



National Association of Federally Impacted Schools

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May 17, 2018

Dear Member of Congress:

Oppose Impact Aid Voucher Amendment #40 to National Defense Authorization Act

On behalf of the National Association of Federally Impacted Schools (NAFIS), we write to express our strongest opposition to amendment 40 to the National Defense Authorization Act for Fiscal Year 2019. We urge you to request the amendment not be ruled in order and to oppose the amendment should there be a floor vote. This amendment closely mirrors H.R. 5199 the Education Savings Accounts for Military Families Act, and would have the same financial impact, **diverting upwards of \$450 million from federally impacted schools districts and the students they educate by up to 39 percent.**

NAFIS represents the 1,200-plus Impact Aid-recipient school districts nationwide, serving more than 10 million Federal and non-Federal students. Impact Aid is a partnership between communities and the Federal government where there is non-taxable property, such as military installations, Indian lands, low-rent housing, and national parks and laboratories. Congress recognized in 1950 that the Federal government had an obligation to help meet the local responsibility of financing public education in areas impacted by a Federal presence. That same recognition holds true today. This amendment ignores and undermines that very obligation and is a bad policy for students, military families, school districts and taxpayers.

The amendment ignores the Federal government's obligation to provide funds to school districts whose ability to generate local funds is limited by the presence of nontaxable Federal property.

- Approximately half of public education funding is generated at the local level, primarily through property taxes. Impact Aid funds are provided to school districts whose ability to generate local property tax revenue is limited or nonexistent due to the Federal government's presence within or near the district boundaries (such as a military installation, Indian lands, low-income housing, or national parks). *Essentially, Impact Aid funds take the place of local funds for education.*
- **The Impact Aid formula includes six reimbursement rates that reflect the loss of tax revenue based on the location of the federally connected child's parent's place of employment and or residence.**

The amendment undermines the purpose of Impact Aid – to target funding to school districts to make up for local funds lost due to the presence of the Federal government – which inhibits the ability of these school districts to operate their schools on a day-to-day basis.

- Impact Aid is used for general operating expenses, such as teacher salaries, technology, academic materials, afterschool and other academic enrichment programs, building maintenance, transportation, and utilities, expenses that are usually paid for with State and local funds.
- Because these districts lose local funds due to the presence of nontaxable federal property,

THE NAFIS FAMILY

MISA

Military Impacted
Schools Association

NIISA

National Indian Impacted
Schools Association

FLISA

Federal Lands Impacted
Schools Association

MTLLS

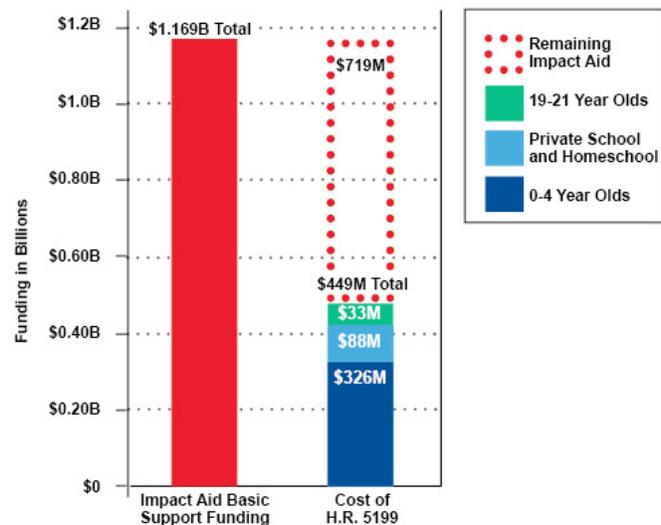
Mid-to-Low-LOT
Schools

Impact Aid is used to replace those funds and carry out these basic school operations.

- The program is not intended or designed to cover the cost for educating individual students. Therefore, an average per-pupil expenditure (PPE) is meaningless within the Impact Aid program because it is designed to replace lost local tax dollar

This amendment would divert this critical funding from school districts and the students they educate, and leave the district with little to no recourse to replace the lost funds. The amendment could cost public schools approximately \$450 million, in part because it permits military-connected children beyond those enrolled in elementary and secondary public schools to be eligible for ESAs.

- Under the amendment, all military-connected children aged 0-22, including those who are homeschooled, in private school or not in school at all, living in a Heavily Impacted school district or on a Federal military installation, would be eligible for an ESA.
- The amendment's expansion of the number of military-connected students who would be eligible for an ESA beyond those enrolled in impacted school districts currently would further reduce the amount of much-needed funding Impact Aid school districts currently receive.
- The approximate cost to the program of vouchers for eligible students in the 0-4, 19-21, private school, and home school categories would be \$450 million.
- Since the amount of the voucher does not relate to the amount that students generates under the Impact Aid formula, dollars would be siphoned out of the program even for students currently in public schools.
- School districts educating students who live on Indian lands would also see their funding cut.



The amendment would allow voucher funds to be used for postsecondary education expenses in direct contrast to the goal of Impact Aid to help school districts provide a quality K-12 education.

