

Department of Education
IMPACT AID
Fiscal Year 2011 Budget Request

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[For carrying out programs of financial assistance to federally affected schools authorized by title VIII of the Elementary and Secondary Education Act of 1965, \$1,276,183,000, of which \$1,138,000,000 shall be for basic support payments under section 8003(b), \$48,602,000 shall be for payments for children with disabilities under section 8003(d),¹ \$17,509,000 shall be for construction under section 8007(a),² \$67,208,000 shall be for Federal property payments under section 8002,³ and \$4,864,000, to remain available until expended, shall be for facilities maintenance under section 8008:⁴ Provided, That for purposes of computing the amount of a payment for an eligible local educational agency under section 8003(a) for school year 2009-2010, children enrolled in a school of such agency that would otherwise be eligible for payment under section 8003(a)(1)(B) of such Act, but due to the deployment of both parents or legal guardians, or a parent or legal guardian having sole custody of such children, or due to the death of a military parent or legal guardian while on active duty (so long as such children reside on Federal property as described in section 8003(a)(1)(B)), are no longer eligible under such section, shall be considered as eligible students under such section, provided such students remain in average daily attendance at a school in the same local educational agency they attended prior to their change in eligibility status.⁵]

TITLE III GENERAL PROVISIONS

[Sec. 308. Section 307 of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008 is amended by striking ``and 2009" each place the term occurs and inserting ``through 2011".] (*Department of Education Appropriations Act, 2010.*)

NOTES

All language in the Impact Aid account for programs authorized by the Elementary and Secondary Education Act is deleted because the Administration is proposing reauthorizing legislation for that Act. When new authorizing language is enacted, resources will be requested.

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

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Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ [...\$1,276,183,000, of which \$1,138,000,000 shall be for basic support payments under section 8003(b), \$48,602,000 shall be for payments for children with disabilities under section 8003(d)...]	This language specifies funding levels for basic support payments and payments for children with disabilities.
² [...\$17,509,000 shall be for construction under section 8007(a)...]	This language specifies the amount for construction and makes it available only for formula grants.
³ [...\$67,208,000 shall be for Federal property payments under section 8002...]	This language specifies the amount for Federal property payments.
⁴ [...\$4,864,000, 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 [<i>Provided</i> , That for purposes of computing the amount of a payment for an eligible local educational agency under section 8003(a) for school year 2009-2010, children enrolled in a school of such agency that would otherwise be eligible for payment under section 8003(a)(1)(B) of such Act, but due to the deployment of both parents or legal guardians, or a parent or legal guardian having sole custody of such children, or due to the death of a military parent or legal guardian while on active duty (so long as such children reside on Federal property as described in section 8003(a)(1)(B)), are no longer eligible under such section, shall be considered as eligible students under such section, provided such students remain in average daily attendance at a school in the same local educational agency they attended prior to their change in eligibility status.]	This language provides continued eligibility for students affected by the deployment or death of their military parent so long as the children still attend school in the same LEA.

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Analysis of Language Provisions and Changes

Language Provision	Explanation
<p>⁶[Sec. 308. Section 307 of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2008 is amended by striking ``and 2009" each place the term occurs and inserting ``through 2011"]</p>	<p>This general provision amends P.L. 110-161 to make available certain Impact Aid basic support payments to several school districts in Illinois for an additional 2 years. It has accomplished its purpose and therefore is deleted.</p>

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Amounts Available for Obligation
(\$000s)

	2009	2010	2011
Discretionary appropriation:			
Appropriation	\$1,265,718	\$1,276,183	\$1,276,183
Recovery supplemental (PL 111-5)	<u>100,000</u>	<u>0</u>	<u>0</u>
Subtotal, adjusted discretionary appropriation	1,365,718	1,276,183	1,276,183
Unobligated balance, start of year	21,238	19,103	0
Recovery unobligated balance, start of year	0	60,309	0
Unobligated balance expiring	0	0	0
Unobligated balance, end of year	-19,103	0	-17,509
Recovery unobligated balance, end of year	<u>-60,309</u>	<u>0</u>	<u>0</u>
Subtotal, direct obligations	1,267,853	1,295,286	1,258,674
Subtotal, Recovery direct obligations	<u>39,691</u>	<u>60,309</u>	<u>0</u>
Total, direct obligations	1,307,544	1,355,595	1,258,674

Note – The Administration is proposing to reauthorize the Elementary and Secondary Education Act. FY 2011 funds for affected programs are proposed for later transmittal and will be requested once the legislation is reauthorized.

