	1,015,500	1,238,324	1,193,226	1,229,527
2005	1,229,527	1,250,893	1,229,527	1,243,862
2006	1,240,862	1,240,862	1,240,862	1,228,453
2007	1,228,453	N/A ¹	N/A ¹	1,228,453
2008	1,228,100	1,278,453	1,248,453	1,240,717
2009	1,240,718	1,290,718 ²	1,240,718 ²	1,265,718
Recovery Act Supplemental (PL 111-5)	0	100,000	100,000	100,000
2010	1,265,718			

¹ This account operated under a full-year continuing resolution (P.L. 110-5). House and Senate Allowance amounts are shown as N/A (Not Available) because neither body passed a separate appropriations bill.

²The levels for the House and Senate allowances reflect action on the regular annual 2009 appropriations bill, which proceeded in the 110th Congress only through the House Subcommittee and the Senate Committee.

DEPARTMENT OF EDUCATION FISCAL YEAR 2010 PRESIDENT'S BUDGET

(in thousands of dollars)					Change from	
Office, Account, Program and Activity	Category Code	2008 Appropriation	2009 Appropriation	2010 President's Budget	2009 Appropriation	
					Amount	Percent
Impact Aid (ESEA VIII)						
1. Payments for federally connected children (section 8003):						
(a) Basic support payments (section 8003(b))	D	1,105,535	1,128,535	1,128,535	0	0.0%
(b) Payments for children with disabilities (section 8003(d))	D	<u>48,602</u>	<u>48,602</u>	<u>48,602</u>	<u>0</u>	<u>0.0%</u>
Subtotal		1,154,137	1,177,137	1,177,137	0	0.0%
2. Facilities maintenance (section 8008)	D	4,864	4,864	4,864	0	0.0%
3. Construction (section 8007)	D	17,509	17,509	17,509	0	0.0%
4. Payments for Federal property (section 8002)	D	<u>64,208</u>	<u>66,208</u>	<u>66,208</u>	<u>0</u>	<u>0.0%</u>
Total	D	1,240,717	1,265,718	1,265,718	0	0.0%
Outlays	D	1,247,691	1,533,385	1,177,654	(355,731)	-23.2%
Impact Aid, Recovery Account						
1. Construction (section 8007)	D	0	100,000	0	(100,000)	-100.0%
Outlays	D	0	36,000	10,000	(26,000)	-72.2%

NOTES: Category Codes are as follows: D = discretionary program; M = mandatory program.
FY 2008 detail may not add to totals due to rounding.

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Summary of Request

The Impact Aid program provides financial assistance to school districts affected by Federal activities. The presence of certain children living on Federal property across the country can place a financial burden on the local educational agencies (LEAs) that educate them. The property on which the children live is exempt from local property taxes, denying LEAs access to the primary source of revenue used by most communities to finance education. These communities must, therefore, provide for the education of their federally connected children from other revenue sources. Impact Aid helps replace the lost local revenue that would otherwise be available to LEAs to pay for the education of these children.

The Administration requests level funding of \$1.27 billion in fiscal year 2010 for Impact Aid payment authorities, including:

- \$1.1 billion for **Basic Support Payments** on behalf of federally connected children. These funds provide grants for both regular Basic Support Payments and Basic Support Payments for Heavily Impacted LEAs.
- \$48.6 million for **Payments for Children with Disabilities**. These payments are made on behalf of federally connected children with disabilities in order to help eligible LEAs meet the mandate under the Individuals with Disabilities Education Act to provide a free appropriate public education to all children with disabilities.
- \$4.9 million for **Facilities Maintenance**. The Department of Education owns and maintains 24 school facilities that originally were built to enable LEAs and the Department of Defense to educate federally connected students. The request would enable the Department of Education both to continue to transfer these schools to LEAs and to make emergency repairs to the remaining school buildings.
- \$17.5 million for **Construction** payments to LEAs, with the money to be used only for the competitive portion of the program. LEAs generally pay for most of their school construction costs using local, as opposed to State and Federal, resources and rely on property taxes to finance these costs. Competitive grants assist federally affected LEAs that do not have access to those local resources in making emergency repairs and renovations and modernizing schools.
- \$66.2 million for **Payments for Federal Property**. This authority provides payments to LEAs in which real property owned by the Federal Government generally represents 10 percent or more of the assessed value of real property in the LEA.

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(Elementary and Secondary Education Act, Title VIII, section 8003(b) and (e))

FY 2010 Authorization (\$000s): 0 ¹

Budget Authority (\$000s):

<u>2009</u>	<u>2010</u>	<u>Change</u>
\$1,128,535	\$1,128,535	0

¹ The program is authorized in FY 2009 through appropriations language. Continued funding is proposed for this program in FY 2010 through appropriations language.

PROGRAM DESCRIPTION

Impact Aid Basic Support Payments compensate local educational agencies (LEAs) for the burden of educating federally connected children. In communities across the country, the presence of Federal activities can both increase the number of students and decrease the local property tax base, which is the major source of revenue for education in most LEAs. Basic Support Payments go into the general funds of these LEAs, which use them for such expenses as teacher salaries, computers, curricular materials, regular and special instruction programs, and utilities.

The Impact Aid statute authorizes Basic Support Payments to LEAs on behalf of the following categories of federally connected students:

- (A) students who live on Federal property with a parent employed on Federal property situated in whole or in part within the boundaries of the LEA, or with a parent who is a foreign military officer accredited by a foreign government;
- (B) students who live on Federal property and who have a parent on active duty in the uniformed services of the United States;
- (C) students who live on certain Indian lands;
- (D) students who do not live on Federal property but who have a parent on active duty in the uniformed services of the United States, or a parent who is a foreign military officer accredited by a foreign government;
- (E) students who reside in a low-rent housing project assisted under the United States Housing Act of 1937;
- (F) students who live on Federal property but otherwise do not fit into any of the categories described above; and

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(G) students who do not reside on Federal property but who have a parent employed on Federal property situated in whole or in part in the same State as the LEA.

An LEA that claims students living on Indian lands under category (C) is required to consult with the parents and tribes of these children concerning their education and to ensure that these children receive equal educational opportunities. The LEA must develop and file with the Department a set of Indian policies and procedures describing how it meets this requirement. Children living on Indian lands receive a weight of 1.25 in the Basic Support Payments formula, higher than the weights assigned to other categories of federally connected children. These children often are disadvantaged and live in isolated rural areas, factors that can result in increased costs to the school districts that serve them.

The law authorizes two different types of Basic Support Payments: Regular Basic Support Payments and Basic Support Payments for Heavily Impacted LEAs. Under the statutory payment formula, funds are used first to make the maximum payment for each of the heavily impacted LEAs. The remaining funds are used to make regular Basic Support Payments.

Regular Basic Support Payments (section 8003(b)(1))

An LEA is eligible for Basic Support Payments only if the total number of eligible federally connected students described above is at least 400 in average daily attendance or 3 percent of total average daily attendance. In order to receive payments on behalf of students in categories (F) and/or (G) (formerly referred to as "civilian b's"), an LEA must have at least 1,000 such students in average daily attendance, or the number of such students must equal or exceed 10 percent of the total average daily attendance in that LEA.

