



# National Association of Federally Impacted Schools

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## H.R. 3647, Impact Aid Infrastructure Act

**Purpose:** To provide a one-time infusion of funds into the Impact Aid Construction program to address the significant backlog of facilities needs at federally impacted school districts.

**Sponsors:** Don Young (R-AK), TJ Cox (D-CA)

**Bill Summary:** This legislation would authorize a one-time time infusion of \$1,000,000,000 – to be expended over three years – for ESEA Section 7007 Impact Aid Construction. Distribution:

- **Formula Grants** – 40 percent of funds would be distributed as formula grants, based on the regular distribution criteria in statute, to federally impacted school districts whose average daily attendance is 50 percent or more military connected or Indian lands students.
- **Competitive Grants** – 60 percent of funds would be distributed as competitive emergency and modernization grants. Eligibility criteria are broader than for the regular Impact Aid Construction program to account for the additional funding. Eligible school districts are those (1) that qualify under the regular criteria; (2) whose assessed value of taxable property is less than \$100 million; or (3) whose average assessed value of taxable property per student is less than the state average. Emergency grants are prioritized over modernization grants and must be used to repair, renovate or alter facilities to ensure the health, safety and wellbeing of students and school personnel.

**Overview:** The federal government has a clear obligation to address the facilities of federally impacted school districts – those that receive Impact Aid as a tax replacement because of the presence of nontaxable federal properties, including Native American reservations and military installations. Often there is limited taxable property and few taxpayers in these school districts because of the federal government’s presence, making it challenging to generate local revenues for school construction or to issue a bond. In more extreme cases, these school districts have no taxpayers or no practical capacity to issue bonds due to limited assessed property value.

There is strong federal precedent for investing in federally impacted school facilities – an Impact Aid construction program has been in place since Impact Aid’s inception in 1950. Further, the Impact Aid program office at the US Department of Education has the appropriate staffing and an established procedure already in place to review, distribute and monitor funds under the Impact Aid Construction program. This includes the annual distribution of approximately \$18 million and the one-time \$100 million investment through the Recovery and Reinvestment Act.

Federally impacted school districts need adequate resources to address health and safety code violations. The annual Impact Aid Construction appropriation falls far short of addressing the significant backlog of school facilities needs of federally impacted school districts. NAFIS identified more than \$4.2 billion in pressing school facility needs in a survey of 218 school districts. Respondents named a variety of essential projects, including health and safety related issues such as lead and mold; outdated electrical, HVAC, and plumbing systems; leaky roofs; expired boilers; aging technology; and building capacity due to student enrollment growth.

The survey also found that federally impacted school districts have limited or no bonding capacity due to the presence of nontaxable Federal property. Eighty-two percent of respondents cited lack of funds as a reason to defer capital construction projects, and eighty-three percent could start their most pressing capital project within a year if funds were available.

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