

Department of Education
IMPACT AID
Fiscal Year 2016 Budget Request
CONTENTS

	<u>Page</u>
Appropriations Language.....	C-1
Analysis of Language Provisions and Changes.....	C-2
Appropriation, Adjustments and Transfers.....	C-3
Summary of Changes.....	C-4
Authorizing Legislation.....	C-5
Appropriations History.....	C-6
Summary of Request.....	C-7
Activities:	
Payments for federally connected children:	
Basic support payments.....	C-9
Payments for children with disabilities.....	C-18
Facilities maintenance.....	C-23
Construction.....	C-26
Payments for Federal property.....	C-32
State Tables*	

* State tables reflecting 2015 allocations and 2016 estimates are posted on the Department's Web page at:
<http://www2.ed.gov/about/overview/budget/statetables/index.html>

IMPACT AID

[For carrying out programs of financial assistance to federally affected schools authorized by title VIII of the ESEA, \$1,288,603,000, of which \$1,151,233,000 shall be for basic support payments under section 8003(b), \$48,316,000 shall be for payments for children with disabilities under section 8003(d),¹ \$17,406,000 shall be for construction under section 8007(b) and be available for obligation through September 30,2016,² \$66,813,000 shall be for Federal property payments under section 8002,³ and \$4,835,000, 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 2014-2015, 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, 2015.)

NOTES

No new language is included for this account. All programs are authorized under the expired Elementary and Secondary Education Act; when new authorizing legislation for the Elementary and Secondary Education Act is enacted, a budget for these programs will be proposed.

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

IMPACT AID

Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ [...\$1,288,603,000, of which \$1,151,233,000 shall be for basic support payments under section 8003(b), \$48,316,000 shall be for payments for children with disabilities under section 8003(d)...]	This language specifies funding levels for basic support payments and payments for children with disabilities.
² [...\$17,406,000 shall be for construction under section 8007(b)...]	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 competition.
³ [...\$66,813,000 shall be for Federal property payments under section 8002...]	This language specifies the amount for Federal property payments.
⁴ [...\$4,835,000, to remain available until expended, shall be for facilities maintenance under section 8008:...]	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.
⁵ [Provided, That for purposes of computing the amount of a payment for an eligible local educational agency under section 8003(a) for school year 2013-2014, 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.]	This language provides continued eligibility for students affected by the deployment or death of their military parent so long as the children attend school in the same LEA they attended prior to the parent’s death or deployment.

IMPACT AID

Appropriation, Adjustments and Transfers
(dollars in thousands)

Appropriation/Adjustments/Transfers	2014	2015	2016
Discretionary:			
Appropriation	\$1,288,603	\$1,288,603	\$1,288,603
Total, discretionary appropriation	1,288,603	1,288,603	1,288,603

IMPACT AID

Summary of Changes
(dollars in thousands)

2015.....		\$1,288,603
2016.....		<u>1,288,603</u>
Net change		0

	<u>2015 base</u>	<u>Change from base</u>
Increases:		
<u>Program:</u>		
Increase funding for Facilities Maintenance to allow the Department to make nearly all repairs and upgrades to the 12 remaining schools for which it retains financial responsibility.	\$4,835	<u>+66,813</u>
Subtotal, increases		+66,813

	<u>2015 base</u>	<u>Change from base</u>
Decreases:		
<u>Program:</u>		
Eliminate funding for Payments for Federal Property, which are payments made without regard to the presence of federally connected children.	66,813	<u>-66,813</u>
Subtotal, decreases		-66,813

Net change 0

IMPACT AID

Authorizing Legislation
(dollars in thousands)

Activity	2015 Authorized	2015 Estimate	2016 Authorized	2016 Request
Payments for federally connected children:				
Basic support payments (<i>ESEA-VIII-8003(b) and (e)</i>)	0 ¹	\$1,151,233	To be determined ¹	\$1,151,233
Payments for children with disabilities (<i>ESEA-VIII-8003(d)</i>)	0 ¹	48,316	To be determined ¹	48,316
Facilities maintenance: (<i>ESEA-VIII-8008</i>)	0 ¹	4,835	To be determined ¹	71,648
Construction (<i>ESEA-VIII-8007</i>)	0 ^{1,2}	17,406	To be determined ¹	17,406
Payments for Federal property (<i>ESEA-VIII-8002</i>)	<u>0¹</u>	<u>66,813</u>	<u>0³</u>	<u>0</u>
Total definite authorization				
Total appropriation		1,288,603		1,288,603
Portion of request subject to reauthorization				1,288,603

¹ The GEPA extension expired September 30, 2008; reauthorizing legislation is sought for FY 2016.

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 GEPA extension expired September 30, 2008; no appropriations language or reauthorizing legislation is sought for FY 2016.

