

Department of Education
IMPACT AID
Fiscal Year 2018 Budget Request
CONTENTS

	<u>Page</u>
Appropriations Language	B-1
Analysis of Language Provisions and Changes.....	B-2
Appropriation, Adjustments and Transfers	B-3
Summary of Changes	B-4
Authorizing Legislation	B-5
Appropriations History.....	B-6
Summary of Request	B-7
Activities:	B-9
Payments for federally connected children:	B-9
Basic support payments	B-9
Payments for children with disabilities	B-20
Facilities maintenance	B-24
Construction	B-27
Payments for Federal property	B-33
State tables ¹	

¹ State tables reflecting final 2016 allocations and 2017 and 2018 estimates are posted on the Department's webpage at: <https://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 VII of the ESEA, \$1,236,435,000, of which \$1,166,012,000 shall be for basic support payments under section 7003(b), \$48,224,000 shall be for payments for children with disabilities under section 7003(d),¹ \$17,373,000, to remain available for obligation through September 30, 2019, shall be for construction under section 7007(b)² and \$4,826,000, to remain available until expended, shall be for facilities maintenance under section 7008.³ *Provided*, That for purposes of computing the amount of a payment for an eligible local educational agency under section 7003(a) for school year 2017-2018, children enrolled in a school of such agency that would otherwise be eligible for payment under section 7003(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 7003(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.⁴

NOTES

A full-year 2017 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114-254).

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
<p>¹ <u>\$1,236,435,000, of which \$1,166,012,000 shall be for basic support payments under section 7003(b), \$48,224,000 shall be for payments for children with disabilities under section 7003(d)</u></p>	<p>This language specifies funding levels for basic support payments and payments for children with disabilities.</p>
<p>² <u>\$17,373,000, to remain available for obligation through September 30, 2019, shall be for construction under section 7007(b)</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 competition.</p>
<p>³ <u>\$4,826,000, to remain available until expended, shall be for facilities maintenance under section 7008:</u></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>⁴ <u>Provided, That for purposes of computing the amount of a payment for an eligible local educational agency under section 7003(a) for school year 2017-2018, children enrolled in a school of such agency that would otherwise be eligible for payment under section 7003(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 7003(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.</u></p>	<p>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.</p>

IMPACT AID

Appropriation, Adjustments and Transfers
(dollars in thousands)

Appropriation/Adjustments/Transfers	2016	2017 Annualized CR	2018
<hr/>			
Discretionary:			
Appropriation.....	\$1,305,603	\$1,305,603	\$1,236,435
Across-the-board reduction (P.L. 114-254)....	<u>0</u>	<u>-2,482</u>	<u>0</u>
Total, discretionary appropriation.....	1,305,603	1,303,121	1,236,435

IMPACT AID

Summary of Changes
(dollars in thousands)

2017 Annualized CR	\$1,303,121
2018.....	<u>1,236,435</u>
Net change	-66,686

Decreases:	<u>2017</u> <u>Annualized CR base</u>	<u>Change</u> <u>from base</u>
<u>Program:</u>		
Eliminate funding for Payments for Federal Property, which are payments made without regard to the presence of federally connected children.	\$66,686	-\$66,686

IMPACT AID

Authorizing Legislation
(dollars in thousands)

Activity	2017 Authorized	2017 Annualized CR	2018 Authorized	2018 Request
Payments for federally connected children:				
Basic support payments (<i>ESEA-VII-7003(b) and (e)</i>)	\$1,151,233	\$1,166,012	\$1,151,233	\$1,166,012
Payments for children with disabilities (<i>ESEA-VII-7003(d)</i>)	48,316	48,224	48,316	48,224
Facilities maintenance: (<i>ESEA-VII-7008</i>)	4,835	4,826	4,835	4,826
Construction (<i>ESEA-VII-7007</i>)	17,406 ¹	17,373	17,406 ¹	17,373
Payments for Federal property (<i>ESEA-VII-7002</i>)	<u>66,813</u>	<u>66,686</u>	<u>66,813</u>	<u>0</u>
Total definite authorization	1,288,603		1,288,603	
Total annual appropriation		1,303,121		1,236,435

¹ The statute provides that 40 percent of the funds appropriated for Construction under section 7007 shall be used to make formula payments under section 7007(a) and 60 percent shall be used to make competitive awards under section 7007(b).