To determine the *maximum payment* an LEA may receive, the statute specifies weights for each category of federally connected students. The formula multiplies this weighted student count by the greatest of four *local contribution rates* (LCRs), which are intended to represent the local share of the cost of educating these students, to determine the LEA's maximum payment. The four LCR options are:

- one-half of the U.S. average per-pupil expenditure for education;
- one-half of the State per-pupil expenditure (SPPE);
- the LCR of comparable LEAs in the State; and
- the product of the SPPE and the *local contribution percentage* (the percentage of education expenditures that comes from the local level) in the State.

If appropriations are insufficient to make maximum payments in full, the formula reduces maximum payments by multiplying them by a percentage, called the *Learning Opportunity Threshold* (LOT) percentage, which is the sum of:

- the percentage of the LEA's students in average daily attendance who are federally connected; and

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- its maximum payment under the Basic Support Payments formula as a percentage of total current expenditures.

The sum of these two percentages may not exceed 100 percent. In addition to this maximum LOT, LEAs with an enrollment of fewer than 1,000 students and a per-pupil expenditure below the State or national average receive a minimum LOT of 40 percent. A LOT percentage, when multiplied by a maximum payment, results in a LOT payment. If the appropriation is insufficient to provide LOT payments in full, the formula ratably reduces these payments. If the level of funding exceeds the level needed to fund LOT payments fully, but is insufficient to provide maximum payments to all LEAs, the formula ratably increases these payments above the LOT. These ratably increased LOT payments, however, may not exceed an LEA's maximum payment.

Basic Support Payments for Heavily Impacted LEAs (section 8003(b)(2))

The eligibility criteria and payment formulas for Basic Support Payments for Heavily Impacted LEAs are particularly complex. There are two sets of eligibility criteria. One set is for LEAs that received these payments in fiscal year 2000 and the second, more stringent set is for all other eligible LEAs. The latter LEAs were not eligible to receive payments until fiscal year 2002. LEAs that received a payment in fiscal year 2000 and fail to meet the eligibility criteria in a subsequent year continue to receive a Basic Support Payment for Heavily Impacted LEAs in the first year that they fail to meet the criteria.

The "heavily impacted" payments are based on a formula that is similar to the regular Basic Support Payments but that produces much larger payments for the heavily impacted LEAs. Under the formula for heavily impacted LEAs, LEAs receive funds on behalf of students in categories (F) and (G) (formerly referred to as civilian "b's") even if the number of those students falls below the threshold of 1,000 or 10 percent that applies to regular Basic Support Payments. Moreover, many recipients' payments are based on substantially higher weights for federally connected students than apply to regular payments for the same types of students. Heavily impacted LEAs receive higher weights for their federally connected students based on the number of students in the LEA, the composition of the students within the LEA, or a combination of the two. For instance, federally connected students receive weights ranging from .05 to 1.35 under the regular Basic Support Payments formula, but receive a weight of 1.75 per student under the Basic Support Payments for Heavily Impacted LEAs formula, provided that the LEA has 100 or fewer federally connected students.

The local contribution rates (LCRs) also tend to be much higher under the heavily impacted formula. They are the higher of:

- 80 percent of the U.S. average per-pupil expenditure for education; or
- 80 percent of the SPPE.

Basic Support Payments for Heavily Impacted LEAs are not reduced by the LOT, nor are they reduced when funds are insufficient to fully fund LOT payments for LEAs under section 8003(b)(1). Heavily Impacted LEAs receive their maximum Heavily Impacted payments so long as funding is sufficient to cover the maximum payments for these LEAs.

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The authorizing law also makes an LEA meeting certain unique criteria eligible for Basic Support Payments for Heavily Impacted LEAs. A school district is eligible under this provision if:

- its boundaries are identical to island property designated by the Secretary of the Interior as being held in trust by the Federal Government,
- it has no taxing authority, and
- it received a regular Basic Support Payment in fiscal year 2001.

Funding levels for the past 5 fiscal years were:

	(\$000s)
2005.....	\$1,075,018
2006.....	1,091,867
2007.....	1,091,867
2008.....	1,105,535
2009.....	1,128,535

FY 2010 BUDGET REQUEST

For 2010, the Administration requests \$1.129 billion for Basic Support Payments, the same as the 2009 level.

The request recognizes that the so-called “a” students (Indian, military, and civilian) – primarily students who reside on Indian lands or who reside on and whose parents work on Federal property – represent a major financial burden for LEAs that must educate them. LEAs lack the ability to raise funds to educate these students using property taxes, which are the primary source of local revenue for public education costs, because federally owned land and Indian lands are exempt from local taxes.

Although the presence of the so-called “b” students residing on private property does not create the same burden for LEAs, it is still significant. The families of military “b’s” pay property taxes on their residences but typically pay little in sales tax and, often, because of the Soldiers and Sailors Relief Act, do not pay income taxes to their State or locality of residence, either. All types of “b” students either reside on, or have parents who work on, property that the district cannot tax, and the education of children who reside in low-rent housing is costly to districts because these children bring to schools all the issues associated with poverty.

This request represents a 28 percent increase in Basic Support Payments since 2001 and would fund 62 percent of the projected 2010 full-funding level. The 2010 request level would be sufficient to maintain the Department’s commitment to over 930,000 federally connected students, a 12 percent decrease in students served by this program since 2001. While LEAs may expend their payments for either current operations or capital costs, the program’s formula is designed to compensate LEAs for current expenditures for educating federally connected students. Most districts report that they use Basic Support Payments for payroll and general operating expenditures.

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PROGRAM OUTPUT MEASURES

	<u>2008</u>	<u>2009</u>	<u>2010</u>
All eligible LEAs			
Number of LEAs receiving payments	1,234	1,223	1,223
Range of payments	\$145- 48,948,318	\$58- 47,630,248	\$58- 47,630,248
Regular LEAs			
Number of LEAs receiving Payments	1,207	1,196	1,196
Range of payments	\$145- 40,234,343	\$58- 40,352,832	\$58- 40,352,832
Heavily impacted LEAs			
Number of LEAs receiving Payments	27	27	27
Range of payments	\$676,221- 48,948,318	\$776,052- 47,630,248	\$776,052- 47,630,248
Number of federally connected students			
In all eligible LEAs	952,578	933,560	933,560
In regular LEAs	894,429	875,873	875,873
In heavily impacted LEAs	58,149	57,687	57,687
Total payments for students			
In regular LEAs	\$884,378,594	\$915,837,042	\$915,837,042
In heavily impacted LEAs	\$221,156,302	\$212,697,958	\$212,697,958
Average payment per student			
In all LEAs	\$1,161	\$1,209	\$1,209
In regular LEAs	\$989	\$1,046	\$1,046
In heavily impacted LEAs	\$3,803	\$3,687	\$3,687
Percentage of LEAs by size of payment			
\$1-4,999	5.3%	6.1%	6.1%
\$5,000-49,999	32.1%	29.5%	29.5%
\$50,000-499,999	39.4%	41.1%	41.1%
\$500,000 or more	23.2%	23.3%	23.3%