IMPACT AID

Appropriations History (dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
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 (P.L. 111-5)	0	100,000	100,000	100,000
2010	1,265,718	1,290,718	1,265,718 ³	1,276,183
2011	1,276,183	1,276,183 ⁴	1,296,183 ³	1,273,631
2012	1,276,183	1,308,631 ⁶	1,273,631 ⁶	1,291,186
2013	1,224,239	1,291,186 ⁷	1,291,186 ⁷	1,223,649 ⁵
2014	1,224,239	N/A ⁸	1,290,945 ³	1,288,603
2015	1,221,790	N/A ⁸	1,288,603 ⁹	1,288,603
2016	1,288,603			

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

² The 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.

³ The level for the Senate allowance reflects Committee action only.

⁴ The level for the House allowance reflects the House-passed full-year continuing resolution.

⁵ The level for appropriation reflects the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-110).

⁶ The level for the House allowance reflects an introduced bill; the level for the Senate allowance reflects Senate Committee action only.

⁷ The level for the House and Senate allowances reflect action on the regular annual 2013 appropriations bill, which proceeded in the 112th Congress only through the House Subcommittee and the Senate Committee.

⁸ The House allowance is shown as N/A because there was no Subcommittee action.

⁹ The level for the Senate Allowance reflects Senate Subcommittee action only.

DEPARTMENT OF EDUCATION FISCAL YEAR 2016 PRESIDENT'S BUDGET

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(in thousands of dollars)						
Account, Program and Activity	Category Code	2014 Appropriation	2015 Appropriation	2016 President's Budget	2016 President's Budget Compared to 2015 Appropriation Amount	Percent
Impact Aid (ESEA VIII)						
1. Payments for federally connected children (section 8003):						
(a) Basic support payments (section 8003(b))	D	1,151,233	1,151,233	1,151,233	0	0.000%
(b) Payments for children with disabilities (section 8003(d))	D	48,316	48,316	48,316	0	0.000%
Subtotal		1,199,549	1,199,549	1,199,549	0	0.000%
2. Facilities maintenance (section 8008)	D	4,835	4,835	71,648	66,813	1381.861%
3. Construction (section 8007)	D	17,406	17,406	17,406	0	0.000%
4. Payments for Federal property (section 8002)	D	66,813	66,813	0	(66,813)	-100.000%
Total	D	1,288,603	1,288,603	1,288,603	0	0.000%

NOTES: D = discretionary program; M = mandatory program; FY = fiscal year

Accounts are shown under the administering office that has primary responsibility for most programs in that account; however, there may be some programs that are administered by another office.

Detail may not add to totals due to rounding.

IMPACT AID

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 because such property is exempt from local property taxes, denying LEAs access to the primary source of revenue used by most communities to finance education. 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 \$1.3 billion in fiscal year 2016 for Impact Aid payment authorities, including:

- \$1.151 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.
- \$48.3 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.
- \$71.6 million for **Facilities Maintenance**. The Department of Education owns and maintains 12 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 to make emergency repairs to the remaining school buildings and complete the transfer of these schools to LEAs.
- \$17.4 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.

No funds are requested for **Payments for Federal Property**. This authority provides payments to LEAs without regard to the presence of federally connected children and, therefore, do not necessarily support the provision of educational services for these children.

The Impact Aid programs are among the Elementary and Secondary Education Act (ESEA) programs subject to reauthorization. The Administration's ESEA Reauthorization proposal includes minor changes to these programs.

IMPACT AID

Basic support payments

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

(dollars in thousands)

FY 2016 Authorization: To be determined ¹

Budget Authority:

<u>2015</u>	<u>2016</u>	<u>Change</u>
\$1,151,233	\$1,151,233	0

¹ The GEPA extension expired September 30, 2008; reauthorizing legislation is sought for FY 2016.

PROGRAM DESCRIPTION

Impact Aid Basic Support Payments compensate local educational agencies (LEAs) for the expense 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

IMPACT AID

Basic support payments

(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 per student 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) (also 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
- its maximum payment under the Basic Support Payments formula as a percentage of total current expenditures.

IMPACT AID

Basic support payments

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 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" maximum payments are based on a formula that is similar to the regular Basic Support Payments but that produces much larger payments for the eligible LEAs. Under the formula for heavily impacted LEAs, LEAs receive funds on behalf of students in categories (F) and (G) (also referred to as civilian "b's") even if the number of those students falls below the threshold of 1,000 students 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) are also 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.

Heavily Impacted LEAs receive their maximum Heavily Impacted payments so long as funding is sufficient to cover the maximum payments for these LEAs and funds are sufficient to fully fund LOT payments for regular LEAs under section 8003(b)(1). If the appropriation is insufficient to provide LOT payments in full for regular LEAs under section 8003(b)(1), Basic Support Payments to heavily impacted LEAs are ratably reduced by the same percentage as payments to regular LEAs.