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Obligations by Object Classification
(\$000s)

	2009	2010	2011
Personnel compensation and benefits:			
Full-time permanent, Recovery.....	\$44	\$300	\$0
Civilian personnel benefits, Recovery.....	<u>10</u>	<u>100</u>	<u>0</u>
Subtotal, Personnel compensation	54	400	0
Travel	8	0	0
Travel, Recovery	<u>0</u>	<u>11</u>	<u>0</u>
Subtotal, Travel	8	11	0
Contractual services and supplies:			
Advisory and assistance services.....	0	10	10
Advisory and assistance services, Recovery	0	497	0
Peer review	0	20	0
Peer review, Recovery	0	100	0
Other services	42	50	50
Other services, Recovery.....	0	0	0
Purchases of goods and services from Government accounts	0	40	40
Operation and Maintenance of equipment, Recovery.....	<u>38</u>	<u>0</u>	<u>0</u>
Subtotal, Contractual services	142	717	100
Grants.....	1,267,803	1,295,166	1,258,574
Grants, Recovery	<u>39,599</u>	<u>59,301</u>	<u>0</u>
Subtotal	1,307,402	1,354,467	1,258,514
Subtotal, obligations.....	1,267,853	1,295,286	1,258,674
Subtotal, Recovery obligations	<u>39,691</u>	<u>60,309</u>	<u>0</u>
Total, obligations.....	1,307,544	1,355,595	1,258,674

Note – The Administration is proposing to reauthorize the Elementary and Secondary Education Act. FY 2011 funds for affected programs are proposed for later transmittal and will be requested once the legislation is reauthorized.

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**Authorizing Legislation
(\$000s)**

Activity	2010 Authorized	2010 Estimate	2011 Authorized	2011 Request
Payments for federally connected children:				
Basic support payments (<i>ESEA-VIII-8003(b) and (e)</i>)	0 ¹	\$1,138,000	0 ¹	\$1,138,000
Payments for children with disabilities (<i>ESEA-VIII-8003(d)</i>)	0 ¹	48,602	0 ¹	48,602
Facilities maintenance: (<i>ESEA-VIII-8008</i>)	0 ¹	4,864	0 ¹	4,864
Construction (<i>ESEA-VIII-8007</i>)	0 ^{1,2}	17,509 ³	0 ¹	17,509 ⁴
Payments for Federal property (<i>ESEA-VIII-8002</i>)	<u>0¹</u>	<u>67,208</u>	<u>0¹</u>	<u>67,208</u>
Total definite authorization				
Total appropriation (request subject to reauthorization)		1,276,183		1,276,183

Note - The Administration is proposing to reauthorize the Elementary and Secondary Education Act. FY 2011 funds for affected programs are proposed for later transmittal and will be requested once the legislation is reauthorized.

¹ The GEPA extension expired September 30, 2008; the program is authorized in FY 2010 through appropriations language. Reauthorizing legislation is sought for FY 2011.

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 2010 estimate is based on appropriations language making Construction funds available for formula grants only.

⁴ The Administration proposes that the Construction funds requested in fiscal year 2011 be available for competitive awards only.

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Appropriations History
(\$000s)

	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2002	\$1,130,500	\$1,130,500	\$1,130,500	\$1,143,500
2003	1,140,500	1,185,000	1,176,500	1,188,226
2004	1,015,500	1,238,324	1,193,226	1,229,527
2005	1,229,527	1,250,893	1,229,527	1,243,862
2006	1,240,862	1,240,862	1,240,862	1,228,453
2007	1,228,453	N/A ¹	N/A ¹	1,228,453
2008	1,228,100	1,278,453	1,248,453	1,240,717
2009	1,240,718	1,290,718 ²	1,240,718 ²	1,265,718
Recovery Act Supplemental (PL 111-5)	0	100,000	100,000	100,000
2010	1,265,718	1,290,718	1,265,718 ³	1,276,183
2011	1,276,183			

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

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

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

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Significant Items in FY 2010 Appropriations Reports

Information request on delays in processing payments

Senate: The Committee notes that for some years there have been long delays in processing payments in the impact aid program. For example, as of mid-July, the fiscal year 2006 payments for Federal property still had not been finalized. Delays are also routine in the construction and payments for children with disabilities programs. Such delays exacerbate the fiscal problems many federally affected districts already face because of budget shortfalls resulting from a decline in State and local revenues. The Committee requests an explanation for the delays and recommendations on how the payment process can be improved in the fiscal year 2011 congressional budget justification.

Response: The Impact Aid programs are not fully funded, and, as a result, the Department follows payment proration rules that are in the legislation. In order to make final payments for any fiscal year, all data for all applicants must be complete and approved. Data are incomplete in the first year for many reasons, such as amendments submitted by applicants; incomplete field reviews during the monitoring process; pending property or Indian policy and procedure reviews; eligibility determinations that are not final, data questions regarding total current expenditure, attendance, or local contribution rate figures; and submissions for military base housing undergoing renovation that have not been approved. As a result, the Department sets the payment level at less than the full appropriation amount to avoid making overpayments to a large number of districts.