The amendment establishes arbitrary eligibility criteria for a small subset of military connected students. In addition, it would arbitrarily set the amount of the voucher in a manner that bears no relationship to the amount of funding that student generates under the Impact Aid formula or to the expenses it would be authorized to cover.

The amendment would allow private organizations to receive public taxpayer dollars with no consideration for the quality of services such organizations have provided in the past. In fact, the Federal government and States would be expressly prohibited from exercising control or supervision over education service providers supported by the voucher. Further, families would forfeit the protections provided under the Military Interstate Compact.

- A student who receives a voucher could not enroll full-time in a public school.
- The amendment would allow private schools, private online learning courses, private tutors, or providers of other education curriculum, materials, or services to receive voucher funds to provide services.
- Military connected students would lose critical protections of the Military Interstate Compact, signed by all 50 states and DC, which requires public schools to meet certain graduation and credit transfer requirements and provide a host of other supports for military students.
- Additionally, these private entities receiving public funds would not be required to adhere to Federal civil rights laws.
- Students accepting a voucher would forfeit protections under IDEA.

The amendment would impinge on State and local authority over education.

- It dictates how States must structure their compulsory attendance requirements, requiring that a State in which a child receives voucher funds must consider the child as meeting the State's compulsory school attendance requirements for a school year.
- It interferes with State and district enrollment policies, requiring that a student receiving a voucher may not attend a public school on a less than full-time basis for free. This requirement could be very problematic for military families, given their high mobility rate.
- It would foist ESAs on States that have rejected them as a matter of State policy.
- It advances a largely untested policy that is in early stages of adoption at the state level and for which there is very limited data.

This amendment would increase the burden on local taxpayers.

- The Impact Aid program is under-funded by approximately \$1 billion. This represents the Federal government's underinvestment in communities to which it has an obligation to replace lost local tax revenue.
- Taxpayers in some federally impacted communities, including Heavily Impacted school districts, pay higher-than-average taxes – or the highest rate permitted by the state – or do not have the tax base to generate local revenue to fill the gap if Impact Aid funding is redirected.

The amendment would allow funds to sit in an ESA account for up to four years without being used for educational services.

- Impact Aid funds are provided annually to school districts, which use them to operate their schools. School districts rely on these payments to provide education to students each year.
- This amendment would allow a student with an ESA to keep the money in an account for up to four years without using it for any education services.
- In the meantime, other students attending impacted school districts would be deprived of services while the funds they would have otherwise benefitted from are stashed away gaining interest for an individual student.

The amendment would require the U.S. Department of Education (ED) to take on significant new responsibilities in administering the program.

- To administer the ESAs, ED would be responsible for, among other things: (1) receiving, reviewing, and approving applications for ESAs on a year-round basis, including entering into and maintaining written agreements with individual families; (2) creating a standardized ESA application form; (3) determining whether students receiving ESAs are receiving instruction in reading, language arts, math, science, and social studies outside of public school; (4)

determining the eligibility of applicants, including verifying the student's residential address and the parent's military status; (5) recalculating the Impact Aid formulas and making quarterly ESA payments; (6) regulating, as necessary, on the allowable uses of ESAs, and deciding what additional educational services, beyond those specified in the legislation, are allowable; (7) tracking a student's use of an ESA over a period of years (potentially as many as 26 for students with disabilities) and ensuring students spend the money within allotted time frames; (8) establishing and implementing procedures for the annual renewal of ESAs; (9) ensuring educational providers are following Federal privacy laws so individual student data collected by this program is not compromised; (10) ensuring that families use ESAs only for authorized purposes, potentially by auditing receipts for every single expense; (11) recovering unused ESA funds; (12) setting up a fraud prevention website and hotline; (13) ensuring that education service providers post surety bonds and determining when such bonds must be retained by ED; (14) conducting general programmatic oversight; and (15) establishing and implementing a system for the recovery of funds from providers in cases of fraud or nonperformance.

- Administering the ESAs would require significant time and staff, likely increasing the number of staff at ED.
- Impact Aid payments to school districts would be delayed, as it would be especially challenging for ED to determine how much funding would be available for school district payments along with ESA payments. This additional complexity would be on top of the great administrative effort the current Impact Act program requires.
- The administrative burden could also increase for the U.S. Department of Defense and State departments of education, whose data would likely be required to verify the eligibility status of students on an annual basis. In addition, LEAs may also be needed to devote resources to verifying the eligibility of applicants.
- Additionally, although the amendment allows many of these things to be done through a contract or using up to 5 percent of funds on administrative expenses, because of how complicated it would be to administer this program, ED would never know how much it could spend on a contract or other administrative costs.

The amendment's proponents had fifteen years to offer recommended changes to the Impact Aid program leading up to the Every Student Succeeds Act. At no point during consideration of the law were Impact Aid funded vouchers offered.

We urge you and your colleagues to maintain the federal government's obligation to federally impacted school districts through the Impact Aid program, supporting students, families, and taxpayers. Therefore, we urge you to not make this amendment in order and reject any proposal that would re-purpose Impact Aid funds.

Sincerely,



Hilary Goldmann
Executive Director



Jocelyn Bissonnette
Director of Policy & Advocacy