IMPACT AID

Appropriations History (dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2009	1,240,718	1,290,718 ¹	1,240,718 ¹	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 ²	1,276,183
2011	1,276,183	1,276,183 ³	1,296,183 ²	1,273,631 ⁴
2012	1,276,183	1,308,631 ⁵	1,273,631 ⁵	1,291,186
2013	1,224,239	1,291,186 ⁶	1,291,186 ⁶	1,223,649
2014	1,224,239	N/A ⁷	1,290,945 ²	1,288,603
2015	1,221,790	N/A ⁷	1,288,603 ⁸	1,288,603
2016	1,288,603	1,298,603 ⁹	1,288,603 ⁹	1,305,603
2017	1,305,603	1,315,603 ¹⁰	1,328,603 ¹⁰	1,328,603 ¹⁰
2018	1,236,435			

¹ 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.

² The level for the Senate allowance reflects Committee action only.

³ The level for the House allowance reflects the House-passed full-year continuing resolution.

⁴ The level for appropriation reflects the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-110).

⁵ The level for the House allowance reflects an introduced bill; the level for the Senate allowance reflects Senate Committee action only.

⁶ 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.

⁷ The House allowance is shown as N/A because there was no Subcommittee action.

⁸ The level for the Senate Allowance reflects Senate Subcommittee action only.

⁹ The levels for House and Senate allowances reflect action on the regular annual 2016 appropriations bill, which proceeded in the 114th Congress only through the House Committee and Senate Committee.

¹⁰ The levels for the House and Senate allowance reflect Committee action on the regular annual 2017 appropriation bill; the Appropriation reflects the Consolidated Appropriations Act, 2017.

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DEPARTMENT OF EDUCATION FISCAL YEAR 2018 PRESIDENT'S BUDGET □
(in thousands of dollars)

Account, Program and Activity	Category Code	2016 Appropriation	2017 Annualized CR	2017 Appropriation	2018 President's Budget	2018 President's Budget Compared to 2017 Annualized CR		2018 President's Budget Compared to 2017 Appropriation	
						Amount	Percent	Amount	Percent
Impact Aid (ESEA VII)									
1. Payments for federally connected children (section 7003):									
(a) Basic support payments (section 7003(b))	D	1,168,233	1,166,012	1,189,233	1,166,012	0	0.00%	(23,221)	-1.95%
(b) Payments for children with disabilities (section 7003(d))	D	48,316	48,224	48,316	48,224	0	0.00%	(92)	-0.19%
Subtotal		1,216,549	1,214,236	1,237,549	1,214,236	0	0.00%	(23,313)	-1.88%
2. Facilities maintenance (section 7008)	D	4,835	4,826	4,835	4,826	0	0.00%	(9)	-0.19%
3. Construction (section 7007)	D	17,406	17,373	17,406	17,373	0	0.00%	(33)	-0.19%
4. Payments for Federal property (section 7002)	D	66,813	66,686	68,813	0	(66,686)	-100.00%	(68,813)	-100.00%
Total	D	1,305,603	1,303,121	1,328,603	1,236,435	(66,686)	-5.12%	(92,168)	-6.94%

NOTES: D = discretionary program; M = mandatory program
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. A full-year 2017 appropriation was not enacted at the time the FY 2018 Budget was prepared; therefore, the Budget assumes the Department is operating under the Further Continuing Appropriations Act, 2017 (P.L. 114–254). The amounts included for 2017 reflect the annualized level provided by the continuing resolution. The Department of Education Appropriations Act, 2017, provided \$1.329 billion, an increase of \$23 million, or 1.76 percent, more than the 2016 level for programs in this account.