In addition, before the beginning of the fiscal year the Department sets initial payment levels at a low rate each year because the Department must be prepared for the possibility that the programs do not receive as much funding as in the previous year. Also, during a continuing resolution the Department has limited funds to distribute while trying to provide funding to as many applicants as possible.

Although the Impact Aid legislation allows the Department 6 years to complete payments, program officials make every effort to make payments within 3 years. During a typical fiscal year, the Department makes initial and interim payments for the current year and prior-year and final payments for the second prior year. Together, these payments usually add to approximately the full amount of the payments for the current year. For FY 2009, over 94 percent of the Payments for Children with Disabilities and Basic Support Payments were made by the end of the fiscal year. For the construction program, payments have generally been made by the end of the fiscal year in years when funding was appropriated only for formula grants.

The Department acknowledges that there have been longer delays in payments under the Payments for Federal Property program due to difficulties that are unique to this program. The statutory formula and implementing regulations are extremely complex and require the Secretary and the local tax officials who

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Significant Items in FY 2010 Appropriations Reports

Information request on delays in processing payments

estimate the value of Federal property in the eligible school districts to come to an agreement on those estimated values. This has proven to be an extremely time-consuming process, as indicated by the fact that the final FY 2006 payments have not been made because of disagreements over the estimated value for a single remaining applicant. The only leverage the Department has in negotiations with LEAs and tax assessors is delaying payments, which is also less risky than making earlier payments based on faulty data because thorough reviews were not performed.

Program officials have met with leaders of the Payments for Federal Property recipient group and discussed options that would make program implementation easier as well as alternative processes for determining a value for Federal property that would greatly reduce the time and effort required by LEAs and the Department. The Department will continue to strive to improve and expedite the payment process while ensuring that payments to all applicants are accurate.

DEPARTMENT OF EDUCATION FISCAL YEAR 2011 PRESIDENT'S REQUEST

(in thousands of dollars)	Account, Program and Activity	Category Code	2009 Appropriation	2010 Appropriation	2011 President's Budget	Change from	
						2010 Appropriation Amount	2010 Appropriation Percent
Impact Aid							
1.	Payments for federally connected children:						
	(a) Basic support payments (ESEA VIII, section 8003(b))	D	1,128,535	1,138,000	1,138,000	0	0.0%
	(b) Payments for children with disabilities (ESEA VIII, section 8003(d))	D	48,602	48,602	48,602	0	0.0%
2.	Facilities maintenance (ESEA VIII, section 8008)	D	4,864	4,864	4,864	0	0.0%
3.	Construction (ESEA VIII, section 8007)	D	17,509	17,509	17,509	0	0.0%
4.	Payments for Federal property (ESEA VIII, section 8002)	D	66,208	67,208	67,208	0	0.0%
	Total	D	1,265,718	1,276,183	1,276,183	0	0.0%
	Outlays	D	1,268,209	1,456,238	1,280,000	(176,238)	-12.1%
Impact Aid, Recovery Account (ESEA VIII)							
1.	Construction (section 8007)	D	100,000	0	0	0	—
	Outlays	D	40,000	10,000	15,000	5,000	50.0%

NOTES: Category Codes are as follows: D = discretionary program; M = mandatory program.

Programs authorized by the Elementary and Secondary Education Act for which funds are requested in 2011 or that are proposed for consolidation in 2011 require new authorizing legislation.

Multiple programs affected by the proposed ESEA reauthorization have been renamed and moved among accounts, some of which have also been renamed. Totals for fiscal years 2009 and 2010 have been adjusted to be comparable to the fiscal year 2011 President's request.

¹ Excludes advance appropriations of \$10,841,176 thousand in fiscal years 2009 and 2010, and \$11,681,897 thousand in fiscal year 2011 that become available on October 1 of the following fiscal year.

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Summary of Request

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

The Administration requests level funding of \$1.28 billion in fiscal year 2011 for Impact Aid payment authorities, including:

- \$1.1 billion for **Basic Support Payments** on behalf of federally connected children. These funds provide grants for both regular Basic Support Payments and Basic Support Payments for Heavily Impacted LEAs.
- \$48.6 million for **Payments for Children with Disabilities**. These payments are made on behalf of federally connected children with disabilities in order to help eligible LEAs meet the mandate under the Individuals with Disabilities Education Act to provide a free appropriate public education to all children with disabilities.
- \$4.9 million for **Facilities Maintenance**. The Department of Education owns and maintains 24 school facilities that originally were built to enable LEAs and the Department of Defense to educate federally connected students. The request would enable the Department of Education both to continue to transfer these schools to LEAs and to make emergency repairs to the remaining school buildings.
- \$17.5 million for **Construction** payments to LEAs, with the money to be used only for the competitive portion of the program. LEAs generally pay for most of their school construction costs using local, as opposed to State and Federal, resources and rely on property taxes to finance these costs. Competitive grants assist federally affected LEAs that do not have access to those local resources in making emergency repairs and renovations and modernizing schools.
- \$67.2 million for **Payments for Federal Property**. This authority provides payments to LEAs in which real property owned by the Federal Government generally represents 10 percent or more of the assessed value of real property in the LEA.