IMPACT AID

Basic support payments

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:

	(dollars in thousands)
2011	\$1,135,724
2012	1,153,540
2013	1,093,203
2014	1,151,233
2015	1,151,233

FY 2016 BUDGET REQUEST

The Basic Support Payments program is authorized by the Elementary and Secondary Education Act of 1965 and is, therefore, subject to reauthorization. For fiscal year 2016, the Administration requests the same as the 2015 level for the Basic Support Payments program. The Administration will seek to continue appropriations language enacted in 2015 that provides continued eligibility for students affected by the deployment or death of their military parents, ensuring greater consistency and support for children adversely affected by ongoing military action overseas.

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 expense for LEAs that must educate them. Because federally owned land and Indian lands are exempt from local taxes, 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.

Although the presence of the so-called “b” students (military, civilian, and low-rent housing) residing on, or whose parents work on, private property does not create the same financial 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, because of the Soldiers and Sailors Relief Act, often do not pay income taxes to their State or locality of residence. While all types of “b” students either reside on, or have parents who work on, property that the district cannot tax, the education of children who reside in low-rent housing is costly to districts because of the need for additional academic assistance and other supports often required for students from low-income families.

The 2016 request level would be sufficient to maintain the Department’s commitment to more than 900,000 federally connected students. While LEAs may expend their payments for either current operations or capital costs, the program’s formula is designed to compensate LEAs for

IMPACT AID

Basic support payments

current expenditures for educating federally connected students. Most districts report that they use Basic Support Payments for payroll and general operating expenditures.

PROGRAM OUTPUT MEASURES (amounts in whole dollars)

<u>Measures</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
All eligible LEAs			
Number of LEAs receiving payments	1,140	1,140	1,140
Range of payments	\$100– \$52,787,138	\$100– \$52,787,138	\$100– \$52,787,138
Regular LEAs			
Number of LEAs receiving payments	1,112	1,112	1,112
Range of payments	\$100– \$42,952,470	\$100– \$42,952,470	\$100– \$42,952,470
Heavily impacted LEAs			
Number of LEAs receiving payments	28	28	28
Range of payments	\$887,513– \$52,787,138	\$887,513– \$52,787,138	\$887,513– \$52,787,138
Number of federally connected students			
In regular LEAs	846,146	846,146	846,146
In heavily impacted LEAs	<u>62,215</u>	<u>61,573</u>	<u>61,573</u>
In all eligible LEAs	908,361	908,361	908,361
Total payments for students			
In regular LEAs	\$859,067,484	\$859,067,484	\$859,067,484
In heavily impacted LEAs	\$292,165,516	\$292,165,516	\$292,165,516
Average payment per student			
In all LEAs	\$1,267	\$1,267	\$1,267
In regular LEAs	\$1,015	\$1,015	\$1,015
In heavily impacted LEAs	\$4,696	\$4,696	\$4,696
Percentage of LEAs by size of payment			
\$1-4,999	5.9%	5.9%	5.9%
\$5,000-49,999	33.8%	33.8%	33.8%
\$50,000-499,999	38.1%	38.1%	38.1%
\$500,000 or more	22.2%	22.2%	22.2%

IMPACT AID

Basic support payments

<u>Measures</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total dollar amount of payments			
by size of payment			
\$1–4,999	\$173,095	\$173,095	\$173,095
\$5,000–49,999	\$8,560,213	\$8,560,213	\$8,470,183
\$50,000–499,999	\$84,156,549	\$84,156,549	\$84,156,549
\$500,000 or more	\$1,058,343,144	\$1,058,343,144	\$1,058,343,144
Average payment per child			
by percentage of federally connected children			
0–19 percent	\$193	\$193	\$193
20–39 percent	\$642	\$642	\$642
40–59 percent	\$2,603	\$2,603	\$2,603
60–79 percent	\$6,204	\$6,204	\$6,204
80 percent or more	\$6,833	\$6,833	\$6,833
Number of students			
“a” students ¹			
Indian “a” students	223,683	223,683	223,683
Military “a” students	113,495	113,495	113,495
Civilian “a” students	107,689	107,689	107,689
	2,499	2,499	2,499
“b” students ²			
Military “b” students	684,678	684,678	684,678
Low-rent housing “b” students	259,945	259,945	259,945
Civilian “b” students	219,972	219,972	219,972
	204,761	204,761	204,761
Total payments			
“a” students ¹			
Indian “a” students	\$1,003,968,007	\$1,003,968,007	\$1,003,968,007
Military “a” students	\$587,733,592	\$587,733,592	\$587,733,592
Civilian “a” students	\$411,222,616	\$411,222,616	\$411,222,616
	\$5,011,799	\$5,011,799	\$5,011,799
“b” students ²			
Military “b” students	\$147,264,993	\$147,264,993	\$147,264,993
Low-rent housing “b” students	\$111,207,669	\$111,207,669	\$111,207,669
Civilian “b” students	\$14,039,051	\$14,039,051	\$14,039,051
	\$22,018,273	\$22,018,273	\$22,018,273

