

March 2, 2021

The Honorable Patty Murray  
Chairwoman  
Appropriations Subcommittee on  
Labor-HHS-Education and Related Agencies  
U.S. Senate

The Honorable Roy Blunt  
Ranking Member  
Appropriations Subcommittee on  
Labor-HHS-Education and Related Agencies  
U.S. Senate

The Honorable Rosa DeLauro  
Chairwoman  
Appropriations Subcommittee on  
Labor-HHS-Education and Related Agencies  
U.S. House of Representatives

The Honorable Tom Cole  
Ranking Member  
Appropriations Subcommittee on  
Labor-HHS-Education and Related Agencies  
U.S. House of Representatives

Dear Chairwoman Murray, Chairwoman DeLauro, Ranking Members Blunt and Cole:

The National Association of Federally Impacted Schools (NAFIS) strongly urges you and your colleagues to continue recognizing the obligation to federally impacted communities as you set priorities for the Labor-Health and Human Services-Education Appropriations Subcommittee. After soliciting input from the NAFIS Board of Directors, Subgroup Leaders and membership, we write to express our views regarding Fiscal Year (FY) 2022 funding for the Impact Aid program.

**Based on our analysis, we urge you to provide at least a \$2 million increase for Federal Property and a \$100 million increase for Basic Support for FY 2022.**

NAFIS represents the 1,100-plus Impact Aid-recipient school districts that together educate 10 million students across the nation. 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, Alaska Native Claims Settlement Act land, Federal low-rent housing facilities, national parks and national 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.

Thank you for the much-needed \$15 million increase in FY 2021 and \$39 million increase in FY 2020. These increases were a strong step in the right direction to meet the Federal obligation. Federally impacted school districts cannot afford stagnant appropriations or a loss of funding. FY 2022 will require additional funds to build on the important funding progress made in the last three years.

## 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

**Section 7003 Basic Support:** Although appropriations have increased, as measured through the Local Contribution Rate (LCR), Basic Support remains significantly underfunded. For FY 2020, we anticipate that the LOT Payout will be above 100% for the first time in a decade. However, this milestone will still leave most school districts with payments below their payment calculated through the formula.

We expect that the increase in per-pupil expenditure (PPE) nationwide that is reflected by the LCR in the Impact Aid formula could increase by 3.5-4% in FY 2022 over FY 2021 (NCES data will be available in September). The final FY 2019 LOT payout - the “basic need” formula payment – is 98.138% (the most recent year final payments have been made).

The increases in appropriations and LOT payout have been critical for federally impacted school districts, especially to allow for the increased costs stemming from the COVID-19 pandemic. A \$100 million increase for FY 2022 would build on these increases. With that increase, the 7003 Basic Support formula will still be approximately \$850 million below fully funding its formula. We encourage Congress to endeavor to make up this gap and set a glide path to fully fund the formula.

Fiscal Year	DoED LOT Payout	LCR Rates
FY 2011	97.066% of LOT	\$5,215.00
FY 2012	96.109% of LOT	\$5,330.00
FY 2013	87.061% of LOT	\$5,404.50
FY 2014	91.730% of LOT	\$5,406.00
FY 2015	93.074% of LOT	\$5,386.00
FY 2016	93.690% of LOT	\$5,468.00
FY 2017	92.332% of LOT	\$5,635.50
FY 2018	96.187% of LOT	\$5,840.50
FY 2019	98.138% of LOT	\$6,036.00
FY 2020	100%+ of LOT*	\$6,268.50
FY 2021		\$6,495.00
	* Estimated final rates	

**Section 7003(d) Children with Disabilities:** Another important element of Impact Aid is funding for children with disabilities. This section, which provides funding for military-connected or Indian lands students with an active IEP, has been funded at \$48 million since 2008, despite rising costs of providing special education services. This currently means a school district receives approximately \$1,200 per eligible student living on Federal property (or \$600 for military-connected students who do not live on a military installation). As the cost of special education rises, this \$48 million appropriation is stretched too thin, especially given the chronic underfunding of IDEA. School districts are continuing to educate their students with disabilities, spending significant general funds to do so.

**Section 7002 Federal Property:** We thank you for the \$3 million increase in 7002 payments in FYs 2019 through 2021. For FY 2022, we request an additional \$2 million to build on these increases. These funds will offset the cost of new school districts becoming eligible for the program, partially offset the higher-payment need 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.

**Section 7007 Construction:** We recommend that FY 2022 Impact Aid Section 7007 funds be distributed under Section 7007(a) formula grants, since FY 2021 funds will be dispersed through Section 7007(b) competitive grants.

**U.S. Department of Education:** Last year, the Impact Aid office of the U.S. Department of Education introduced a new, modernized application and grants management system referred to as the Impact Aid Grant System. This upgrade has increased security and privacy and enhanced customer support, though there are new costs to run the system. We recommend that the FY 2022 departmental management

program administration funds for the Department of Education include funding to cover this project and support necessary staffing of the Impact Aid office to reflect their important role in supporting federally impacted school districts.

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. These investments help school districts provide supportive and nourishing learning environments for all students. Through increased funding, we ask you to continue to view the program as a critical federal investment and a tax replacement program for federally impacted communities.

Sincerely,



Hilary Goldmann  
Executive Director



Leslie Finnan  
Director of Policy & Advocacy