

**National Association of Federally Impacted Schools (NAFIS)**

Hall of the States, Suite 419, 444 North Capitol Street, NW, Washington, DC 20001

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February 2, 2015

The Honorable Lamar Alexander  
Chairman  
Senate HELP Committee  
428 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Patty Murray  
Ranking Member  
Senate HELP Committee  
428 Dirksen Senate Office Building  
Washington, D.C. 20510

Re: Comments on Title VIII, Impact Aid in the discussion draft of the “Every Child Ready for College or Career Act of 2015”

Dear Chairman Alexander and Ranking Member Murray:

First, thank you for seeking input from the public on the discussion draft of the “Every Child Ready for College or Career Act of 2015.” We would like to provide comments on Title, VIII Impact Aid of the draft bill on behalf of our membership of federally impacted school districts across the country.

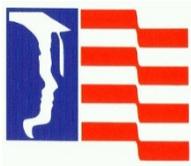
The bill is a good start to what we hope will be a full reauthorization of the Elementary and Secondary Education Act this year. There are many provisions included in this draft that were previously endorsed by the NAFIS community via the Local Taxpayer Relief Act (S. 1108 and H.R. 2296 from the 113<sup>th</sup> Congress), that will be re-introduced in the Senate and House in the coming weeks.

Specifically, we are happy to see the Impact Aid Improvement Act provisions permanently codified. These provisions, first included in the Fiscal Year 2013 National Defense Authorization Act, have expedited Section 8002 payments, largely eliminated the subjectivity of the program and cut the total maximum payment in half. We were happy to see the standardization of, and changes to, the heavily impacted language. Allowing heavily impacted districts an extra year to meet the tax rate requirement and having the U.S. Department of Education share tax rate information with LEAs are commonsense changes. We hear frequently that LEAs have little idea where they stand in terms of eligibility and the information can be difficult to gather. We also approve of equal LOT proration above and below 100-percent, the allowance of a current-year count if LEAs experience significant federal student growth due to a federal activity, a hold harmless, and the elimination of maintenance of effort.

Provisions we would like to see including in a revised bill:

- Section 8002: Elimination of the “lock out” provision in Section 8002, which we view as unfair. Clarification that LEAs sharing eligible Section 8002 Federal Property may use the shared assessed value of that federal property.
- Section 8003L: LOT exception for LEAs providing a distance learning program.
- Section 8009: Strengthening of Equalization, particularly to allow the U.S. Department of Education to enforce the law for states that are not approved as equalized states.
- Section 8013: Alterations to the definition regarding Indian lands and charter schools

One of our greatest concerns in the bill is the authorization level, which would effectively freeze funding for all line items of the Impact Aid program at current funding levels through 2021. As it is, Federal Properties districts receive only 15-cents on the dollar. The Basic Support program is funded at only 56-percent. Federally impacted schools simply could not afford to forego, at the very least, cost-of-living adjustments for the next six years.



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Another issue we want to bring to your attention is the negative financial impact the elimination of certain provisions will have on federally impacted schools. Impact Aid, as general operating funds, is infused throughout a school district's budget, supporting staff, materials, programs, facilities, transportation, etc. that make the following proposed eliminations a concern.

**SEC. 8003. PAYMENTS RELATING TO FEDERAL ACQUISITION OF REAL PROPERTY. Page 323, Line 1: “(2) by striking subsections (f)”**

*(f) SPECIAL RULE.- (1) Beginning with fiscal year 1994 and notwithstanding any other provision of law limiting the period during which fiscal year 1994 funds may be obligated, the Secretary shall treat the local educational agency serving the Wheatland R-II School District, Wheatland, Missouri, as meeting the eligibility requirements of section 2(a)(1)(C) of the Act of September 30, 1950 (Public Law 874, 81st Congress) (as such section was in effect on the day preceding the date of enactment of the Improving America's Schools Act of 1994) (20 U.S.C. 237(a)(1)(C)) or subsection (a)(1)(C).*

Based on U.S. Department of Education Fiscal Year 2014 Section 8002 foundation payments, if this provision were struck from the law, the Wheatland, Missouri school district would lose \$13,977.

*(3) For each fiscal year beginning with fiscal year 2000, the Secretary shall treat the Central Union, California; Island, California; Hill City, South Dakota; and Wall, South Dakota local educational agencies as meeting the eligibility requirements of subsection (a)(1)(c) of this section.*

Based on U.S. Department of Education Fiscal Year 2014 Section 8002 foundation payments, if this provision were struck from the law, the Island, California school district would lose \$978, the Hill City, South Dakota school district would lose \$441,031, and the Wall, South Dakota school district would lose \$602,075. Central Union does not currently receive Section 8002 funds.

