

IMPACT AID ISSUE BRIEF

THE LEARNING OPPORTUNITY THRESHOLD (LOT)

What is the Learning Opportunity Threshold?

The Learning Opportunity Threshold (LOT) is a needs-based proration formula to allocate the Impact Aid Section 7003(b) – Basic Support funds appropriated by Congress when they are insufficient to fully fund the program.

Rationale

The Impact Aid program is not fully funded (and hasn't been since 1969), which means that there isn't enough money for school districts to receive all that they should – their maximum payment, as calculated by the U.S. Department of Education.

Currently, the Basic Support program is funded at about 60% of need. Rather than prorate all school districts' payments, LOT is an effort to fairly distribute the available funds to the school districts that rely on them most.

How LOT Works

Each school district has its own LOT percentage that indicates how dependent it is on Impact Aid funds. The LOT percentage is determined by adding 2 numbers:









$$\text{LOT} = \text{\% of federally connected students in average daily attendance} + \text{\% the calculated Impact Aid maximum payment is of total current expenditures from 3 years prior}$$

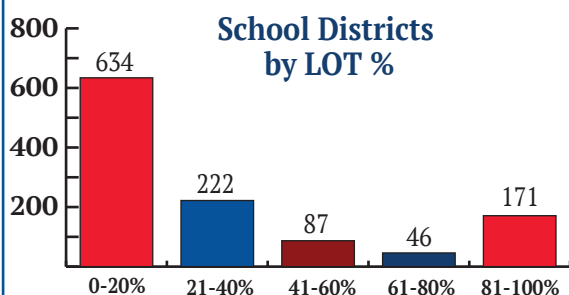
LOT may never be higher than 100%. There are two provisions – Heavily Impacted and Small District Adjustment – that may alter a district's LOT percentage under certain circumstances.

The higher the LOT percentage, the closer a school district's LOT payment is to its calculated maximum payment. If congressional appropriations are exactly enough to fully fund LOT, 100% LOT districts receive their maximum payment, and all other school districts receive the LOT percentage of their maximum payment (ex: 50% LOT districts receive 50% of their maximum payment, 21% LOT districts receive 21% of their maximum payment, etc.)

LOT in Action

3 School Districts, each with 1,000 students and a \$500,000 max payment

	1	2	3
 = % of Federally-Connected Students			
 = % Impact Aid Max Payment Is of TCE			
LOT %	100%	83%	36%
Payment at 100% LOT:	\$500,000	\$415,000	\$180,000



When appropriations are not high enough to fund LOT, then every school district receives an equal percentage of its LOT payment that is less than 100% (ex: in FY 2018, all school districts received 96.1865% of their LOT payment). That means even the highest-needs districts do not receive their maximum payment.

If there is more than enough money to fund LOT, then every district receives an additional payment evenly prorated, with no district receiving more than its maximum payment.

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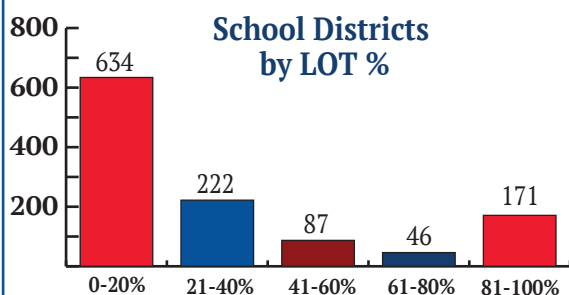
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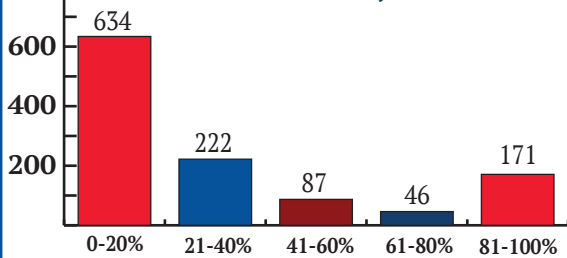
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	School District 1	School District 2	School District 3
Average Daily Attendance	1,000	1,000	1,000
% of Federally Connected Students	97%	49%	21%
% Impact Aid Max Payment is of TCE	51%	39%	15%
LOT %	100% (Cannot exceed 100%)	88%	36%
Maximum Payment	\$500,000	\$500,000	\$500,000
Payment at 100% LOT	\$500,000	\$440,000	\$180,000

School Districts by LOT %



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