IMPACT AID

Basic support payments

<u>Measures</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Average payments per child			
“a” students ¹	\$4,488	\$4,488	\$4,488
Indian “a” students	5,178	5,178	5,178
Military “a” students	3,819	3,819	3,819
Civilian “a” students	2,005	2,005	2,005
“b” students ²	\$215	\$215	\$215
Military “b” students	428	428	428
Low-rent housing “b” students	64	64	64
Civilian “b” students	<u>108</u>	<u>108</u>	<u>108</u>
 Cost of fully funding maximum payments	 \$2,151,360,383	 \$2,151,360,383	 \$2,151,360,383

NOTES: All figures are estimates based on student count and payment data from FY 2014.

The fiscal year 2014 appropriations act authorized the Department to pool evaluation funds reserved under section 9601 of the ESEA and use those pooled funds to evaluate any ESEA program. The fiscal year 2015 appropriations act provided the same authority and the Administration’s fiscal year 2016 budget would continue this authority. While the Department did not reserve funds from the Basic Support Payments program under this authority in fiscal year 2014, it may do so in fiscal years 2015 and 2016.

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).

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 2016 and future years, as well as 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.

IMPACT AID

Basic support payments

Year	Target	Actual
2011	65%	63.2%
2012	67	64.2
2013	67	63.6
2014	67	
2015	67	
2016	67	

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
2011	60%	64.0%
2012	75	70.4
2013	75	63.0
2014	75	
2015	75	
2016	75	

Additional information: These measures, developed by the Department in 2008, 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 below the State average are likely being under- or over-compensated. In 2013, 28.9 percent of regular districts spent more than 120 percent of the State average while 25.9 percent of heavily impacted districts spent more than 120 percent of the State average. Targets were set using 2006 data as the baseline. Data compiled for 2013 show that the target was not met for heavily impacted districts or for the regular districts. Data for 2014 will be available in August 2015.

Efficiency measures

Measure: The number of requests to forgive overpayments of Basic Support Payments.

Year	Target	Actual
2011	10	5
2012	10	4
2013	10	4
2014	10	1
2015	10	
2016	10	

Additional information: This performance measure provides a proxy for calculating the extent to which the Department’s payments to over 1,100 LEAs are accurate. The data show that the

IMPACT AID

Basic support payments

accuracy of payments has been very good in recent years. In 2013, the number of requests received from LEAs for overpayment forgiveness was below the target ceiling of 10 requests.

Measure: The percentage of eligible applicants that receive initial Basic Support Payments within 60 days after the enactment of an appropriation.

Year	Target	Actual
2011	90%	93%
2012	90	91
2013	90	99
2014	90	97
2015	90	
2016	90	

Additional information: This measure tracks the timeliness of Basic Support Payments made by the Department. The Department has successfully met and exceeded the performance target for 4 consecutive years, including the most recent year, fiscal year 2014.

Other Performance Information

A study of the Impact Aid program published in 2007 examined the financial burdens that school districts face due to a Federal presence and how well Impact Aid funds are targeted 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 models that excluded heavily impacted districts and districts with Indian lands.

The Department contracted for additional analyses in 2008, published in 2010, that expanded 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 found that districts serving students living on Indian lands face higher costs of education associated with higher need, due to many of the same challenges that districts serving other low-income populations face as well as challenges unique to Native American populations, including geographic isolation and unique cultural needs. In looking at the various local contribution rate options that exist in the current Basic Support Payments formula, the study found that the elimination of the national average per-pupil spending as a local contribution rate would narrow the difference in per-pupil spending between Impact Aid districts and comparable non-Impact Aid districts but would not improve the targeting of funds to districts with the greatest need.

IMPACT AID

Payments for children with disabilities

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

(dollars in thousands)

FY 2016 Authorization: To be determined ¹

Budget Authority:

<u>2015</u>	<u>2016</u>	<u>Change</u>
\$48,316	\$48,316	0

¹ The GEPA extension expired September 30, 2008; reauthorizing legislation is sought for FY 2016.

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 have a reduced local revenue base 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 to LEAs that meet the eligibility requirements under the Basic Support Payments authority 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

IMPACT AID

Payments for children with disabilities

payments are intended to help pay the "excess costs" of educating these students (i.e., those costs that exceed the cost of educating a student without a disability).

