



National Association of Federally Impacted Schools

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August 1, 2018

The Honorable Mick Mulvaney, Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Mulvaney:

On behalf of the National Association of Federally Impacted Schools (NAFIS), we ask that the Administration's Fiscal Year (FY) 2020 Budget Request to Congress reflect an increase in the Impact Aid program sufficient to fund the Basic Support (Section 7003) proration and assist in offsetting the cost of newly eligible Federal Properties (Section 7002) school districts.

Based on our analysis, we urge the Administration to provide a \$4 million increase for Federal Properties and a \$100 million increase for Basic Support for FY 2020. Additionally, we recommend a one-time \$1 billion infusion into the Impact Aid construction program, either through annual appropriations or through an infrastructure package.

NAFIS represents the 1,200-plus Impact Aid-recipient school districts nationwide that educate more than ten million students. Impact Aid is the oldest elementary and secondary education program and is a partnership between local communities and the Federal Government where there is significant non-taxable property, such as military installations, Indian treaty or trust land, low-rent housing facilities, 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.

First and foremost, we appreciate the Administration's opposition, as evidenced by Secretary DeVos' recent testimony, to redirecting Impact Aid funds to create a private school voucher program for military connected students. We know that the Administration supports military families and prioritizes taxpayer fairness – two principles upon which the Impact Aid program was established.

Congress and the Administration must permanently eliminate the Budget Control Act caps on discretionary spending so that funding cuts do not continue to fall disproportionately on discretionary programs, including the deep cuts that would be required under the discretionary caps set to return in FY 2020.

Federal Property: The nation benefits from Federal property, including land preservation at national parks, the training of the next generation of military leaders at the military academies, and scientific discoveries at national laboratories. Students in federally impacted communities housing these properties should not face a cut in services and taxpayers in these communities should not face an undue burden because the Federal

THE NAFIS FAMILY

MISA

Military Impacted
Schools Association

NIISA

National Indian Impacted
Schools Association

FLISA

Federal Lands Impacted
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MTLLS

Mid-to-Low-LOT
Schools

Government does not meet its local tax obligation. The Federal Government's obligation to replace lost local tax revenue for public school districts is no different whether the formula is based on students or on a valuation of Federal property (that was updated in 2012 to be less costly and more objective). Arguments that these school districts are not as federally impacted as those in the Basic Support program are unfounded.

The program needs additional funding to offset the cost of newly eligible school districts as the Federal Government continues to acquire property, partially offset the higher-payment needed for current school districts where the Federal Government continues to take property off the local tax rolls, and maintain the foundation payment for all school districts. For dozens of Federal Property districts, more than a third of land in the school district boundary is nontaxable.

Basic Support: The continued proration of Basic Support funds below the 100-percent LOT threshold since Fiscal Year 2011 is concerning (see table). For nearly a decade, school districts have operated with an Impact Aid payment inadequate to meet districts' basic need, as established by Congress. Just as a funding cut represents a loss of programs, services, and opportunities, so, too, does funding stagnation and a failure to provide increases to ensure federally impacted school districts can make similar investments to non-federally impacted school districts.

FY	DoED LOT Payout
FY 2008	136.930% of LOT
FY 2009	129.870% of LOT
FY 2010	115.524% of LOT
FY 2011	97.066% of LOT
FY 2012	96.109% of LOT
FY 2013	87.061% of LOT
FY 2014	91.73% of LOT
FY 2015	93.074% of LOT
FY 2016	93.690% of LOT

Education is a quality-of-life issue for military families. Schools provide stability for military children and their families, a normal routine, and a safe learning environment. Insufficient resources can undermine these objectives. In addition, Impact Aid funds are required to help Indian Lands school districts close the achievement gap and meet the needs of the students they educate, including American Indians and Alaska Natives. These school districts are frequently located in rural communities and face unique challenges.

A \$100 million increase to Basic Support should fully restore the LOT proration, a goal that Congress and the Administration should endeavor to reach given it serves as the basic need threshold. Even with a 100 percent payout, the majority of school districts in the Basic Support program will not receive their maximum payment as calculated by the Impact Aid formula. As states and local communities make additional investments in their school districts, additional resources in the Impact Aid program are required to ensure federally impacted school districts do not fall behind.