The Administration requests \$1.236 billion in fiscal year 2018 for Impact Aid payment programs, including:

- \$1.166 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.
- \$48.2 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.
- \$4.8 million for **Facilities Maintenance**. The Department of Education owns and maintains nine school facilities that originally were built to enable LEAs and the Department of Defense to educate federally connected students. The request would support Department of Education efforts to make emergency repairs to the remaining school buildings and continue the process of transferring these schools to LEAs.
- \$17.4 million for **Construction** payments to LEAs, with appropriations language that would require all funds to be awarded competitively. 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, does not necessarily support the provision of educational services for these children.

IMPACT AID

Basic support payments

(Elementary and Secondary Education Act of 1965, as amended, Title VII, section 7003(b) and (e))

(dollars in thousands)

FY 2018 Authorization: \$1,151,233

Budget Authority:

<u>2017</u> <u>Annualized CR</u>	<u>2017</u> <u>Appropriation</u>	<u>2018</u>	<u>Change from</u> <u>Annualized CR</u>
\$1,166,012	\$1,189,233	\$1,166,012	0

PROGRAM DESCRIPTION

The Impact Aid Basic Support Payments program is authorized under the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA) and the National Defense Authorization Act of 2017 (NDAA). The recently passed ESSA and NDAA made multiple changes to eligibility criteria and the payment formula.

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;

IMPACT AID

Basic support payments

- F. students who live on Federal property but otherwise do not fit into any of the categories described above; and
- 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.

Regular Basic Support Payments (section 7003(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), 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 weighted student count is multiplied 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

IMPACT AID

Basic support payments

- the LEA's 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 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, but is insufficient to provide maximum payments to all LEAs, the formula ratably increases these payments above the LOT. However, these ratably increased LOT payments may not exceed an LEA's maximum payment.

Basic Support Payments for Heavily Impacted LEAs (section 7003(b)(2))

The ESSA and NDAA made multiple changes to eligibility criteria and payment formulas for Basic Support Payments for Heavily Impacted LEAs, including eliminating the distinction between new and continuing LEAs. Under the newly amended ESEA, a "heavily impacted" LEA must fall into one of the following five categories:

- An LEA whose boundaries are the same as a Federal military installation or an LEA with no taxing authority and whose boundaries are the same as an island property designated by the Secretary of the Interior as being held in trust by the Federal Government;
- An LEA with a tax rate for general fund purposes that is 95 percent or greater of the average tax rate of comparable LEAs in the State, has a total number of eligible federally connected students described above that is at least 45 percent of the LEA's total student enrollment, and has an average per-pupil expenditure that is (1) less than 125 percent of the SPPE if their total enrollment is at least 500 students or (2) less than 150 percent of the SPPE or the average per-pupil expenditure of 3 or more comparable LEAs in the State if their total enrollment is less than 500;
- An LEA with a tax rate for general fund purposes that is 125 percent or greater of the average tax rate for comparable LEAs in that State and has a total number of eligible federally connected students described above that is at least 30 percent or at least 20 percent for LEAs with at least 65 percent of non-federally connected children eligible to receive free or reduced price lunch;
- An LEA that received a payment for fiscal year 2015 under section 8003(b)(2)(E) (as was in effect in fiscal year 2015) and has a total student enrollment of at least 25,000 of which, at least 35 percent are federally connected students as described above and at least 3,500 are federally connected 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, live with a parent who is a foreign military officer accredited by a foreign government or who have a parent on active duty in the uniformed services of the United States or at least 7,000 are federally connected 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;

IMPACT AID

Basic support payments

- An LEA with a tax rate for general fund purposes that is 95 percent or greater than the average tax rate of comparable LEAs in the State, was eligible for a heavily impacted payment in FY 2001, has a total number of students counted under categories (F) and (G) greater than or equal to 35 percent of the LEA's total student enrollment, and has a total enrollment of less than 350 students or has an average per-pupil expenditure that is less than 125 percent of the SPPE if total enrollment is at least 500 students or less than 150 percent of the SPPE or the average per-pupil expenditure of 3 or more comparable LEAs in the State if total enrollment is less than 500.