Funding levels for the past 5 fiscal years were:

	(dollars in thousands)
2011	\$48,505
2012	48,413
2013	45,881
2014	48,316
2015	48,316

FY 2016 BUDGET REQUEST

For fiscal year 2016, the Administration requests \$48.3 million for Payments for Children with Disabilities, the same as the 2015 level. 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.

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 2016, 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, 24 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 (amounts in whole dollars)

<u>Measures</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Number of LEAs receiving payments	878	878	878
Range of payments	\$515– \$1,216,140	\$515– \$1,216,140	\$515– \$1,216,140
Percentage of LEAs by size of payment			
\$1–4,999	21.9%	21.9%	21.9%
\$5,000–19,999	32.5%	32.5%	32.5%
\$20,000–99,999	32.3%	32.3%	32.3%
\$100,000 or more	13.3%	13.3%	13.3%
Total dollar amount of payments by size of payment			
\$1–4,999	\$510,277	\$510,277	\$510,277
\$5,000–19,999	\$3,351,571	\$3,351,571	\$3,351,571
\$20,000–99,999	\$13,517,571	\$13,517,571	\$13,517,571
\$100,000 or more	\$30,936,507	\$30,936,507	\$30,936,507
Number of “a” students eligible ¹	30,217	30,217	30,217
Number of “b” students eligible ²	<u>24,054</u>	<u>24,054</u>	<u>24,054</u>
Total eligible students	54,271	54,271	54,271
Total funding for “a” students	\$34,560,352	\$34,560,352	\$34,560,532
Total funding for “b” students	\$13,755,648	\$13,755,648	\$13,755,648
Average payment per “a” student	\$1,144	\$1,144	\$1,144
Average payment per “b” student	\$572	\$572	\$572
Average total payment per student ³	\$890	\$890	\$890
Average IDEA Grants to States funding per student	<u>\$1,743</u>	<u>\$1,742</u>	<u>\$1,768</u>
Total average Federal funding per student	\$2,633	\$2,632	\$2,658

NOTES: All figures are estimates based on student count and payment data from FY 2014.

The fiscal year 2014 appropriations act authorized the Department to pool evaluation funds reserved under section 9601 of the ESEA and use those pooled funds to evaluate any ESEA program. The fiscal year 2015 appropriations act provided the same authority and the Administration’s fiscal year 2016 budget would continue this authority. While the Department did not reserve funds from the Payments for Children with Disabilities program under this authority in fiscal year 2014, it may do so in fiscal years 2015 and 2016.

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).

IMPACT AID

Payments for children with disabilities

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.

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 2016 and future years, as well as the resources and efforts invested by those served by this program.

Efficiency measures

Measure: The number of requests to forgive overpayments of Payments for Children with Disabilities.

Year	Target	Actual
2011	10	5
2012	10	4
2013	10	4
2014	10	1
2015	10	
2016	10	

Additional information: This performance measure provides a proxy for calculating the extent to which the Department’s payments to nearly 800 LEAs are accurate. The data show that the accuracy of payments has been very good in recent years.

IMPACT AID

Payments for children with disabilities

Measure: The percentage of eligible applicants who receive initial Payments for Children with Disabilities within 60 days after the enactment of an appropriation.

Year	Target	Actual
2011	90%	93%
2012	90	91
2013	90	99
2014	90	97
2015	90	
2016	90	

Additional information: This measure tracks the timeliness of Payments for Children with Disabilities made by the Department. The Department has successfully met the performance target for 4 consecutive years, including the most recent applicable year, fiscal year 2014.

IMPACT AID

Facilities maintenance

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

(dollars in thousands)

FY 2016 Authorization: To be determined ¹

Budget Authority:

<u>2015</u>	<u>2016</u>	<u>Change</u>
\$4,835	\$71,648	+\$66,813

¹ The GEPA extension expired September 30, 2008; reauthorizing legislation is sought for FY 2016.

PROGRAM DESCRIPTION

The Department of Education (ED) makes awards under section 8008 of the Elementary and Secondary Education Act (ESEA) for emergency repairs and for comprehensive capital improvements to schools that 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 may not 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 26 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 of many of these school facilities, which DoD operates as Domestic Dependents Elementary and Secondary Schools (DDESSs). The DoD is currently responsible for 14 facilities while ED continues to be directly responsible for the other 12, which LEAs operate and use to educate military dependent students.