The Impact Aid programs are among the Elementary and Secondary Education programs subject to reauthorization. The Administration is proposing some changes to these programs.

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

FY 2011 Authorization (\$000s): 0 ¹

Budget Authority (\$000s):

<u>2010</u>	<u>2011</u>	<u>Change</u>
\$1,138,000	\$1,138,000	0

¹ The GEPA extension expired September 30, 2008; the program is authorized in FY 2010 through appropriations language. Reauthorizing legislation is sought for FY 2011.

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

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

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

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

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

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

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

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

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

- the percentage of the LEA's students in average daily attendance who are federally connected; and
- its maximum payment under the Basic Support Payments formula as a percentage of total current expenditures.

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

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

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

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

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

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

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

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:

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

Funding levels for the past 5 fiscal years were:

	(\$000s)
2006	\$1,091,867
2007	1,091,867
2008	1,105,535
2009	1,128,535
2010	1,138,000

FY 2011 BUDGET REQUEST

For 2011, the Administration requests \$1.138 billion for Basic Support Payments, the same as the 2010 level.

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

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

The 2011 request level would be sufficient to maintain the Department’s commitment to over 930,000 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 current expenditures for educating federally connected students. Most districts report that they use Basic Support Payments for payroll and general operating expenditures.

The Basic Support Payments program is authorized by the Elementary and Secondary Education Act of 1965 and is, therefore, subject to reauthorization. The Administration is proposing some changes to this authority.

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PROGRAM OUTPUT MEASURES

	<u>2009</u>	<u>2010</u>	<u>2011</u>
All eligible LEAs			
Number of LEAs receiving payments	1,221	1,221	1,221
Range of payments	\$58- 46,696,368	\$59- 46,696,368	\$59- 46,696,368
Regular LEAs			
Number of LEAs receiving Payments	1,194	1,194	1,194
Range of payments	\$58- 43,023,524	\$59- 44,114,278	\$59- 44,114,278
Heavily impacted LEAs			
Number of LEAs receiving Payments	27	27	27
Range of payments	\$760,835- 46,696,368	\$760,835- 46,696,368	\$760,835- 46,696,368
Number of federally connected students			
In all eligible LEAs	930,782	930,782	930,782
In regular LEAs	872,899	872,899	872,899
In heavily impacted LEAs	57,883	57,883	57,883
Total payments for students			
In regular LEAs	\$916,236,245	\$925,701,245	\$925,701,245
In heavily impacted LEAs	\$212,298,755	\$212,298,755	\$212,298,755
Average payment per student			
In all LEAs	\$1,212	\$1,223	\$1,223
In regular LEAs	\$1,050	\$1,060	\$1,060
In heavily impacted LEAs	\$3,668	\$3,668	\$3,668
Percentage of LEAs by size of payment			
\$1-4,999	6.0%	5.9%	5.9%
\$5,000-49,999	30.0%	29.7%	29.7%
\$50,000-499,999	40.8%	41.0%	41.0%
\$500,000 or more	23.2%	23.4%	23.4%

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PROGRAM OUTPUT MEASURES

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total dollar amount of payments			
by size of payment			
\$1-4,999	\$214,320	\$214,688	\$214,688
\$5,000-49,999	\$7,883,140	\$7,883,274	\$7,883,274
\$50,000-\$499,999	\$91,532,679	\$93,190,721	\$93,190,721
\$500,000 or more	\$1,028,904,861	\$1,036,711,317	\$1,036,711,317
Average payment per child			
by percentage of federally connected children			
0-19 percent	\$227	\$233	\$233
20-39 percent	\$952	\$973	\$973
40-59 percent	\$3,245	\$3,273	\$3,273
60-79 percent	\$3,982	\$3,982	\$3,982
80 percent or more	\$6,022	\$6,022	\$6,022
Number of students			
"a" students ¹	225,063	225,063	225,063
Indian "a" students	116,427	116,427	116,427
Military "a" students	105,359	105,359	105,359
Civilian "a" students	3,277	3,277	3,277
"b" students ²	705,719	705,719	705,719
Military "b" students	249,328	249,328	249,328
Low-rent housing "b" students	251,497	251,497	251,497
Civilian "b" students	204,894	204,894	204,894
Total payments			
"a" students ¹	\$968,093,203	\$974,959,225	\$974,959,225
Indian "a" students	\$573,448,296	\$575,969,467	\$575,969,467
Military "a" students	\$387,133,151	\$391,361,380	\$391,361,380
Civilian "a" students	\$7,511,756	\$7,628,378	\$7,628,378
"b" students ²	\$160,441,797	\$163,040,775	\$163,040,775
Military "b" students	\$116,162,884	\$117,879,313	\$117,879,313
Low-rent housing "b" students	\$19,682,628	\$20,156,616	\$20,156,616
Civilian "b" students	\$24,596,285	\$25,004,846	\$25,004,846

