

IMPACT AID ISSUE BRIEF

SMALL DISTRICT ADJUSTMENT

SECTION 7003 BASIC SUPPORT

What is the Small District Adjustment?

The Small District Adjustment, also referred to as the Small School Adjustment, allows school districts with fewer than 1,000 students in average daily attendance (ADA) and an average per-pupil expenditure less than the state or national average to qualify for an automatic 40 percent LOT.

The LOT, or Learning Opportunity Threshold, is a needs-based proration formula to allocate Impact Aid Section 7003(b) – Basic Support funds appropriated by Congress when they are insufficient to fully fund the program. In general, it benefits school districts to have a higher LOT, as that translates to a higher Impact Aid payment.

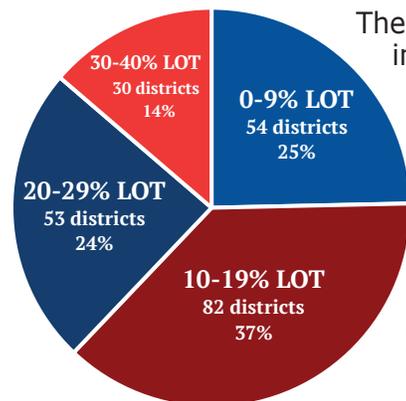
NAFIS successfully inserted this provision in the Impact Aid Reauthorization Act of 2000 to support small school districts. It was a high NAFIS priority.

Rationale

Very small school districts in communities with federally owned land often rely more heavily on Impact Aid than their larger counterparts. The introduction of the LOT formula into the Impact Aid law had a negative impact on these districts, which this provision corrects.

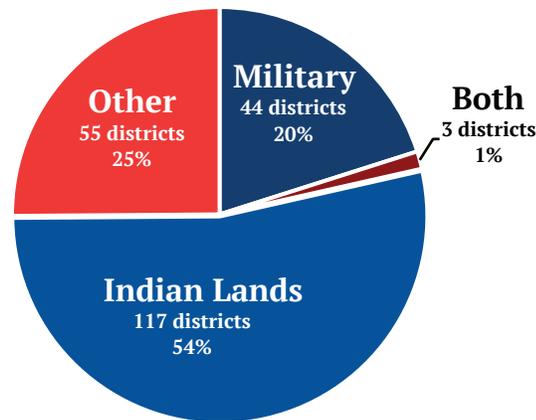
Who Benefits?

In FY 2019, 219 districts benefitted from this provision. Of those districts, most had their LOT percentage at least doubled – 62.1 percent would otherwise have a LOT below 20 percent.



Small District Adjustment by LOT

The Small District Adjustment applies to school districts of all types of impaction. Over half (53 percent) serve students residing on Indian lands, with the rest split between those serving military students (20 percent) and those serving other types of federally connected students (including those residing in federal low rent housing) (25 percent).



Small District Adjustment by Type of Impaction

In FY 2019, districts in 30 states benefitted from the Small District Adjustment. Over half of the districts (53 percent) were in Oklahoma. Arizona (6 percent), Minnesota (5 percent), and Missouri and New York (both 4 percent) also topped the list of states benefitting from this provision.