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PROGRAM OUTPUT MEASURES

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total dollar amount of payments			
by size of payment			
\$1-4,999	\$189,486	\$217,796	\$217,796
\$5,000-49,999	\$9,086,492	\$7,684,486	\$7,684,486
\$50,000-\$499,999	\$90,389,919	\$92,363,290	\$92,363,290
\$500,000 or more	\$1,005,868,999	\$1,028,269,428	\$1,028,269,428
Average payment per child			
by percentage of federally connected children			
0-19 percent	\$216	\$224	\$224
20-39 percent	\$908	\$961	\$961
40-59 percent	\$3,037	\$2,862	\$2,862
60-79 percent	\$5,086	\$5,261	\$5,261
80 percent or more	\$5,925	\$6,226	\$6,226
Number of students			
“a” students ¹	230,749	224,008	224,008
“b” students ²	721,829	709,552	709,552
Total payments			
“a” students ¹	\$957,606,052	\$969,613,573	\$969,613,573
“b” students ²	\$147,928,844	\$158,921,427	\$158,921,427
Average payments per child			
“a” students ¹	\$4,150	\$4,328	\$4,328
“b” students ²	\$205	\$224	\$224
Cost of fully funding			
maximum payments	\$1,744,353,191	\$1,819,997,791	\$1,819,997,791

Note: FY 2008 figures are estimates based on student count and payment data from 2008; FY 2009 and FY 2010 figures estimates are based on student count and payment data from 2009. The data for 2009 are not yet complete and as a result, the estimate of the number of federally connected students and the amount of funds to Heavily Impacted LEAs will likely be greater when final student count and payment data are available.

¹ “a” students are generally those students who live on Indian lands or whose parents both live and work on Federal property, as defined in subsections 8003(a)(1)(A)-(C).

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² “b” students are generally those students who either reside on Federal land with their parents or whose parents work on Federal land, as defined in subsections 8003(a)(1)(D)-(G).

PROGRAM PERFORMANCE INFORMATION

Performance measures

This section presents selected program performance information, including, for example, GPRA goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of program results is based on the cumulative effect of the resources provided in previous years and those requested in FY 2010 and future years, and the resources and efforts invested by those served by this program.

Goal: To provide appropriate financial assistance for federally connected children who present a genuine burden to their school districts.

Objective: *Properly compensate districts for revenue lost due to a Federal presence.*

Measure: The percentage of Basic Support Payment recipients (excluding districts that receive payments for “heavily impacted” districts) that have per-pupil expenditures between 80 and 120 percent of their State average per-pupil expenditure.		
Year	Target	Actual
2005		64.2
2006		63.4
2007		63.9
2008		
2009	65	
2010	65	

Measure: The percentage of Basic Support Payment recipients designated as “heavily impacted” districts that have per-pupil expenditures between 80 and 120 percent of their State average per-pupil expenditure.		
Year	Target	Actual
2005		57.1
2006		55.6
2007		50.0
2008		
2009	60	
2010	60	

Assessment of progress: These are new measures developed in 2008 by the Department that serve as proxies for how well Impact Aid payments make up for the revenue lost due to the presence of federally connected students. Districts spending more than 20 percent above or

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below the State average are likely being under- or over-compensated. In 2007, 31.3 percent of regular districts spent more than 120 percent of the State average while 45.8 percent of heavily impacted districts spent more than 120 percent of the State average. Targets for 2009 and beyond were set using the 2006 data. The Department has long-term targets of 67 percent for regular districts and 75 percent for heavily impacted districts for 2012.

Efficiency measures

Measure: The number of requests to forgive overpayments of Basic Support Payments.		
Year	Target	Actual
2004	10	3
2005	10	2
2006	10	4
2007	10	4
2008	10	2
2009	10	
2010	10	

Assessment of progress: This performance measure provides a proxy for calculating the extent to which the Department's payments are accurate. The data show that the accuracy of payments has not been a recent problem. In 2008, the number of requests received from LEAs for overpayment forgiveness was well below the target of 10 requests.

Measure: The percentage of eligible applicants who receive initial Basic Support Payments within 60 days after the enactment of an appropriation.		
Year	Target	Actual
2005	90	94
2006	90	87
2007	90	94
2008	90	86
2009	90	
2010	90	

Assessment of progress: This measure tracks the timeliness of Basic Support Payments made by the Department. In the past 4 years, the Department's performance has alternated between successfully meeting the target and falling slightly below the performance target. In FY 2008, the Department made initial payments to 86 percent of eligible applicants within 60 days after the enactment of the 2008 appropriation, a decrease from the previous year.

Program Improvement Efforts

The Department contracted for a study of the Impact Aid program in 2007 that examined the financial burdens that school districts face due to a Federal presence and how well targeted Impact Aid funds are to those affected districts. While targeting of funds to the districts with the greatest financial need was found to be poor overall, the analysis found better results with

IMPACT AID

Basic support payments

models that excluded heavily impacted districts and districts with Indian lands. The Department contracted for additional analyses in 2008 to expand on the previous study by examining the extra costs of educating students living on Indian lands, determining the impact of the Local Contribution Rates (LCRs) on the formula allocations, and developing an improved model to track the performance of the funding formula. The study will be published in 2009.

IMPACT AID

Payments for children with disabilities

(Elementary and Secondary Education Act, Title VIII, section 8003(d))

FY 2010 Authorization (\$000s): 0 ¹

Budget Authority (\$000s):

<u>2009</u>	<u>2010</u>	<u>Change</u>
\$48,602	\$48,602	0

¹ The program is authorized in FY 2009 through appropriations language. Continued funding is proposed for this program in FY 2010 through appropriations language.

PROGRAM DESCRIPTION

The Individuals with Disabilities Education Act (IDEA) mandates that local educational agencies (LEAs) provide a free appropriate public education to students with disabilities, whose educational costs are generally higher than those of other students. Payments for Children with Disabilities provides supplemental assistance to LEAs that are deprived of local revenue due to a Federal presence by providing a portion of the cost of educating federally connected students with disabilities that, in other LEAs, is met with local funds.

ESEA section 8003(d)(1) authorizes payments for the following categories of federally connected students who are eligible for services under the IDEA:

(A) students who live on Federal property with a parent who is a foreign military officer accredited by a foreign government;

(B) students who live on Federal property and who have a parent on active duty in the uniformed services of the United States;

(C) students who live on Indian lands; and

(D) students who do not live on Federal property but who have a parent on active duty in the uniformed services of the United States or a parent who is a foreign military officer accredited by a foreign government.

Available funds are paid to LEAs based on the number of eligible students with disabilities enrolled in each LEA, except that a student in category (D) receives one-half of the weight provided for students in categories (A), (B), and (C). Funds are ratably distributed based on the weighted student count.

LEAs that receive payments under this authority must use the funds to provide the students who are counted with a free appropriate public education in accordance with the IDEA. These payments are intended to help pay the "excess costs" of educating these students; that is, those costs that are greater than what is spent on educating a student without a disability.