IMPACT AID

Basic support payments

PROGRAM OUTPUT MEASURES

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Average payments per child			
“a” students ¹	\$4,301	\$4,332	\$4,332
Indian “a” students	\$4,925	\$4,947	\$4,947
Military “a” students	\$3,675	\$3,715	\$3,715
Civilian “a” students	\$2,292	\$2,328	\$2,328
“b” students ²	\$227	\$231	\$231
Military “b” students	\$466	\$473	\$473
Low-rent housing “b” students	\$78	\$80	\$80
Civilian “b” students	\$120	\$122	\$122
 Cost of fully funding maximum payments	 \$1,789,853,236	 \$1,789,853,236	 \$1,789,853,236

Note: All figures are estimates based on student count and payment data from 2009.

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

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

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 2011 and future years, and the resources and efforts invested by those served by this program.

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

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

IMPACT AID

Basic support payments

Measure: The percentage of Basic Support Payment recipients (excluding districts that receive payments for “heavily impacted” districts) that have per-pupil expenditures between 80 and 120 percent of their State average per-pupil expenditure.		
Year	Target	Actual
2006		63.4
2007		63.9
2008		61.8
2009	65	
2010	65	
2011	65	

Measure: The percentage of Basic Support Payment recipients designated as “heavily impacted” districts that have per-pupil expenditures between 80 and 120 percent of their State average per-pupil expenditure.		
Year	Target	Actual
2006		55.6
2007		50.0
2008		55.6
2009	60	
2010	60	
2011	60	

Assessment of progress: These are new measures, developed by the Department in 2008, that serve as proxies for how well Impact Aid payments make up for the revenue lost due to the presence of federally connected students. Districts spending more than 20 percent above or below the State average are likely being under- or over-compensated. In 2008, 33.3 percent of regular districts spent more than 120 percent of the State average while 29.2 percent of heavily impacted districts spent more than 120 percent of the State average. Targets for 2009 and beyond were set using the 2006 data. The Department has long-term targets of 67 percent for regular districts and 75 percent for heavily impacted districts for 2012.

Efficiency measures

Measure: The number of requests to forgive overpayments of Basic Support Payments.		
Year	Target	Actual
2006	10	4
2007	10	4
2008	10	2
2009	10	7
2010	10	
2011	10	

Assessment of progress: This performance measure provides a proxy for calculating the extent to which the Department’s payments are accurate. The data show that the accuracy of

IMPACT AID

Basic support payments

payments has not been a recent problem. In 2009, the number of requests received from LEAs for overpayment forgiveness was below the target ceiling of 10 requests.

Measure: The percentage of eligible applicants who receive initial Basic Support Payments within 60 days after the enactment of an appropriation.		
Year	Target	Actual
2006	90	87
2007	90	94
2008	90	86
2009	90	95
2010	90	
2011	90	

Assessment of progress: This measure tracks the timeliness of Basic Support Payments made by the Department. In the past 4 years, the Department's performance has alternated between successfully meeting the performance target and falling slightly below the target. In FY 2009, the Department exceeded the target, making initial payments to 95 percent of eligible applicants within 60 days after the enactment of the 2009 appropriation.

IMPACT AID

Payments for children with disabilities

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

FY 2011 Authorization (\$000s): 0¹

Budget Authority (\$000s):

<u>2010</u>	<u>2011</u>	<u>Change</u>
\$48,602	\$48,602	0

¹ The GEPA extension expired September 30, 2008; the program is authorized in FY 2010 through appropriations language. Reauthorizing legislation is sought for FY 2011.

PROGRAM DESCRIPTION

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

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

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

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

(C) students who live on Indian lands; and

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

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

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

IMPACT AID

Payments for children with disabilities

Funding levels for the past 5 fiscal years were:

	(\$000s)
2006	\$49,466
2007	49,466
2008	48,602
2009	48,602
2010	48,602

FY 2011 BUDGET REQUEST

For 2011, the Administration requests \$48.6 million for Payments for Children with Disabilities. These payments would be made on behalf of federally connected children with disabilities in order to help eligible LEAs meet the mandate under the Individuals with Disabilities Education Act (IDEA) to provide a free appropriate public education to all children with disabilities.