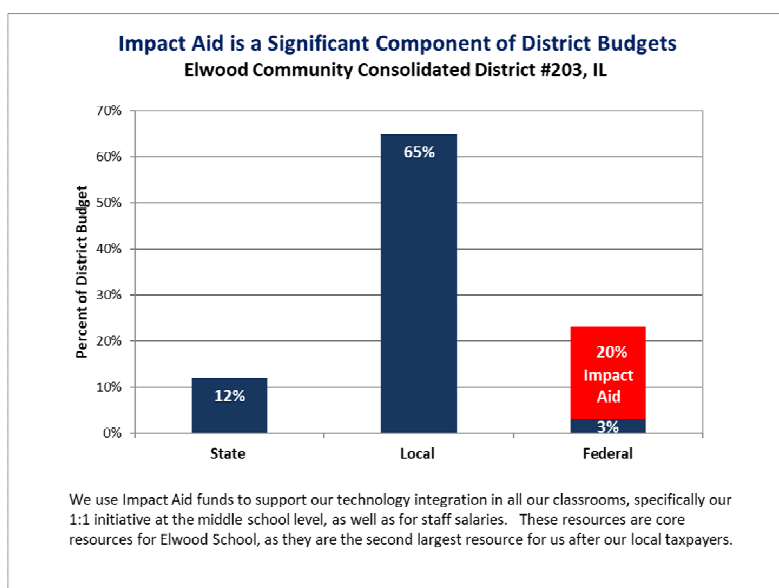
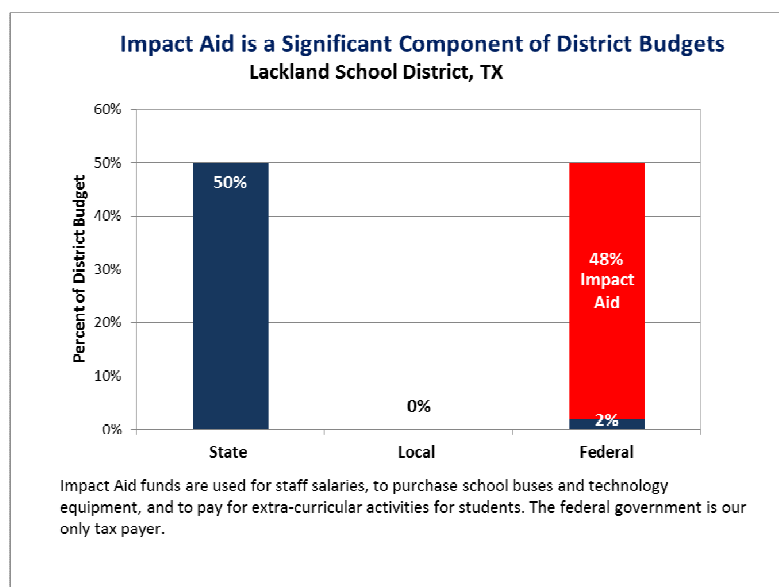
Section 7007 Construction: NAFIS has identified more than \$4 billion in pressing construction needs at federally impacted school districts. These school districts have limited or no bonding capacity because of the lack of taxable property, which justifies the presence of a construction line item since the Impact Aid program's inception. Federally impacted districts need adequate resources to address health and safety code violations and capacity issues that come with educating students in buildings that are, in some cases, over 100 years old, as well as to ensure all students have access to 21st century learning environments. The current appropriation falls far short of the funding need. This line item – and the staffing and management capacity that supports it – is already in place to get funding for shovel-ready projects out the door.

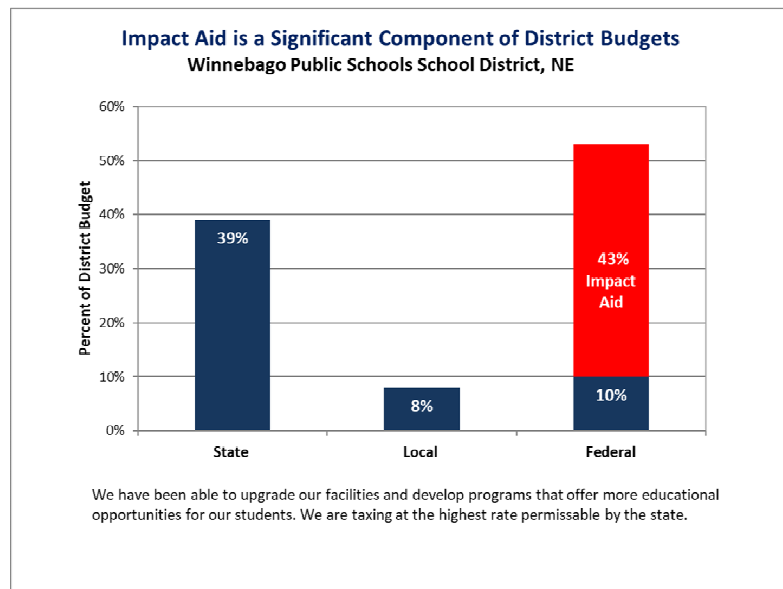
Program Administration: The staff in the Impact Aid program office are diligent in their responsibility to review and audit Impact Aid applications, process payments, and provide technical assistance to school personnel to administer a \$1 billion program in a timely fashion. We are grateful the Department of Education prioritized the resources to upgrade the Impact Aid Office's grant system to improve customer

interface and case management workflow, as well as provide school districts easier and more secure access to their own application data.

In addition, we appreciate efforts to modernize the paper-and-pencil application process through the Electronic Data Count pilot program. This effort, when applied more broadly to school districts whose student information systems are capable of completing the student count electronically, has the potential to vastly reduce the administrative burden of the Impact Aid application. One regulatory hurdle that remains for an efficient electronic count is the requirement that Parent-Pupil Surveys be signed after the third day of school. This regulation is unnecessary given the sophistication of student data systems and the regularity with which states require attendance records and should be eliminated.

Impact Aid is not supplemental. These funds supplant the loss of local revenues that cannot otherwise be generated due to the presence of nontaxable Federal property.





Additional investments in Impact Aid are critical to help school districts close achievement gaps, update technology, expand access to early childhood and afterschool programs, integrate culturally-relevant curriculum, replace failing infrastructure, offer competitive salaries to recruit and retain school leaders, and more. We ask you to prioritize and continue to view Impact Aid funding as a Federal responsibility to students and schools as well as a tax fairness program for federally impacted communities.

Sincerely,

Hilary Goldmann
Executive Director

Jocelyn Bissonnette
Director of Policy & Advocacy

Cc:

Mr. Frank Brogan, Assistant Secretary of Elementary and Secondary Education, US Department of Education
 Mr. Larry Kean, Budget Director, US Department of Education
 Ms. Marilyn Hall, Impact Aid Program Office Director, US Department of Education
 Ms. Mary Cassell, Education Branch Chief, Office of Management and Budget
 Ms. Catherin Derbes, Program Examiner, Office of Management and Budget