IMPACT AID

Payments for children with disabilities

Funding levels for the past 5 fiscal years were:

	(\$000s)
2005.....	\$49,966
2006.....	49,466
2007.....	49,466
2008.....	48,602
2009.....	48,602

FY 2010 BUDGET REQUEST

For 2010, the Administration requests level funding, approximately \$48.6 million, for Payments for Children with Disabilities. These payments would be made on behalf of federally connected children with disabilities in order to help eligible LEAs meet the mandate under the Individuals with Disabilities Education Act (IDEA) to provide a free appropriate public education to all children with disabilities.

The costs incurred by school districts in providing appropriate educational services to children with disabilities have steadily increased. Impact Aid payments for children with disabilities generally cover only a portion of the additional costs of educating these children, but provide important financial assistance to recipient LEAs.

Payments for Children with Disabilities help federally affected LEAs provide the special education services required by the Individuals with Disabilities Education Act. A Department publication, *What Are We Spending on Special Education Services in the United States, 1999-2000*, estimated the cost of educating a student with a disability to be about twice the amount needed for the typical regular education student with no special needs. In 2010, using the national average per-pupil expenditure as the measure of excess cost of educating a federally connected student with a disability, the combination of IDEA funds and Payments for Children with Disabilities would provide, on average, 26 percent of the excess cost to eligible LEAs. The supplemental funding under this authority is justified because federally affected LEAs are unable to tax Federal property even though they educate children with disabilities who reside with their parents on Federal lands.

IMPACT AID

Payments for children with disabilities

PROGRAM OUTPUT MEASURES

	<u>2008</u>	<u>2009</u>	<u>2010</u>
School districts			
Number of LEAs receiving payments	898	902	902
Range of payments	\$407- 1,468,649	\$491- 1,575,530	\$491- 1,575,530
Percentage of payments by size of payment			
\$1-4,999	20.1%	20.5%	20.5%
\$5,000-19,999	34.4%	34.0%	34.0%
\$20,000-99,999	32.5%	33.3%	33.3%
\$100,000 or more	13.0%	12.2%	12.2%
Total dollar amount of payments by size of payment			
\$1-4,999	\$435,927	\$451,945	\$451,945
\$5,000-19,999	\$3,462,841	\$3,423,705	\$3,423,705
\$20,000-99,999	\$14,081,696	\$14,431,775	\$14,431,775
\$100,000 or more	\$30,621,365	\$30,294,575	\$30,294,575
Number of "a" students eligible ¹	32,685	31,539	31,539
Number of "b" students eligible ²	<u>23,081</u>	<u>23,037</u>	<u>23,037</u>
Total eligible students	55,766	54,576	54,576
Total funding for "a" students	\$35,919,465	\$35,600,295	\$35,600,295
Total funding for "b" students	\$12,682,364	\$13,001,705	\$13,001,705
Average payment per "a" student	\$1,099	\$1,129	\$1,129
Average payment per "b" student	\$549	\$564	\$564
Average payment per student ³	\$872	\$891	\$891
Average IDEA Grants to States funding per student	<u>\$1,609</u>	<u>\$3,395</u> ⁴	<u>\$1,713</u>
Total average Federal funding per student	\$2,481	\$4,286	\$2,604

Note: FY 2008 figures are estimates based on student count and payment data from 2008; FY 2009 and FY 2010 figures are estimates are based on student count and payment data from 2009.

¹ "a" students are generally those students who live on Indian lands or whose parents both live and work on Federal property, as defined in subsections 8003(a)(1)(A)-(C).

² "b" students are generally those students who either reside on Federal land with their parents or whose parents work on Federal land, as defined in subsections 8003(a)(1)(D)-(G).

³ Impact Aid Payments for Children with Disabilities.

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Payments for children with disabilities

⁴ Includes an additional \$11.3 billion made available under the American Recovery and Reinvestment Act.

PROGRAM PERFORMANCE INFORMATION

The current performance measures associated with the timeliness of payments and accuracy of payments apply to this payment authority as well as to Basic Support Payments. A discussion of the indicators is included in the activity request for Basic Support Payments. During 2009, the Department will determine whether to adopt one or more additional measures specifically applicable to Payments for Children with Disabilities.

IMPACT AID

Facilities maintenance

(Elementary and Secondary Education Act, Title VIII, section 8008)

FY 2010 Authorization (\$000s): 0 ¹

Budget Authority (\$000s):

<u>2009</u>	<u>2010</u>	<u>Change</u>
\$4,864	\$4,864	0

¹ The program is authorized in FY 2009 through appropriations language. Continued funding is proposed for this program in FY 2010 through appropriations language.

PROGRAM DESCRIPTION

Section 8008 of the Elementary and Secondary Education Act (ESEA) authorizes funding for emergency repairs and for comprehensive capital improvements to schools that the Department of Education (ED) owns but that local educational agencies (LEAs) use to serve federally connected military dependent students. In addition, the law mandates that the Secretary transfer these facilities to the appropriate LEAs or other entities as soon as practicable. ED cannot charge LEAs for the use of these school buildings, and ED must gain an LEA's consent to accept them. Subject to these restrictions, ED may make the transfers on such terms as the Secretary deems appropriate. Funds for this program are available until expended.

Currently, the Department owns 58 schools that are on military bases and serve students whose parents are in the armed forces. Either the Department of Defense (DoD) or LEAs operate these schools. Since 1983, DoD has assumed financial responsibility for maintenance and renovation for the majority of these school facilities, which DoD operates as Domestic Dependents Elementary and Secondary Schools (DDESSs). The DoD is currently responsible for 34 of these facilities while ED continues to be directly responsible for the 24 other school facilities, which LEAs operate and use to educate military dependent students.

Funding levels for the past 5 fiscal years were:

	(\$000s)
2005.....	\$7,838
2006.....	4,950
2007.....	4,950
2008.....	4,864
2009.....	4,864

IMPACT AID

Facilities maintenance

FY 2010 BUDGET REQUEST

For 2010, the Administration requests \$4.864 million for Facilities Maintenance, the same as the 2009 level. These funds would be used to upgrade and transfer school facilities currently owned by ED to local educational agencies (LEAs), which can manage school buildings in their communities more effectively than can the Federal Government. In addition, funds would be used to provide emergency repairs, such as correcting health and safety hazards, in school facilities owned by ED that have not yet been transferred.

In FY 2008, ED completed the transfer, at no cost to ED, of titles to 26 facilities that the Department of Defense operates as DDESSs to DoD, bringing the remaining number of schools owned by ED to the current 58. ED is in the final stages of transferring to DoD the titles to the remaining 34 facilities funded and operated by DoD.

Of the 24 schools for which ED will continue to be responsible:

- Two of the school facilities are located on military bases that have been closed. ED plans to transfer these schools to DoD or to local school authorities, whichever is consistent with local communities' plans for redevelopment. In some previous transfers related to base closure, however, the military branch owning the underlying land identified environmental problems at the sites and refused to accept the properties until these environmental problems were corrected.
- LEAs operate the 22 remaining school facilities. In many instances, these facilities are deteriorated, overcrowded, or otherwise do not meet current standards. Most LEAs are unwilling to accept the schools unless ED provides sufficient funds to the LEA to correct the problems.