An LEA that no longer meets the eligibility requirements above will continue to receive a heavily impacted payment in the first year the LEA falls out of eligibility. An LEA that falls out of eligibility due to falling below 95 percent of the average tax rate for general fund purposes for two consecutive years will continue to receive a heavily impacted payment in the first two years of ineligibility. An LEA must be eligible for two consecutive years before returning to heavily impacted status.

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 — the average per-pupil payment for Heavily Impacted districts is roughly \$4,800, compared to \$1,200 per-pupil for regular Impact Aid districts. Under the formula for heavily impacted LEAs, LEAs receive funds on behalf of students in categories (F) and (G), even if the number of those students falls below the Basic Support Payment thresholds of 1,000 students or 10 percent. 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 they 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 7003(b)(1). If the appropriation is insufficient to provide LOT payments in full for regular LEAs under section 7003(b)(1), Basic Support Payments to heavily impacted LEAs are ratably reduced by the same percentage as payments to regular LEAs.

The reauthorized program also includes new hold-harmless language that applies to all eligible LEAs (regular and Heavily Impacted). An LEA with a payment that decreases by 20 percent or

IMPACT AID

Basic support payments

more from the previous year will receive 90 percent of the previous year's payment. In the following year, the LEA will receive no less than 85 percent of the previous year's payment. And in the third year following the determination of a 20 percent decrease in payment, the LEA will receive no less than 80 percent of the previous year's payment.

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2013	\$1,093,203
2014	1,151,233
2015	1,151,233
2016	1,168,233
2017	1,189,233

FY 2018 BUDGET REQUEST

The Administration requests \$1.17 billion for Basic Support Payments, the same as the fiscal year 2017 annualized Continuing Resolution level. The Department of Education Appropriations Act, 2017, provided \$1.19 billion for this program. Impact Aid Basic Support Payments compensate local educational agencies (LEAs) for the local share of the cost of educating federally connected students. The request includes appropriations language that overrides the authorization level provided for this program in the Elementary and Secondary Education Act, as amended, and would retain appropriations language enacted in 2016 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 students counted under categories (A), (B) and (C)—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 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 students counted under categories (D), (E), (F), and (G) — primarily students who reside in low-rent housing and students who reside, or whose parents work, on private property — do not create the same financial burden for LEAs, it is still significant. Military families living off-base 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 “off-base” students either reside, 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 2018 request level would be sufficient to maintain the Department's commitment to more than 750,000 federally connected students in almost 1,100 school districts. While LEAs may expend their payments for either current operations or capital costs, the program's formula is

IMPACT AID

Basic support payments

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.

PROGRAM OUTPUT MEASURES¹

(amounts in whole dollars)

<u>Output Measures</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
All eligible LEAs			
Number of LEAs receiving payments	1,073	1,073	1,073
Range of payments	\$167–	\$171–	\$168–
	52,905,149	56,493,791	55,390,691
Regular LEAs			
Number of LEAs receiving payments	1,044	1,044	1,044
Range of payments	\$167–	\$171–	\$168–
	37,673,384	38,747,880	37,991,287
Heavily impacted LEAs			
Number of LEAs receiving payments	29	29	29
Range of payments	\$478,781–	\$492,436–	\$482,821–
	52,905,149	56,493,791	55,590,691
Number of federally connected students			
In all eligible LEAs	776,548	776,548	776,548
In regular LEAs	717,675	717,675	717,675
In heavily impacted LEAs	58,873	58,873	58,873
Total payments for students			
In regular LEAs	\$874,857,869	\$899,809,997	\$882,240,279
In heavily impacted LEAs	\$293,375,131	\$289,423,003	\$283,771,721
Average payment per student			
In all LEAs	\$1,504	\$1,531	\$1,502
In regular LEAs	\$1,219	\$1,254	\$1,229
In heavily impacted LEAs	\$4,983	\$4,916	\$4,820
Percentage of LEAs by size of payment			
\$1–4,999	4.9%	4.7%	4.9%
\$5,000–49,999	32.1%	31.9%	31.9%
\$50,000–499,999	38.7%	38.4%	38.6%
\$500,000 or more	24.3%	25.0%	24.6%

¹ All figures are estimates based on 2016 student count and payment data as of March 2017.