Funding levels for the past 5 fiscal years were:

	(dollars in thousands)
2011	\$4,854
2012	4,845
2013	4,591
2014	4,835
2015	4,835

IMPACT AID

Facilities maintenance

FY 2016 BUDGET REQUEST

For 2016, the Administration requests \$71.6 million for Facilities Maintenance, an increase of \$66.8 million above the 2015 level. These funds would be used to upgrade and transfer school facilities currently owned by ED to LEAs, which can manage school buildings in their communities more effectively than the Federal Government. The Administration believes that the requested increase would allow the Department to make nearly all repairs and upgrades to the 12 remaining schools for which it retains financial responsibility, thus clearing the way for transfer of these schools to the LEAs that operate them. By requesting the full, or nearly full, cost for the remaining schools in fiscal year 2016, The Administration expects to save funds in the long term. The estimated costs of the repair and renovations often increase over time as the schools further deteriorate.

Since fiscal year 2008, ED has completed the transfer to the DoD, at no cost to ED, titles to 47 facilities that the DoD operates as Domestic Dependents Elementary and Secondary Schools (DDESSs), bringing the remaining number of schools owned by ED down to the current 26. ED is in the final stages of transferring to DoD the titles to the remaining 14 facilities funded and operated by DoD.

LEAs operate the 12 remaining school facilities for which ED will continue to be responsible. In many instances, these facilities are deteriorated, are 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 increased funding proposed for 2016 would help address this concern and facilitate the transfer of these facilities to the LEAs.

PROGRAM OUTPUT MEASURES

<u>Measures</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Number of properties receiving emergency repairs	2	2–3	10–12
Number of facilities transferred (owned by ED and operated by LEAs)	1	2	6

NOTE: The fiscal year 2014 appropriations act authorized the Department to pool evaluation funds reserved under section 9601 of the ESEA and use those pooled funds to evaluate any ESEA program. The fiscal year 2015 appropriations act provided the same authority and the Administration's fiscal year 2016 budget would continue this authority. While the Department did not reserve funds from the Facilities Maintenance program under this authority in fiscal year 2014, it may do so in fiscal years 2015 and 2016.

PROGRAM PERFORMANCE INFORMATION

The Department's measure of progress for this program is the number of schools removed from the inventory of Department 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

IMPACT AID

Facilities maintenance

the program. However we will continue to track these DoD transfers until all of the inventory is accepted by DoD.) Since 1999, the number of schools for which the Department is responsible has decreased by 77 percent, from 53 to 12, thus reducing its responsibility for maintenance and renovation.

IMPACT AID

Construction

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

(dollars in thousands)

FY 2016 Authorization: To be determined¹

Budget Authority:

<u>2015</u>	<u>2016</u>	<u>Change</u>
\$17,406	\$17,406	0

¹ The GEPA extension expired September 30, 2008; reauthorizing legislation is sought for FY 2016.

PROGRAM DESCRIPTION

The Department makes formula and competitive grants under Section 8007 to support school construction in local educational agencies (LEAs) that educate federally connected students or have federally owned land. The authorizing statute 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, Congress has routinely overridden this statutory requirement to require the use of all funds for either formula or competitive grants; for example, it required competitive grants in fiscal years 2012, 2013 and 2015, but formula grants in fiscal year 2014.

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 is paid to eligible LEAs on behalf of students whose parents are in the uniformed services. Payments are determined by distributing half of the available funds among eligible LEAs based on each LEA's share of the total weighted count of students living on Indian lands, as specified in the regular Basic Support Payments formula, and half of the available funds among eligible LEAs based on each LEA's share of the total weighted count of students

IMPACT AID

Construction

whose parents are in the uniformed services, as specified in the regular Basic Support Payments formula.

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 school districts that are eligible to receive payments under the Impact Aid Construction formula and either have little or no bonding capacity or are eligible to receive payments as a “heavily impacted” school district under the Basic Support Payments formula.

Second in priority are emergency grants for:

- school districts that receive a payment under the Basic Support Payment formula and: (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 operated by an LEA that would otherwise be eligible for an emergency grant; (2) have at least 40 percent federally connected students residing on Indian lands or 40 percent federally connected military students; and (3) are operated by 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 operated by 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 operated by 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.

IMPACT AID

Construction

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) \$4.0 million during any 4-year period. Since 2002, competitive grants have been awarded to districts only under the first priority. When the appropriation for Construction has included funding for competitive grants, funds have been made available for 2 years.

Funding levels for the past 5 fiscal years were:

	(dollars in thousands)
2011	\$17,474
2012	17,441
2013	16,529
2014	17,406
2015	17,406

FY 2016 BUDGET REQUEST

For fiscal year 2016, the Administration requests \$17.4 million for Construction, the same as the 2015 level. The Administration will seek appropriations language that would require all funds be used for competitive grants and to be available for 2 years, a continuation of policy enacted for 2015. By awarding funds through a competitive process, the Department can ensure that districts with the greatest needs receive meaningful amounts of funding to make emergency repairs.