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**SEC. 8004. PAYMENTS FOR ELIGIBLE FEDERALLY CONNECTED CHILDREN. Page 323, Line 10: “(i) by striking subparagraph (C)”**

*(C) Multiply the number of children described in subparagraphs (A) and (B) of paragraph (1) by a factor of .35 if the local educational agency has—*

- (i) a number of such children described in such subparagraphs which exceeds 6,500; and*
- (ii) an average daily attendance for all children which exceeds 100,000.*

This language, referred to as the “large school adjustment,” was added in the 1994 reauthorization to prevent large school districts, educating large numbers of military-connected students, from being unfairly harmed through the transition to the LOT system. The provision applies to San Diego Unified, California and the Hawaii Department of Education. The U.S. Department of Education estimates the loss for San Diego would be \$1.9 million. An initial analyses by San Diego Unified notes that the potential funding reduction would translate to an operational impact of between 24.4 and 32.5 full-time equivalents. See Hawaii estimate on page three.

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**Sec. 8004. PAYMENTS FOR ELIGIBLE FEDERALLY CONNECTED CHILDREN. Page 338, Line 6: “(I) by striking clause (iii)”**

*(iii) For the purpose of determining the percentages described in subclauses (I) and (II) of clause (i) that are applicable to the local educational agency providing free public education to students in grades 9 through 12 residing on Hanscom Air Force Base, Massachusetts, the Secretary shall consider only that portion of such agency's total enrollment of students in grades 9 through 12 when calculating the percentage under such subclause (I) and only that portion of the total current expenditures attributed to the operation of grades 9 through 12 in such agency when calculating the percentage under subclause (II).*

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Since 1960, the Department of Defense has had a contract (tuition agreement) to provide education for students residing on Hanscom AFB for grades pre-K through 8. As such, federally-connected students attend Bedford Public Schools for high school only. The provision above determines Bedford's LOT percentage based on the average daily attendance and total current expenditures of the high school, not the whole district, since Impact Aid-eligible students only attend the high school. NAFIS estimates that, based on Fiscal Year 2014 payments to date, Bedford Public schools would lose \$217,244.

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**Sec. 8004. PAYMENTS FOR ELIGIBLE FEDERALLY CONENCTED CHILDREN. Page 340, Line 13: "(D) by striking paragraph (4)"**

*(4) STATES WITH ONLY ONE LOCAL EDUCATIONAL AGENCY.-*

*(A) IN GENERAL.-In any of the 50 States of the United States in which there is only one local educational agency, the Secretary shall, for purposes of subparagraphs (B) and (C) of paragraph (1) or subparagraphs (B) through (D) of paragraph (2), as the case may be, paragraph (3) of this subsection, and subsection (e), consider each administrative school district in the State to be a separate local educational agency.*

*(B) COMPUTATION OF MAXIMUM AMOUNT OF BASIC SUPPORT PAYMENT AND THRESHOLD PAYMENT.-In computing the maximum payment amount under paragraph (1)(C) or subparagraph (D) or (E) of paragraph (2), as the case may be and the learning opportunity threshold payment under subparagraph (B) or (C) of paragraph (3), as the case may be, for an administrative school district described in subparagraph (A)-*

*(i) the Secretary shall first determine the maximum payment amount and the total current expenditures for the State as a whole; and*

*(ii) the Secretary shall then-*

*(I) proportionately allocate such maximum payment amount among the administrative school districts on the basis of the respective weighted student units of such districts; and*

*(II) proportionately allocate such total current expenditures among the administrative school districts on the basis of the receptive number of students in average daily attendance at such districts*

Hawaii is the only state with a single school district. Due to this unique situation, the state is divided into seven Administrative Units, codified in the 1996 Impact Aid Technical Corrections Act, and allows areas in the state with a larger military impact (and more federally-connected students) to be more accurately represented under the LOT determination. NAFIS estimates the potential impact on Hawaii of the elimination of this provision, combined with the potential elimination of the "large school adjustment" as explained on page two, would be \$22-\$25 million.

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In addition to the comments related to Impact Aid, NAFIS is on record as opposing school vouchers, including those targeted specifically toward federally impacted students. For the reasons described in the letter dated January 26, 2015 from The National Coalition for Public Education, we oppose Title I portability as well.

We look forward to continue working with the Senate HELP Committee to improve Title VIII. Thank you for the opportunity to provide this input.

Sincerely,

John Forkenbrock  
Executive Director

Jocelyn Bissonnette  
Director of Government Affairs