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 2011, 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, 25 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.

The Payments for Children with Disabilities program is authorized by the Elementary and Secondary Education Act of 1965 and is, therefore, subject to reauthorization.

IMPACT AID

Payments for children with disabilities

PROGRAM OUTPUT MEASURES

	<u>2009</u>	<u>2010</u>	<u>2011</u>
School districts			
Number of LEAs receiving payments	903	903	903
Range of payments	\$492- 1,577,716	\$492- 1,577,716	\$492- 1,577,716
Percentage of payments by size of payment			
\$1-4,999	20.5%	20.5%	20.5%
\$5,000-19,999	33.9%	33.9%	33.9%
\$20,000-99,999	33.5%	33.5%	33.5%
\$100,000 or more	12.1%	12.1%	12.1%
Total dollar amount of payments by size of payment			
\$1-4,999	\$456,890	\$456,890	\$456,890
\$5,000-19,999	\$3,390,260	\$3,390,260	\$3,390,260
\$20,000-99,999	\$14,564,772	\$14,564,772	\$14,564,772
\$100,000 or more	\$30,190,078	\$30,190,078	\$30,190,078
Number of "a" students eligible ¹	31,588	31,588	31,588
Number of "b" students eligible ²	<u>22,819</u>	<u>22,819</u>	<u>22,819</u>
Total eligible students	54,407	54,407	54,407
Total funding for "a" students	\$35,705,280	\$35,705,280	\$35,705,280
Total funding for "b" students	\$12,896,720	\$12,896,720	\$12,896,720
Average payment per "a" student	\$1,130	\$1,130	\$1,130
Average payment per "b" student	\$565	\$565	\$565
Average payment per student ³	\$893	\$893	\$893
Average IDEA Grants to States funding per student	<u>\$3,395</u> ⁴	<u>\$1,713</u>	<u>\$1,750</u>
Total average Federal funding per student	\$4,288	\$2,606	\$2,643

Note: All figures are estimates based on student count and payment data from 2009.

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

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

³ Impact Aid Payments for Children with Disabilities.

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

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 2011 and future years, and 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
2006	10	4
2007	10	4
2008	10	2
2009	10	7
2010	10	
2011	10	

Assessment of progress: This performance measure provides a proxy for calculating the extent to which the Department's payments are accurate. The data show that the accuracy of payments has not been a recent problem. In 2009, the number of requests received from LEAs for overpayment forgiveness was below the target ceiling of 10 requests.

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
2006	90	87
2007	90	94
2008	90	86
2009	90	95
2010	90	
2011	90	

Assessment of progress: This measure tracks the timeliness of Payments for Children with Disabilities made by the Department. In the past 4 years, the Department's performance has alternated between successfully meeting the performance target and falling slightly below the target. In FY 2009, the Department exceeded the target, making initial payments to 95 percent of eligible applicants within 60 days after the enactment of the 2009 appropriation.

IMPACT AID

Facilities maintenance

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

FY 2011 Authorization (\$000s): 0 ¹

Budget Authority (\$000s):

<u>2010</u>	<u>2011</u>	<u>Change</u>
\$4,864	\$4,864	0

¹ The GEPA extension expired September 30, 2008; the program is authorized in FY 2010 through appropriations language. Reauthorizing legislation is sought for FY 2011.

PROGRAM DESCRIPTION

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

Currently, the Department owns 56 schools that are on military bases and serve students whose parents are in the armed forces. Either the Department of Defense (DoD) or LEAs operate these schools. Since 1983, DoD has assumed financial responsibility for maintenance and renovation for the majority of these school facilities, which DoD operates as Domestic Dependents Elementary and Secondary Schools (DDESSs). The DoD is currently responsible for 32 facilities while ED continues to be directly responsible for the other 24, which LEAs operate and use to educate military dependent students.

Funding levels for the past 5 fiscal years were:

	(\$000s)
2006	\$4,950
2007	4,950
2008	4,864
2009	4,864
2010	4,864

IMPACT AID

Facilities maintenance

FY 2011 BUDGET REQUEST

For 2011, the Administration requests \$4.864 million for Facilities Maintenance, the same as the 2010 level. These funds would be used to upgrade and transfer school facilities currently owned by ED to local educational agencies (LEAs), which can manage school buildings in their communities more effectively than can the Federal Government. In addition, funds would be used to provide emergency repairs, such as correcting health and safety hazards, in school facilities owned by ED that have not yet been transferred.

In FY 2009, ED completed the transfer, at no cost to ED, of titles to 2 facilities that the Department of Defense operates as DDESSs to DoD, bringing the remaining number of schools owned by ED to the current 56. ED is in the final stages of transferring to DoD the titles to the remaining 32 facilities funded and operated by DoD.