IMPACT AID

Basic support payments

<u>Output Measures</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total dollar amount of payments			
by size of payment			
\$1–4,999	\$157,062	\$151,445	\$153,388
\$5,000–49,999	\$7,780,053	\$7,809,026	\$7,745,462
\$50,000–499,999	\$79,302,672	\$78,202,391	\$78,560,356
\$500,000 or more	\$1,080,993,213	\$1,103,070,138	\$1,079,547,794
Average payment per child			
by percentage of federally			
connected children			
0–19 percent	\$225	\$231	\$227
20–39 percent	\$853	\$877	\$860
40–59 percent	\$3,245	\$3,197	\$3,135
60–79 percent	\$6,146	\$6,321	\$6,198
80 percent or more	\$7,521	\$7,736	\$7,585
Number of students			
“On-Base” students ¹	214,718	214,718	214,718
Indian students	111,629	111,629	111,629
Military “On-Base” students	100,808	100,808	100,808
Civilian “On-Base” students	2,281	2,281	2,281
“Off-Base” students ²	561,829	561,829	561,829
Military “Off-Base” students	233,578	233,578	233,578
Low-rent housing students	141,869	141,869	141,869
Civilian “Off-Base” students	186,382	186,382	186,382
Total payments			
“On-Base” students ¹	\$1,037,422,867	\$1,057,596,491	\$1,036,945,829
Indian students	\$615,060,560	\$632,602,918	\$620,250,693
Military “On-Base” students	\$417,650,960	\$420,269,585	\$412,063,388
Civilian “On-Base” students	\$4,711,347	\$4,723,988	\$4,631,748
“Off-Base” students ²	\$130,810,133	\$131,636,509	\$129,066,171
Military “Off-Base” students	\$99,847,313	\$101,225,235	\$99,248,709
Low-rent housing students	\$8,776,299	\$8,936,230	\$8,761,741
Civilian “Off-Base” students	\$22,186,521	\$21,475,044	\$21,055,721

¹ “On-Base” students are generally those students who live on Indian lands or whose parents both live and work on Federal property, as defined in subsections 7003(a)(1)(A)-(C).

² “Off-Base” 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 7003(a)(1)(D)-(G).

IMPACT AID

Basic support payments

<u>Output Measures</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Average payments per child			
"On-Base" students ¹	\$4,832	\$4,926	\$4,829
Indian students	\$5,510	\$5,667	\$5,556
Military "On-Base" students	\$4,143	\$4,169	\$4,088
Civilian "On-Base" students	\$2,066	\$2,071	\$2,031
"Off-Base" students ²	\$233	\$234	\$230
Military "Off-Base" students	\$427	\$433	\$425
Low-rent housing students	\$62	\$63	\$62
Civilian "Off-Base" students	\$119	\$115	\$113
Cost of fully funding maximum payments	\$2,072,653,504	\$2,074,800,241	\$2,074,800,241

¹ "On-Base" students are generally those students who live on Indian lands or whose parents both live and work on Federal property, as defined in subsections 7003(a)(1)(A)-(C).

² "Off-Base" 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 7003(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 2018 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
2013	67%	63.6%
2014	67	63.3
2015	67	64.1
2016	67	
2017	67	
2018	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
2013	75%	63.0%
2014	75	63.7
2015	75	66.7
2016	75	
2017	75	
2018	75	

Additional information: These measures 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 over- or under- compensated. In 2015, 28.9 percent of regular districts spent more than 120 percent of the State average while 23.3 percent of heavily impacted districts spent more than 120 percent of the State average. Targets were set using 2006 data as the baseline. Data for 2016 will be available once final payments have been made.

IMPACT AID

Basic support payments

Efficiency measures

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

Year	Target	Actual
2013	10	4
2014	10	1
2015	10	0
2016	10	2
2017	10	
2018	10	

Additional information: This performance measure provides a proxy for calculating the extent to which the Department's payments to nearly 1,100 LEAs are accurate. The data show that the accuracy of payments has been very good in recent years. In 2016, there were 2 requests from LEAs for overpayment forgiveness.