The estimated total cost for repairs and renovations to all 24 schools is approximately \$48 million, a per-school cost of approximately \$2 million.

PROGRAM OUTPUT MEASURES

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Number of properties receiving emergency repairs	2	4	4
Number of facilities transferred (owned by ED and operated by LEAs)	6	2	4

IMPACT AID

Facilities maintenance

PROGRAM PERFORMANCE INFORMATION

The Department's measure of progress for this program is the number of schools removed from the inventory of ED-owned facilities through transfers to LEAs. (The measure does not include no-cost transfers to DoD, as the maintenance of those schools is not supported through the program. However we will continue to track these DoD transfers until all of that inventory is accepted by DoD.) Since 1999, the number of schools for which the Department is responsible has decreased by 55 percent, from 53 to 24, thus reducing the Federal Government's responsibility for maintenance and renovation.

IMPACT AID

Construction

(Elementary and Secondary Education Act, Title VIII, section 8007)

FY 2010 Authorization (\$000s): 0¹

Budget Authority (\$000s):

	<u>2009</u>	<u>2010</u>	<u>Change</u>
Annual appropriation	\$17,509	\$17,509	0
Recovery Act appropriation	100,000	0	-\$100,000

¹ The program is authorized in FY 2009 through appropriations language. Continued funding is proposed for this program in FY 2010 through appropriations language.

PROGRAM DESCRIPTION

Section 8007 authorizes both formula and competitive grants to support school construction in local educational agencies (LEAs) that educate federally connected students or have federally owned land. The authorizing law provides that 40 percent of appropriated funds must be used for formula grants under section 8007(a), and 60 percent for competitive grants under section 8007(b). However, the fiscal years 2006 and 2007 appropriations provided funding only for the formula grants and, in 2008 and in the regular 2009 appropriation, the Congress appropriated funds only for the competitive grants.

The American Recovery and Reinvestment Act (The Recovery Act) appropriated \$100 million for Impact Aid construction. Of that amount, up to \$1 million may be used for management and oversight. The remainder is divided between formula (40 percent) and competitive (60 percent) grants. The Recovery Act includes conditions on the distribution and uses of these funds that differ from the authorizing statute, and are discussed below.

Formula grants (section 8007(a))

Three categories of LEAs are eligible for formula Construction grants:

- those in which the number of students living on Indian lands is at least 50 percent of the LEA's total average daily attendance and that receive a regular Basic Support Payment;
- those in which the number of students with a parent in the uniformed services is at least 50 percent of the LEA's total average daily attendance and that receive a regular Basic Support Payment; and
- those that receive Basic Support Payments for Heavily Impacted LEAs.

One-half of the formula funds are paid to eligible LEAs on behalf of students residing on Indian lands and one-half are paid to eligible LEAs on behalf of students whose parents are in the uniformed services. Payments are determined by ratably distributing the available funds among

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Construction

eligible LEAs according to the relative weighted count of federally connected students in average daily attendance, as specified in the regular Basic Support Payments formula.

The Recovery Act appropriation provided nearly \$40 million for formula construction grants. These formula funds are provided to LEAs based on each LEA's share of federally connected children in average daily attendance living on Indian lands or whose parents are in the uniformed services. The Department made these grants in April.

Competitive grants (section 8007(b))

The authorizing statute establishes the following priorities for awarding competitive construction grants:

First priority is given to emergency grants for "heavily impacted" school districts and school districts with little or no bonding capacity that receive Impact Aid Construction formula grants.

Second in priority are emergency grants for:

- school districts that: (1) have at least 40 percent federally connected students residing on Indian lands or 40 percent federally connected military students; (2) are at 75 percent or more of their limit of bonded indebtedness; and (3) have an equalized assessed value of property per student that is below the State average, and
- schools that: (1) are not an LEA that would otherwise be eligible for an emergency Construction grant; (2) have at least 40 percent federally connected students residing on Indian lands or 40 percent federally connected military students; and (3) are an LEA that has used 75 percent or more of its limit of bonded indebtedness and has an equalized assessed value of property per student that is below the State average.

Third in priority are modernization grants for school districts that: (1) receive any type of Impact Aid payment; (2) are either "heavily impacted" or have little or no bonding capacity; and (3) have school facility needs resulting from the presence of the Federal Government.

Fourth in priority are modernization grants for:

- school districts that either: (1) have at least 40 percent federally connected students residing on Indian lands or 40 percent federally connected military students; (2) have used 75 percent or more of their limit of bonded indebtedness; and (3) have an equalized assessed value of property per student that is below the State average; or (1) receive an Impact Aid Payment for Federal Property; (2) have used 75 percent or more of their limit of bonded indebtedness; and (3) have an equalized assessed value of property per student that is below the State average, and
- schools that: (1) are not inside an LEA that would otherwise be eligible for a modernization grant; (2) have at least 40 percent federally connected students residing on Indian lands or 40 percent federally connected military students; and (3) are an LEA that has used 75 percent or more of its limit of bonded indebtedness and has an equalized assessed value of property per student that is below the State average.

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Construction funds are awarded on a competitive basis under the four priorities listed above. Within each of the four priorities, grants are awarded based on:

- the LEA's level of bonded indebtedness,
- the assessed value of real property per student in the LEA compared to the average assessed value of real property per student in the State,
- the tax rate for school purposes in the LEA compared to the average rate in the State,
- funds available for capital expenditures,
- the percentage of property that is not taxable due to a Federal presence, and
- the number and percentage of certain types of federally connected students.

In addition, emergency grants are awarded in part based on severity of emergency, and modernization grants are awarded in part based on the severity of the need for modernization.

Competitive grant funds for certain LEAs may not exceed (1) 50 percent of the total cost of the project assisted, or (2) \$4 million during any 4-year period. Since 2002, competitive grants have only been awarded to districts under the first priority. When the appropriation for Construction has included funding for competitive grants, funds have been made available for 2 years.

The Recovery Act provided nearly \$60 million for competitive grants and included broader eligibility criteria. The LEAs eligible for the Recovery Act Construction grants include:

- any LEA that was eligible for Basic Support Payments or Payments for Federal Property in 2008, and has a total taxable assessed value of real property that may be taxed for school purposes of less than \$100 million (by comparison, under the Impact Aid statute, an applicant's taxable assessed value of real property must be less than \$50 million for it to be eligible under the first priority), or
- has an assessed value of real property per pupil that is less than the average assessed value per pupil in the State.

The selection criteria in the Recovery Act are also different from those in the Impact Aid statute. The Recovery Act requires the Secretary to consider:

- whether or not a facility poses a health or safety threat to students and school personnel,
- whether or not a facility is able to meet the current enrollment needs or support comprehensive educational services that meet State standards,
- the extent to which the proposed new design and construction would use energy-efficient and recyclable materials and non-traditional or alternative building methods that will expedite construction and project completion and maximize cost efficiency, and
- the applicant's ability to complete a project in 24 months.

The Department expects to make these grants in November.