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

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

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

The Facilities Maintenance program is authorized by the Elementary and Secondary Education Act of 1965 and is, therefore, subject to reauthorization. The Administration is not proposing changes to this authority.

PROGRAM OUTPUT MEASURES

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Number of properties receiving emergency repairs	4	4	4
Number of facilities transferred (owned by ED and operated by LEAs)	0	2	2

IMPACT AID

Facilities maintenance

PROGRAM PERFORMANCE INFORMATION

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

IMPACT AID

Construction

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

FY 2011 Authorization (\$000s): 0¹

Budget Authority (\$000s):

<u>2010</u>	<u>2011</u>	<u>Change</u>
\$17,509	\$17,509	0

¹ The GEPA extension expired September 30, 2008; the program is authorized in FY 2010 through appropriations language. Reauthorizing legislation is sought for FY 2011.

PROGRAM DESCRIPTION

Section 8007 authorizes both formula and competitive grants to support school construction in local educational agencies (LEAs) that educate federally connected students or have federally owned land. The authorizing law provides that 40 percent of appropriated funds must be used for formula grants under section 8007(a), and 60 percent for competitive grants under section 8007(b). However, the fiscal years 2006, 2007 and 2010 appropriations provided funding only for the formula grants, and in the 2008 and 2009 appropriations Congress appropriated funds only for the competitive grants. The American Recovery and Reinvestment Act (The Recovery Act) provided funding for both types of grants.

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

Formula grants (section 8007(a))

Three categories of LEAs are eligible for formula Construction grants:

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

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

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Construction

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

The Recovery Act appropriation provided nearly \$40 million for formula construction grants. These formula funds are provided to LEAs based on each LEA's share of federally connected children in average daily attendance living on Indian lands or whose parents are in the uniformed services. The Department made these grants in April of 2009.

Competitive grants (section 8007(b))

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

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

Second in priority are emergency grants for:

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

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

Fourth in priority are modernization grants for:

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

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Construction

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

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

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

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

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

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

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

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

The Department expects to make these grants in March, 2010.

IMPACT AID

Construction

Funding levels for the past 5 fiscal years were:

	(\$000s)
2006	\$17,820
2007	17,820
2008	17,509
2009	17,509
Recovery Act.....	100,000
2010	17,509

FY 2011 BUDGET REQUEST

For fiscal year 2011, the Administration requests \$17.5 million for Construction, the same as the 2010 level. These funds would be entirely for competitive grants and would be available for 2 years, a reversal of the policy enacted for 2010, which provided 1-year funding entirely for formula construction grants.

Because school construction is primarily financed from local funds, and because federally affected local educational agencies (LEAs) cannot tax certain lands, LEAs with large percentages of federally connected students need supplemental funds for construction. The competitive grants enable eligible districts to undertake emergency renovations and modernizations. Past projects have included replacement of elementary schools; purchase of water filtration systems; replacement of heating, ventilation, and air conditioning systems; repair of electrical systems; and replacement of faulty windows and roofs. Because the eligibility pool is limited to some of the poorest districts in the Nation, which are heavily dependent on Federal funding for their operating and maintenance expenses, the program is well-targeted.

The Impact Aid Construction program is authorized by the Elementary and Secondary Education Act of 1965 and is, therefore, subject to reauthorization. The budget request assumes that the program will be implemented in fiscal year 2011 under reauthorized legislation, and the request is based on the Administration's reauthorization proposal, which eliminates the formula grants component of the program. By sending out funds through a competitive process the Department can ensure that districts with the greatest needs receive meaningful amounts of funding to make emergency repairs.

IMPACT AID

Construction

PROGRAM OUTPUT MEASURES

	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Formula grants</u>	0	\$17,509,000	0
Number of LEAs receiving formula payments	0	179	0
Average payment per student	0	\$134	0
Average LEA payment	0	\$97,815	0
<u>Competitive grants</u>	\$17,509,000	0	\$17,509,000
Number of LEAs receiving competitive awards	10-15	0	10-15
Range of payments	\$20,000- 5,000,000	0	\$20,000- 5,000,000
Peer review of new award applications	\$20,000	0	\$20,000
 <u>Recovery Act Formula grants</u>	 \$39,600,000	 0	 0
Number of LEAs receiving formula payments	179	0	0
Average payment per student	\$304	0	0
Average LEA payment	\$221,229	0	0
<u>Recovery Act Competitive grants</u>	\$59,400,000	0	0
Number of LEAs receiving competitive awards	30-40	0	0
Range of payments	\$20,000- \$5,000,000	0	0
Peer review of new award applications	\$100,000	0	0
Recovery Act Management and Oversight	\$1,000,000	0	0

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Construction

PROGRAM PERFORMANCE INFORMATION

Performance measures

This section presents selected program performance information, including, for example, GPRA goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of program results is based on the cumulative effect of the resources provided in previous years and those requested in FY 2011 and future years, and the resources and efforts invested by those served by this program.