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

Year	Target	Actual
2013	90%	99%
2014	90	97
2015	90	90
2016	90	92
2017	90	
2018	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 2016.

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 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

IMPACT AID

Basic support payments

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 of 1965, as amended, Title VII, section 7003(d))

(dollars in thousands)

FY 2018 Authorization: \$48,316

Budget Authority:

<u>2017</u> <u>Annualized CR</u>	<u>2017</u> <u>Appropriation</u>	<u>2018</u>	<u>Change from</u> <u>Annualized CR</u>
\$48,224	\$48,316	\$48,224	0

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 7003(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 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).

IMPACT AID

Payments for children with disabilities

No changes were made to this authority under the recent reauthorization of the ESEA.

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2013	\$45,881
2014	48,316
2015	48,316
2016	48,316
2017	48,316

FY 2018 BUDGET REQUEST

The Administration requests \$48.2 million for Payments for Children with Disabilities for fiscal year 2018, the same as the fiscal year 2017 annualized Continuing Resolution level. The Department of Education Appropriations Act, 2017, provided \$48.3 million for this program. 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 2018, 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, 23 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 MEASURES¹

(amounts in whole dollars)

<u>Output Measures</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Number of LEAs receiving payments	840	840	840
Range of payments	\$537– 1,202,273	\$537– 1,202,273	\$536– 1,199,983
Percentage of LEAs by size of payment			
\$1–4,999	19.1%	19.0%	19.1%
\$5,000–19,999	31.2%	31.2%	31.3%
\$20,000–99,999	35.7%	35.7%	35.6%
\$100,000 or more	14.0%	14.1%	14.0%
Total dollar amount of payments by size of payment			
\$1–4,999	\$429,627	\$429,627	\$428,808
\$5,000–19,999	\$3,082,893	\$3,082,893	\$3,096,988
\$20,000–99,999	\$13,748,108	\$13,748,108	\$13,701,965
\$100,000 or more	\$31,055,372	\$31,055,372	\$30,996,239
Number of “On-Base” students eligible ²	29,242	29,242	29,242
Number of “Off-Base” students eligible ³	<u>21,610</u>	<u>21,610</u>	<u>21,610</u>
Total eligible students	50,852	50,852	50,852
Total funding for “On-Base” students	\$35,280,298	\$35,280,298	\$35,213,120
Total funding for “Off-Base” students	\$13,035,702	\$13,035,702	\$13,010,880
Average payment per “On-Base” student	\$1,206	\$1,206	\$1,204
Average payment per “Off-Base” student	\$603	\$603	\$602
Average total payment per student ⁴	\$950	\$950	\$948
Average IDEA Grants to States funding per student	<u>\$1,743</u>	<u>\$1,742</u>	<u>\$1,742</u>
Total average Federal funding per student	\$2,693	\$2,692	\$2,690

¹ All figures are estimates based on 2016 student count and payment data as of March 2017.

² “On-Base” students are generally those students who live on Indian lands or whose parents both live and work on Federal property, as defined in subsections 7003(a)(1)(A)-(C).

³ “Off-Base” 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 7003(a)(1)(D)-(G).

⁴ Impact Aid Payments for Children with Disabilities.

IMPACT AID

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 2018 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
2013	10	4
2014	10	1
2015	10	0
2016	10	2
2017	10	
2018	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 the accuracy of payments has been very good in recent years. In 2016, there were 2 requests from LEAs for overpayment forgiveness.

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
2013	90%	99%
2014	90	97
2015	90	90
2016	90	92
2017	90	
2018	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 year, fiscal year 2016.