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Construction

Funding levels for the past 5 fiscal years were:

	(\$000s)
2005.....	\$48,544
2006.....	17,820
2007.....	17,820
2008.....	17,509
2009.....	17,509
Recovery Act	100,000

FY 2010 BUDGET REQUEST

For fiscal year 2010, the Administration requests \$17.5 million for Construction, the same as the 2009 regular appropriation level. These funds would be entirely for competitive grants and would be available for 2 years.

Because school construction is primarily financed from local funds, and because federally affected local educational agencies (LEAs) cannot tax certain lands, LEAs with large percentages of federally connected students need supplemental funds for construction. The competitive grants enable eligible districts to undertake emergency renovations and modernizations. Past projects have included replacement of elementary schools; purchase of water filtration systems; replacement of heating, ventilation, and air conditioning systems; repair of electrical systems; and replacement of faulty windows and roofs. Although, at the requested funding level, only a small number of LEAs would receive grants, each grant enables the grantee to complete the proposed project and, thus, meet its emergency repair needs. In addition, because the eligibility pool is limited to some of the poorest districts in the Nation, which are heavily dependent on Federal funding for their operating and maintenance expenses, the program is well-targeted.

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Construction

PROGRAM OUTPUT MEASURES

	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Formula grants</u>	0	0	0
Number of LEAs receiving formula payments	0	0	0
Average payment per student	0	0	0
Average LEA payment	0	0	0
<u>Competitive grants</u>	\$17,508,685	\$17,509,000	\$17,509,000
Number of LEAs receiving competitive awards	15-20	15-20	15-20
Range of payments	\$20,000- 3,000,000	\$20,000- 3,000,000	\$20,000- 3,000,000
Peer review of new award applications	\$20,000	\$20,000	\$20,000
<u>Recovery Act Formula grants</u>	0	\$39,600,000	0
Number of LEAs receiving formula payments	0	180	0
Average payment per student	0	304	0
Average LEA payment	0	\$220,000	0
<u>Recovery Act Competitive grants</u>	0	\$59,400,000	0
Number of LEAs receiving competitive awards	0	35-40	0
Range of payments	0	\$20,000- 5,000,000	0
Peer review of new award applications	0	\$100,000- 200,000	0
Recovery Act Management and Oversight	0	\$1,000,000	0

IMPACT AID

Construction

PROGRAM PERFORMANCE INFORMATION

Performance measures

This section presents selected program performance information, including, for example, GPRA goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of program results is based on the cumulative effect of the resources provided in previous years and those requested in FY 2010 and future years, and the resources and efforts invested by those served by this program.

Goal: To provide appropriate financial assistance for federally connected children who present a genuine burden to their school districts.

Objective: *Improve the quality of public school facilities used to educate federally connected children.*

Measure: The percentage of participating LEAs reporting that the overall condition of their school buildings is adequate.		
Year	Target	Actual
2005	70	52
2006	58	55
2007	61	65
2008	65	65
2009	67	69
2010	70	

Assessment of progress: LEAs that received formula or competitive construction payments in the previous year are asked to rate the quality of their buildings on a 6-point scale in their application for Impact Aid Basic Support payments. The percentage of such LEAs reporting adequate or better conditions increased to 69 percent in 2009, exceeding the 2009 target. The annual targets were originally set at the long-term goal of 70 percent, but were adjusted starting in 2006, to reflect the baseline data.

Efficiency measures

Measure: The average number of days elapsed between the initial Impact Aid competitive construction award and the LEAs' awarding of contracts.		
Year	Target	Actual
2006	N/A	N/A
2007	250	N/A
2008	250	
2009	250	
2010	250	

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Construction

Assessment of progress: This is a new performance measure of the speed with which LEAs award construction contracts after the Department makes the initial competitive construction awards. There are no data for 2006 and 2007 because the competitive grant program was not funded in those years. Targets for 2008 and 2009 have been set for 250 days, and data will begin to be available once grant awards from the 2008 competition are made in 2009.

Measure: The percentage of all formula construction payments made by July 31 of the application year.		
Year	Target	Actual
2006		0
2007	30	94
2008	50	N/A
2009	70	
2010	90	

Assessment of progress: In prior years, formula construction payments were not made until the end of the fiscal year. The Department now attempts to make awards earlier in the year so that LEAs will have access to funds during the summer, when most construction projects take place. The short-term target for 2007 was to make 30 percent of the formula payments by the end of July, while the long-term target is to reach 90 percent by the end of July for fiscal year 2010. As a baseline, the Department did not award any fiscal year 2006 payments by July 31, but did make 95 percent by the end of August. For 2007, the target was met, as 94 percent of the formula grant awards were made by July 31. Data are not shown for 2008 because no funding was appropriated for formula grants.

Program Improvement Efforts

The Department is undertaking the following improvement efforts for this program:

- *Reporting actual data on annual performance measures and showing progress toward meeting the targets.* Data for one of the two annual performance measures will be delayed for at least 2 years because competitive grants were not funded in FY 2006 or FY 2007.
- *Demonstrating improved efficiencies by making competitive awards in a more timely manner.* The Department created a new performance measure to track the efficiency and timeliness of making competitive grants, and data reporting was to begin in 2006, but the competitive grants program was not funded in FY 2006 or FY 2007.
- *As data become available for the long-term and annual performance measures, refining measures so that they better reflect the goals of the program.* Two of the current measures are specific to either the formula or the competitive grants program and, between FY 2006 and FY 2008, only one or the other was funded. The Department will establish a new baseline and targets for the competitive grants performance measure when awards are made in FY 2009.

IMPACT AID

Payments for Federal property

(Elementary and Secondary Education Act, Title VIII, section 8002)

FY 2010 Authorization (\$000s): 0 ¹

Budget Authority (\$000s):

<u>2009</u>	<u>2010</u>	<u>Change</u>
\$66,208	\$66,208	0

¹ The program is authorized in FY 2009 through appropriations language. Continued funding is proposed for this program in FY 2010 through appropriations language.

PROGRAM DESCRIPTION

The Department makes Payments for Federal Property under section 8002(b) to LEAs that have had a loss of tax base of at least 10 percent of assessed value due to the acquisition, since 1938, of real property by the United States Government. If the payment authority were fully funded, the formula would provide payments by multiplying the current levied local real property tax rate of the LEA (or, in financially dependent school districts, an imputed real property tax rate) by the estimated current aggregate assessed value of the Federal property, as determined by the local tax assessor, based on the highest and best use of adjacent property.

The payment authority, however, has not been fully funded in recent years. When full funding is not provided, payments are based on a "hold-harmless" formula designed to preserve historic funding levels for individual LEAs.

- First, a "foundation payment" is made to LEAs that were eligible (or later deemed by statute to be eligible) for a section 8002 payment for any fiscal year from 1989 to 1994 in an amount that is equal to 38 percent of the maximum payment for which they were eligible for 1994 (or, for LEAs not eligible in 1994, the latest year for which they were eligible).
- Second, payments are made to 1995 grant recipients (and LEAs determined by statute to have filed a timely application for 1995) in an amount equal to the product of: (1) the difference between the appropriation level in 1995 and the total amount of foundation payments in the current year; and (2) the LEA's pro-rata share of the assessed value of eligible Federal property for fiscal year 1995.
- Third, a special payment is made to the Highland Falls, New York LEA.
- Fourth, 25 percent of the remaining funds is distributed based on pro-rata shares of the foundation payments under the first step, and 75 percent is distributed based on pro-rata shares of maximum payments for the current year.