Because school construction is primarily financed from local funds, and because federally affected local educational agencies 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;

IMPACT AID

Construction

and replacement of faulty windows and roofs. The program is well-targeted because the eligibility pool is limited to some of the poorest districts in the Nation that are also heavily dependent on Federal funding for their operating and maintenance expenses.

PROGRAM OUTPUT MEASURES (amounts in whole dollars)

<u>Measures</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Formula Grants	\$17,406,000	0	0
Number of LEAs receiving formula payments	172	0	0
Average LEA payment	\$101,198	0	0
Range of payments	\$1,019– \$1,799,482	0	0
Average payment per student	0	0	0
Competitive Grants	0	\$17,406,000	\$17,406,000
Number of LEAs receiving competitive awards	0	6–10	6–10
Range of payments	0	\$50,000– \$5,000,000	\$50,000– \$5,000,000
Peer review of new award applications	0	\$5,000	\$5,000

NOTE: The fiscal year 2014 appropriations act authorized the Department to pool evaluation funds reserved under section 9601 of the ESEA and use those pooled funds to evaluate any ESEA program. The fiscal year 2015 appropriations act provided the same authority and the Administration's fiscal year 2016 budget would continue this authority. While the Department did not reserve funds from the Construction program under this authority in fiscal year 2014, it may do so in fiscal years 2015 and 2016.

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 2016 and future years, as well as 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*

IMPACT AID

Construction

children.

Measure: The percentage of participating LEAs reporting that the overall condition of their school buildings is adequate.

Year	Target	Actual
2011	70%	71%
2012	70	74
2013	70	62
2014	70	70
2015	70	
2016	70	

Additional information: 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.

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
2011	250	N/A
2012	250	158
2013	250	
2014	250	N/A
2015	250	
2016	250	

Additional information: This efficiency measure is a measure of the speed with which LEAs award construction contracts after the Department makes the initial competitive construction awards. There are no data for 2011 and 2014 because the competitive grant program was not funded in those years. Targets for 2013, 2015 and 2016 have been set for 250 days. The 2013 grant competition concluded in fall 2013 and two grantees have yet to award contracts. Performance data will not be available until every LEA has awarded a contract. The average number of days elapsed for the 2013 grantees that have awarded contracts is 132 days

IMPACT AID

Construction

Measure: The percentage of all formula construction payments made by July 31 of the application year.

Year	Target	Actual
2011	90%	99%
2012	90	N/A
2013	90	N/A
2014	90	0
2015	90	N/A
2016	90	

Additional information: Prior to 2007, formula construction payments were not made until the end of the fiscal year. Since then, the Department has attempted to make awards earlier in the year so that LEAs will have access to funds during the summer, when most construction projects take place. Data are not shown for 2012, 2013 and 2015 because no funding was appropriated for formula grants for those years. 94.2 percent of FY 2014 Construction payments were made on August 5th, 2014.

IMPACT AID

Payments for Federal property

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

(dollars in thousands)

FY 2016 Authorization: 0 ¹

Budget Authority:

<u>2015</u>	<u>2016</u>	<u>Change</u>
\$66,813	0	-\$66,813

¹ The GEPA extension expired September 30, 2008. No appropriations language or reauthorizing legislation is sought for FY 2016.

PROGRAM DESCRIPTION

The Department of Education makes Payments for Federal Property under section 8002(b) to LEAs that have lost at least 10 percent of the assessed value of their tax base due to the acquisition, since 1938, of real property by the United States Government. Section 8002 of the ESEA was recently amended by Section 563 of the National Defense Authorization Act (NDAA) for fiscal year 2013 (P.L. 112-239), making changes with respect to applications submitted for fiscal years 2010 through 2015. The NDAA amendments apply through fiscal year 2015, after which point the program will revert to current law. The following descriptions explain formula calculations under the underlying ESEA statute and under NDAA amendments:

ESEA Statute (applicable before fiscal year 2010 and after fiscal year 2015)

If fully funded, the funding 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.

However, when full funding is not provided, as in recent years, payments are based on a “hold-harmless” formula designed to preserve historic funding levels for individual LEAs.

- First, a “foundation payment” is made to eligible LEAs (e.g. those that are not substantially compensated by revenues from Federal property, and that meet the other eligibility criteria) that were 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 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 prorated share of the assessed value of eligible Federal property for fiscal year 1995.

IMPACT AID

Payments for Federal property

- Third, a special payment is made to the Highland Falls-Ft. Montgomery Central School District, New York, if it continues to meet the annual eligibility requirements.
- 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 the combination of these payments and payments received under the Basic Support Payments program (8003(b)) to an LEA's maximum regular Basic Support Payment or the maximum Payment for Federal Property, whichever is greater. The second cap 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.