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

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

Measure: The percentage of participating LEAs reporting that the overall condition of their school buildings is adequate.		
Year	Target	Actual
2006	58	55
2007	61	65
2008	65	65
2009	67	69
2010	70	
2011	70	

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

IMPACT AID

Construction

Efficiency measures

Measure: The average number of days elapsed between the initial Impact Aid competitive construction award and the LEAs' awarding of contracts.		
Year	Target	Actual
2006	N/A	N/A
2007	250	N/A
2008	250	
2009	250	
2010	250	N/A
2011	250	

Assessment of progress: This is a new performance measure of the speed with which LEAs award construction contracts after the Department makes the initial competitive construction awards. There are no data for 2006 and 2007 because the competitive grant program was not funded in those years. Targets for 2008 and 2009 have been set for 250 days. Data will be available for those years in 2010 and 2011, respectively.

Measure: The percentage of all formula construction payments made by July 31 of the application year.		
Year	Target	Actual
2006		0
2007	30	94
2008	50	N/A
2009	70	N/A
2010	90	
2011	90	

Assessment of progress: In prior years, formula construction payments were not made until the end of the fiscal year. The Department now attempts to make awards earlier in the year so that LEAs will have access to funds during the summer, when most construction projects take place. The short-term target for 2007 was to make 30 percent of the formula payments by the end of July, while the long-term target is to reach 90 percent by the end of July for fiscal year 2010. As a baseline, the Department did not award any fiscal year 2006 payments by July 31, but did make 95 percent by the end of August. For 2007, the target was met, as 94 percent of the formula grant awards were made by July 31. Data are not shown for 2008 or 2009 because no funding was appropriated for formula grants for those years.

IMPACT AID

Payments for Federal property

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

FY 2011 Authorization (\$000s): 0¹

Budget Authority (\$000s):

<u>2010</u>	<u>2011</u>	<u>Change</u>
\$67,208	\$67,208	0

¹ The GEPA extension expired September 30, 2008; the program is authorized in FY 2010 through appropriations language. Reauthorizing legislation is sought for FY 2011.

PROGRAM DESCRIPTION

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

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

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

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

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

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

	(\$000s)
2006	\$64,350
2007	64,350
2008	64,208
2009	66,208
2010	67,208

FY 2011 BUDGET REQUEST

For 2011, the Administration requests level funding, approximately \$67.2 million, for Payments for Federal Property. This authority provides payments to LEAs in which real property owned by the Federal Government generally represents 10 percent or more of the assessed value of real property in the LEA and, thus, the removal of this property from the tax rolls has a significant impact on the ability of the district to raise money for education. The request level will help enable LEAs overcome the loss of property tax revenues.

The Payments for Federal Property program is authorized by the Elementary and Secondary Education Act of 1965 and is, therefore, subject to reauthorization. The Administration is not proposing changes to this authority.

PROGRAM OUTPUT MEASURES

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Number of LEAs receiving payments	216	216	216
Average payment	\$306,519	\$311,148	\$311,148
Range of payments	\$150- 5,320,000	\$150- 5,400,000	\$150- 5,400,000
Cost of fully funding maximum payments	\$2,100,000,000	\$2,100,000,000	\$2,100,000,000

PROGRAM PERFORMANCE INFORMATION

Performance measures

This section presents selected program performance information, including, for example, GPRA goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of program results is based on

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the cumulative effect of the resources provided in previous years and those requested in FY 2011 and future years, and the resources and efforts invested by those served by this program.

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

Objective: *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
2006	33.3	27.0
2007	33.3	7.0
2008	33.3	20.0
2009	33.3	0
2010	33.3	
2011	33.3	

Assessment of progress: The goal for this measure is for the Department to review and verify assessed values for one third of all applicants each year. The target has not been met in the past 4 years. Staff are currently completing reviews of 2007 and 2008 applicants and have not begun reviewing 2009 applicants.

Measure: The percentage of initial payments to eligible LEAs that are made by the end of the second quarter.		
Year	Target	Actual
2006	75	1.5
2007	75	62
2008	75	89
2009	75	9
2010	75	
2011	75	

Assessment of progress: The long-term goal for the second measure is to make 75 percent of initial payments to eligible LEAs by the end of the second quarter. In 2008, for the first time, the target was not just met, but was exceeded, with 89 percent of initial payments made by the end of the second quarter. The percentage of initial payments made by the second quarter was significantly lower in FY 2009 because the full appropriation for this program was not available until the end of the second quarter.