Payments for Federal Property may not exceed either of two different caps placed on these payments. The first cap limits these payments to an LEA's maximum regular Basic Support Payment or the maximum Payment for Federal Property, whichever is greater. The second cap

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Payments for Federal property

reduces the payment in the event that the combination of the calculated payment and any revenue the LEA received from the Federal property exceeds the maximum payment. In the event that funds are reduced due to either of these caps and the formula is subject to the hold-harmless provisions, the reduced funds are redistributed under the fourth payment step.

Funding levels for the past 5 fiscal years were as follows:

	(\$000s)
2005.....	\$62,496
2006.....	64,350
2007.....	64,350
2008.....	64,208
2009.....	66,208

FY 2010 BUDGET REQUEST

For 2010, the Administration requests level funding, approximately \$66.2 million, for Payments for Federal Property. This authority provides payments to LEAs in which real property owned by the Federal Government generally represents 10 percent or more of the assessed value of real property in the LEA and, thus, the removal of this property from the tax rolls has a significant impact on the ability of the district to raise money for education. The request level will help enable LEAs overcome the loss of property tax revenues.

PROGRAM OUTPUT MEASURES

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Number of LEAs receiving payments	214	214	214
Average payment	\$300,039	\$309,383	\$309,383
Range of payments	\$145- 5,300,000	\$150- 5,350,000	\$150- 5,350,000
Cost of fully funding maximum payments	\$2,500,000,000	\$2,800,000,000	\$3,000,000,000

PROGRAM PERFORMANCE INFORMATION

Performance measures

This section presents selected program performance information, including, for example, GPRA goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of program results is based on the cumulative effect of the resources provided in previous years and those requested in FY 2010 and future years, and the resources and efforts invested by those served by this program.

IMPACT AID

Payments for Federal property

Goal: To provide appropriate financial assistance for federally connected children who present a genuine burden to their school districts.

Objective: Manage Section 8002 Payments for Federal Property to disburse funds accurately and efficiently under the statutory formula.

Measure: The percentage of eligible Section 8002 applicants reviewed during the year.		
Year	Target	Actual
2005		17.6
2006	33.3	27.0
2007	33.3	7.0
2008	33.3	20.0
2009	33.3	
2010	33.3	

Assessment of progress: The goal for this measure is for the Department to review and verify assessed values for one third of all applicants each year. The target was not met in 2007 but the Impact Aid program staff did complete reviews of 20 percent of the eligible applicants for FY 2008, a significant increase over the previous year.

Measure: The percentage of initial payments to eligible LEAs that are made by the end of the second quarter.		
Year	Target	Actual
2005		57
2006	75	1.5
2007	75	62
2008	75	89
2009	75	
2010	75	

Assessment of progress: The long-term goal for the second measure is to make 75 percent of initial payments to eligible LEAs by the end of the second quarter. The target was not just met for the first time in 2008, but exceeded, with 89 percent of initial payments made by the end of the second quarter.

Program Improvement Efforts

The Department is undertaking the following improvement efforts for this program:

- *Arranging for an econometric analysis, by a contractor, of the Section 8002 formula.* In 2007, the Department contracted for a study that examined the financial burdens that school districts face due to a Federal presence and how well-targeted Impact Aid Basic Support Payments and Payments for Children with Disabilities funds are to those affected school districts. Additional work was completed in 2009. Depending on the availability of data, the

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Payments for Federal property

Department may go forward with an analysis specific to the Payments for Federal Property formula in 2010.

- *Developing annual and long-term performance measures.* The Department would develop new performance measures in conjunction with an analysis of the formula.

IMPACT AID

Basic Support Payments

State or Other Area	2008 Actual	Recovery Act Estimate	2009 Estimate	2010 Estimate	Change from 2009 Estimate
Alabama	2,888,702	0	3,734,655	3,734,655	0
Alaska	105,845,735	0	115,096,829	115,096,829	0
Arizona	156,307,140	0	165,303,818	165,303,818	0
Arkansas	325,423	0	452,259	452,259	0
California	52,360,597	0	60,894,902	60,894,902	0
Colorado	12,254,891	0	15,189,963	15,189,963	0
Connecticut	5,054,122	0	6,379,834	6,379,834	0
Delaware	45,160	0	53,678	53,678	0
District of Columbia	1,252,790	0	1,693,536	1,693,536	0
Florida	7,949,242	0	9,235,085	9,235,085	0
Georgia	20,090,657	0	21,298,167	21,298,167	0
Hawaii	37,137,795	0	35,690,239	35,690,239	0
Idaho	7,181,607	0	6,433,673	6,433,673	0
Illinois	19,205,385	0	18,457,840	18,457,840	0
Indiana	140,111	0	142,884	142,884	0
Iowa	393,787	0	647,285	647,285	0
Kansas	20,547,706	0	24,481,373	24,481,373	0
Kentucky	553,075	0	759,794	759,794	0
Louisiana	7,373,155	0	9,403,288	9,403,288	0
Maine	2,524,439	0	2,783,792	2,783,792	0
Maryland	4,356,327	0	5,740,727	5,740,727	0
Massachusetts	778,310	0	860,741	860,741	0
Michigan	3,874,995	0	4,705,117	4,705,117	0
Minnesota	14,482,252	0	17,534,611	17,534,611	0
Mississippi	1,718,032	0	1,871,618	1,871,618	0
Missouri	21,362,193	0	20,685,495	20,685,495	0
Montana	41,012,608	0	42,043,348	42,043,348	0
Nebraska	19,619,699	0	17,044,438	17,044,438	0
Nevada	3,264,890	0	4,413,495	4,413,495	0
New Hampshire	12,061	0	10,824	10,824	0
New Jersey	13,682,873	0	13,290,586	13,290,586	0
New Mexico	89,785,419	0	104,766,351	104,766,351	0
New York	15,440,559	0	21,587,174	21,587,174	0
North Carolina	12,760,504	0	16,456,301	16,456,301	0
North Dakota	26,838,244	0	30,454,393	30,454,393	0
Ohio	2,098,363	0	2,444,548	2,444,548	0
Oklahoma	36,250,227	0	44,577,161	44,577,161	0
Oregon	2,543,024	0	3,203,960	3,203,960	0
Pennsylvania	1,188,467	0	1,538,475	1,538,475	0
Rhode Island	2,275,632	0	2,099,155	2,099,155	0
South Carolina	1,844,787	0	2,027,700	2,027,700	0
South Dakota	45,115,827	0	46,385,299	46,385,299	0
Tennessee	3,283,632	0	3,939,771	3,939,771	0
Texas	88,093,879	0	85,707,439	85,707,439	0
Utah	8,224,905	0	10,288,544	10,288,544	0
Vermont	5,094	0	5,003	5,003	0
Virginia	34,152,861	0	45,427,119	45,427,119	0
Washington	47,039,079	0	54,824,191	54,824,191	0
West Virginia	18,612	0	17,919	17,919	0
Wisconsin	12,158,774	0	13,307,622	13,307,622	0
Wyoming	10,803,696	0	11,058,726	11,058,726	0
American Samoa	0	0	0	0	0
Guam	41,484	0	71,547	71,547	0
Northern Mariana Islands	0	0	0	0	0
Puerto Rico	0	0	1,797,111	1,797,111	0
Virgin Islands	166,253	0	215,597	215,597	0
Freely Associated States	0	0	0	0	0
Indian set-aside	0	0	0	0	0
Undistributed (non-State allocations)	81,809,815	0	0	0	0
Total	1,105,534,896	0	1,128,535,000	1,128,535,000	0

