

# IMPACT AID ISSUE BRIEF

## THE LEARNING OPPORTUNITY THRESHOLD (LOT)

**What is the Learning Opportunity Threshold?** The Learning Opportunity Threshold (LOT) is a need-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. 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:

**LOT =** % of federally connected students in average daily attendance



% the calculated Impact Aid maximum payment is of total current expenditures from 3 years prior

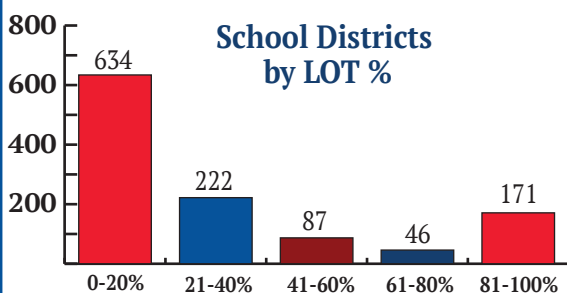
A school district's LOT may never be higher than 100%. The higher the LOT percentage, the closer a school district's LOT payment is to its calculated maximum payment. If congressional appropriations are exactly enough to fully fund LOT, 100% LOT districts receive their maximum payment, and all other 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	\$\$\$ \$\$\$	\$\$\$ \$\$\$	\$\$\$ \$\$\$
<b>LOT %</b>	100%	83%	36%
<b>Payment at 100% LOT:</b>	<b>\$500,000</b>	<b>\$415,000</b>	<b>\$180,000</b>

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%. That means even the highest-need 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. In FY 2020, LOT was 101.15%, meaning districts received their LOT payment plus an additional 1.15%, up to their maximum payment.