IMPACT AID

Facilities maintenance

(Elementary and Secondary Education Act of 1965, as amended, Title VII, section 7008)

(dollars in thousands)

FY 2018 Authorization: \$4,835

Budget Authority:

<u>2017</u> <u>Annualized CR</u>	<u>2017</u> <u>Appropriation</u>	<u>2018</u>	<u>Change from</u> <u>Annualized CR</u>
\$4,826	\$4,835	\$4,826	0

PROGRAM DESCRIPTION

The Department makes awards under section 7008 of the Elementary and Secondary Education Act (ESEA) for emergency repairs and for comprehensive capital improvements to schools that the Department 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. The Department may not charge LEAs for the use of these school buildings and must gain an LEA's consent to accept them. Subject to these restrictions, the Department may make the transfers on such terms as the Secretary deems appropriate. Funds for this program are available until expended.

Currently, the Department owns 21 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 12 facilities (the Department is in the final stages of transferring to DoD the titles to these facilities), while ED continues to be directly responsible for the other 9, which LEAs operate and use to educate military dependent students.

No changes were made to this authority under the recent reauthorization of the ESEA.

IMPACT AID

Facilities maintenance

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2013	\$4,591
2014	4,835
2015	4,835
2016	4,835
2017	4,835

FY 2018 BUDGET REQUEST

For 2018, the Administration requests \$4.826 million for Facilities Maintenance, the same as the fiscal year 2017 annualized Continuing Resolution level. The Department of Education Appropriations Act, 2017, provided \$4.835 million for this program. These funds would be used to upgrade and transfer school facilities currently owned by the Department to LEAs, which can manage school buildings in their communities more effectively than 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 the Department that have not yet been transferred.

Since fiscal year 2008, the Department has completed the transfer to the DoD, at no cost to the Department, titles to 48 facilities that the DoD operates as Domestic Dependents Elementary and Secondary Schools (DDESSs), bringing the remaining number of schools owned by the Department down to the current 21: 12 operated by DoD and 9 operated by LEAs. The Department is in the final stages of transferring to DoD the titles to the remaining 12 facilities funded and operated by DoD.

The 9 remaining school facilities owned by the Department and operated by LEAs generally are in poor condition, and most LEAs are unwilling to accept the schools unless the Department provides sufficient funds to the LEA to correct any deficiencies.

PROGRAM OUTPUT MEASURES

<u>Output Measures</u>	<u>2016</u>	<u>2017 Annualized CR</u>	<u>2018</u>
Number of properties receiving emergency repairs	1	2	2
Number of facilities transferred (owned by ED and operated by LEAs)	2	1-2	1-2

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 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

IMPACT AID

Facilities maintenance

has decreased by 83 percent, from 53 to 9, thus reducing the agency's responsibility for maintenance and renovation.

IMPACT AID

Construction

(Elementary and Secondary Education Act of 1965, as amended, Title VII, section 7007)

(dollars in thousands)

FY 2018 Authorization: \$17,406

Budget Authority:

<u>2017</u> <u>Annualized CR</u>	<u>2017</u> <u>Appropriation</u>	<u>2018</u>	<u>Change from</u> <u>Annualized CR</u>
\$17,373	\$17,406	\$17,373	0

PROGRAM DESCRIPTION

The Department makes formula and competitive grants under Section 7007 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 7007(a) and 60 percent for competitive grants under section 7007(b). However, Congress typically overrides 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, 2015 and 2017, but formula grants in fiscal years 2014, 2016.

Formula grants (section 7007(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.

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

Competitive grants (section 7007(b))

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

IMPACT AID

Construction

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. Since 2002, competitive grants have been awarded to districts only under this priority.

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, have 40 percent federally connected military students or have not less than 10 percent of the property in the school district exempt from State and local taxation under Federal law; (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, have 40 percent federally connected military students or have not less than 10 percent of the property in the school district exempt from State and local taxation under Federal law; (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.

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,

IMPACT AID

Construction

- 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. When the appropriation for Construction has included funding for competitive grants, funds have been made available for 2 years.

No major changes were made to this authority by the Every Student Succeeds Act of 2015, which reauthorized the ESEA.