IMPACT AID

Payments for Children with Disabilities

State or Other Area	2008 Actual	Recovery Act Estimate	2009 Estimate	2010 Estimate	Change from 2009 Estimate
Alabama	170,640	0	198,970	198,970	0
Alaska	2,566,410	0	2,663,423	2,663,423	0
Arizona	4,785,902	0	5,333,076	5,333,076	0
Arkansas	105,280	0	99,806	99,806	0
California	3,461,302	0	3,851,404	3,851,404	0
Colorado	768,850	0	941,801	941,801	0
Connecticut	197,690	0	204,766	204,766	0
Delaware	21,230	0	30,020	30,020	0
District of Columbia	20,740	0	19,229	19,229	0
Florida	1,419,210	0	1,489,613	1,489,613	0
Georgia	914,690	0	969,535	969,535	0
Hawaii	1,283,200	0	1,265,116	1,265,116	0
Idaho	300,870	0	303,720	303,720	0
Illinois	394,820	0	344,712	344,712	0
Indiana	0	0	0	0	0
Iowa	22,220	0	32,069	32,069	0
Kansas	782,620	0	940,158	940,158	0
Kentucky	115,160	0	125,892	125,892	0
Louisiana	433,590	0	457,036	457,036	0
Maine	133,770	0	161,048	161,048	0
Maryland	634,682	0	641,868	641,868	0
Massachusetts	53,750	0	44,880	44,880	0
Michigan	207,920	0	216,522	216,522	0
Minnesota	708,790	0	888,410	888,410	0
Mississippi	175,480	0	199,686	199,686	0
Missouri	448,080	0	496,922	496,922	0
Montana	1,283,572	0	1,377,147	1,377,147	0
Nebraska	529,240	0	561,047	561,047	0
Nevada	426,130	0	491,187	491,187	0
New Hampshire	920	0	0	0	0
New Jersey	242,804	0	285,519	285,519	0
New Mexico	3,204,620	0	3,498,373	3,498,373	0
New York	289,030	0	337,877	337,877	0
North Carolina	1,347,920	0	1,506,438	1,506,438	0
North Dakota	810,976	0	866,884	866,884	0
Ohio	158,030	0	168,442	168,442	0
Oklahoma	2,767,050	0	3,017,029	3,017,029	0
Oregon	169,720	0	137,248	137,248	0
Pennsylvania	26,330	0	28,129	28,129	0
Rhode Island	67,480	0	41,861	41,861	0
South Carolina	358,780	0	369,353	369,353	0
South Dakota	1,443,620	0	1,541,305	1,541,305	0
Tennessee	297,100	0	333,170	333,170	0
Texas	3,099,420	0	3,331,896	3,331,896	0
Utah	460,840	0	544,624	544,624	0
Vermont	0	0	0	0	0
Virginia	3,531,224	0	4,236,074	4,236,074	0
Washington	2,344,183	0	2,727,249	2,727,249	0
West Virginia	6,010	0	8,861	8,861	0
Wisconsin	818,740	0	926,274	926,274	0
Wyoming	308,240	0	346,331	346,331	0
American Samoa	0	0	0	0	0
Guam	0	0	0	0	0
Northern Mariana Islands	0	0	0	0	0
Puerto Rico	0	0	0	0	0
Virgin Islands	0	0	0	0	0
Freely Associated States	0	0	0	0	0
Indian set-aside	0	0	0	0	0
Undistributed (non-State allocations)	4,482,954	0	0	0	0
Total	48,601,829	0	48,602,000	48,602,000	0

IMPACT AID

Construction

State or Other Area	2008 Actual	Recovery Act Estimate	2009 Estimate	2010 Estimate	Change from 2009 Estimate
Alabama	0	0	0	0	0
Alaska	0	4,432,099	0	0	0
Arizona	0	7,189,010	0	0	0
Arkansas	0	0	0	0	0
California	0	1,428,374	0	0	0
Colorado	0	1,031,392	0	0	0
Connecticut	0	0	0	0	0
Delaware	0	0	0	0	0
District of Columbia	0	0	0	0	0
Florida	0	0	0	0	0
Georgia	0	1,611,497	0	0	0
Hawaii	0	0	0	0	0
Idaho	0	94,216	0	0	0
Illinois	0	654,425	0	0	0
Indiana	0	0	0	0	0
Iowa	0	0	0	0	0
Kansas	0	1,489,656	0	0	0
Kentucky	0	0	0	0	0
Louisiana	0	173,832	0	0	0
Maine	0	57,077	0	0	0
Maryland	0	0	0	0	0
Massachusetts	0	0	0	0	0
Michigan	0	23,776	0	0	0
Minnesota	0	651,740	0	0	0
Mississippi	0	0	0	0	0
Missouri	0	1,180,740	0	0	0
Montana	0	1,589,675	0	0	0
Nebraska	0	850,841	0	0	0
Nevada	0	0	0	0	0
New Hampshire	0	0	0	0	0
New Jersey	0	239,931	0	0	0
New Mexico	0	4,254,203	0	0	0
New York	0	620,394	0	0	0
North Carolina	0	0	0	0	0
North Dakota	0	1,184,020	0	0	0
Ohio	0	0	0	0	0
Oklahoma	0	108,809	0	0	0
Oregon	0	0	0	0	0
Pennsylvania	0	0	0	0	0
Rhode Island	0	0	0	0	0
South Carolina	0	0	0	0	0
South Dakota	0	1,655,113	0	0	0
Tennessee	0	0	0	0	0
Texas	0	6,760,548	0	0	0
Utah	0	19,197	0	0	0
Vermont	0	0	0	0	0
Virginia	0	0	0	0	0
Washington	0	1,477,424	0	0	0
West Virginia	0	0	0	0	0
Wisconsin	0	415,012	0	0	0
Wyoming	0	405,711	0	0	0
American Samoa	0	0	0	0	0
Guam	0	0	0	0	0
Northern Mariana Islands	0	0	0	0	0
Puerto Rico	0	0	0	0	0
Virgin Islands	0	0	0	0	0
Freely Associated States	0	0	0	0	0
Indian set-aside	0	0	0	0	0
Undistributed (non-State allocations)	17,508,685	60,401,288	17,509,000	17,509,000	0
Total	17,508,685	100,000,000	17,509,000	17,509,000	0