NDAA Amendments (applicable in fiscal years 2010 through 2015)

If 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 current estimated taxable value of the Federal property.

When, as in recent years, 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 eligible LEAs (e.g. those that are not substantially compensated by revenues from Federal property, and that meet the other eligibility criteria) that were also eligible in fiscal year 2009 in an amount that is equal to the greater of 90 percent of the payment the LEA received in fiscal year 2009 and 90 percent of the average payment that the LEA received in fiscal years 2006, 2007, 2008, and 2009.
- Second, a special payment is made to the Highland Falls-Ft. Montgomery Central School District, New York, if it continues to meet the annual eligibility requirements.
- Third, from the remaining funds, a "foundation payment" is made to eligible LEAs that were not eligible in fiscal year 2009. The foundation payment for newly eligible LEAs since 2009 is calculated as 90 percent of the eligible LEA's maximum payment multiplied by the ratio of the appropriation to the total of all LEAs' maximum payments in the most recent year in which payments have been completed.
- Fourth, any remaining funds are distributed based on prorated shares of maximum payments for the current year.

Under the NDAA amendments, the two caps on payments described earlier would only apply to remaining funds under the fourth step for "old districts" (those with fiscal year 2009 eligibility), whereas a "new district" (those with post-2009 eligibility) would be limited by both caps under the third step in their first year of eligibility and under the fourth step for all years of eligibility.

IMPACT AID

Payments for Federal property

Funding levels for the past 5 fiscal years were:

	(dollars in thousands)
2011	\$67,074
2012	66,947
2013	63,445
2014	66,813
2015	66,813

FY 2016 BUDGET REQUEST

The Administration requests no funds for Payments for Federal Property in 2016. It is the Administration’s policy to use available Impact Aid funds to help pay for the education of federally connected children and fund programs that serve federally connected children. Payments for Federal Property compensates LEAs for lost property tax revenue due the presence of Federal lands without regard to whether those districts educate any federally connected children as a result of the Federal presence.

When this authority was established in 1950, its purpose was to provide assistance to LEAs in which the Federal Government had imposed a substantial and continuing burden by acquiring a considerable portion of real property in the LEA. The law applied only to property acquired since 1938 because, in general, LEAs had been able to adjust to acquisitions that occurred before that time. The Administration believes that the majority of LEAs receiving assistance under this program have now had sufficient time—more than 60 years—to adjust to the removal of the property from their tax rolls.

In addition, many LEAs receiving funds under this authority do not meet the basic eligibility criteria established in the authorizing statute, typically because they consist of two or more LEAs that consolidated, at least one of which originally met the eligibility criterion of a loss of 10 percent of the aggregate assessed value of real property removed from the tax rolls. In such cases, the consolidated LEAs are no longer demonstrably burdened by the historic loss of taxable property, and thus are not able to demonstrate a need for Federal funds.

IMPACT AID

Payments for Federal property

PROGRAM OUTPUT MEASURES (amounts in whole dollars)

<u>Measures</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Number of LEAs receiving payments	216	216	0
Average payment	\$309,319	\$309,319	0
Range of payments	\$150– \$5,000,000	\$150– \$5,000,000	0

NOTE: The fiscal year 2014 appropriations act authorized the Department to pool evaluation funds reserved under section 9601 of the ESEA and use those pooled funds to evaluate any ESEA program. The fiscal year 2015 appropriations act provided the same authority and the Administration's fiscal year 2016 budget would continue this authority. While the Department did not reserve funds from the Payments for Federal Property program under this authority in fiscal year 2014, it may do so in fiscal year 2015.

IMPACT AID

Payments for Federal property

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, as well as 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: *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
2011	33.3%	14%
2012	33.3	94
2013	33.3	
2014	33.3	
2015	33.3	

Additional information: This performance measure is no longer applicable as the result of changes in regulations as well as changes resulting from amendments made in the National Defense Authorization Act (NDAA). The goal for the old measure was for the Department to review and verify assessed values for one-third of all applicants each year. A new measure that reflects the current process of reviewing section 8002 applicants will be developed this year.

Measure: The percentage of initial payments to eligible LEAs that are made by the end of the second quarter.

Year	Target	Actual
2011	75%	66%
2012	75	76
2013	75	0
2014	75	8
2015	75	

Additional information: 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 met in fiscal year 2012 for the first time in 4 years as the Department continued to make steady improvement since 2009, increasing the percentage of initial payments made by the end of the second quarter

IMPACT AID

Payments for Federal property

from 9 percent to 76 percent. For fiscal years 2013 through 2015, all initial payments were put on hold due to changes in the funding formula resulting from amendments made in the NDAA.