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2013	\$16,529
2014	17,406
2015	17,406
2016	17,406
2017	17,406

FY 2018 BUDGET REQUEST

For fiscal year 2018, the Administration requests \$17.373 million for Construction, the same as the fiscal year 2017 annualized Continuing Resolution level. The Department of Education Appropriations Act, 2017, provided \$17.406 million for this program. The request includes appropriations language that would require all funds to be used for competitive grants and to be available for 2 years. 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. The average award for competitive grants has been about \$2.4 million for 7 to 8 LEAs in the most recent two competitions while the average award under formula grants has been about \$102,000 for 170 LEAs, with a median award of under \$85,000. Over 60% of LEAs receive less than \$50,000 when formula grants are funded.

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; and replacement of faulty windows and roofs. The program is well-targeted because the

IMPACT AID

Construction

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>Output Measures</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Formula Grants	\$17,406,000	0	0
Number of LEAs receiving formula payments	170	0	0
Average LEA payment	\$102,388	0	0
Range of payments	\$1,800-1,723,000	0	0
Average payment per student	\$142	0	0
Competitive Grants	0	\$17,406,000	\$17,373,000
Number of LEAs receiving competitive awards	0	6-10	6-10
Range of payments	0	\$60,000-6,000,000	\$60,000-6,000,000
Peer review of new award applications	0	\$7,500	\$7,500

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 2018 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 children.*

IMPACT AID

Construction

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

Year	Target	Actual
2013	70%	62%
2014	70	70
2015	70	74
2016	70	77
2017	70	
2018	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
2013	250	179
2014	250	N/A
2015	250	107
2016	250	N/A
2017	250	
2018	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 2014 and 2016 because the competitive grant program was not funded in those years. The target has now been met for three consecutive competitions.

IMPACT AID

Construction

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

Year	Target	Actual
2013	90%	N/A
2014	90	0
2015	90	N/A
2016	90	96.4
2017	90	N/A
2018	90	N/A

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, 2015 and 2017 because no funding was appropriated for formula grants for those years. In FY 2014, 94.2 percent of Construction payments were made on August 5, 2014, just missing the deadline to count toward the target for that year.

IMPACT AID

Payments for Federal property

(Elementary and Secondary Education Act of 1965, as amended, Title VII, section 7002)

(dollars in thousands)

FY 2018 Authorization: \$66,813

Budget Authority:

<u>2017 Annualized CR</u>	<u>2017 Appropriation</u>	<u>2018</u>	<u>Change from Annualized CR</u>
\$66,686	\$68,813	0	-\$66,686

PROGRAM DESCRIPTION

The Department of Education makes Payments for Federal Property under section 7002 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 7002 of the ESEA was recently amended by ESSA, which made small changes to eligibility provisions for specific LEAs and also made permanent the changes made by Section 563 of the National Defense Authorization Act for fiscal year 2013 (P.L. 112-239) regarding the determination of aggregate assessed value and the payment formula.

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.

In the absence of full funding, 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 in 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.

IMPACT AID

Payments for Federal property

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 (7003(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. For "old districts" (those with fiscal year 2009 eligibility) the two caps would only apply to remaining funds under the fourth step 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.

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2013	\$63,445
2014	66,813
2015	66,813
2016	66,813
2017	68,813

FY 2018 BUDGET REQUEST

The Administration requests no funds for Payments for Federal Property in 2018. 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. The Payments for Federal Property program 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 cases where 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>Output Measures</u>	<u>2016</u>	<u>2017 Annualized CR</u>	<u>2018</u>
Number of LEAs receiving payments	195	195	0
Average payment	\$342,630	\$352,887	0
Range of payments	\$150– 5,000,000	\$175– 5,000,000	0

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 2018 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: Manage Section 7002 Payments for Federal Property to disburse funds accurately and efficiently under the statutory formula.

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

Year	Target	Actual
2013	75%	0%
2014	75	8
2015	75	95
2016	75	95
2017	75	100

Additional information: The long-term goal for this 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, but in fiscal years 2013 and 2014 all initial payments were put on hold due to changes in the funding formula resulting from amendments made in the National Defense Authorization Act for fiscal year 2013. For fiscal year 2017, every eligible LEA received their initial payment by the end of the second quarter. For fiscal years 2013 and 2014, all initial payments were put on hold due to changes in the funding formula resulting from amendments made in the National Defense Authorization Act for fiscal year 2013.