



National Association of Federally Impacted Schools

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April 22, 2022

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) writes to express our appreciation for your support of a \$55 million increase for Impact Aid last year and to request a \$57 million overall increase for this program in the forthcoming FY23 Labor-HHS-Education Appropriations bill. Specifically, we seek **at least a \$2 million increase for Federal Property and a \$55 million increase for Basic Support for FY 2023.**

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.

Unfortunately, even with FY22's funding increases, Impact Aid remains underfunded. The **Basic Support** fund (Section 7003 of Impact Aid), which provides additional funding for school districts that educate federally connected students based on a formula that considers need as well as per pupil expenditures, is funded at only about 60% of need each year. In FY20, after more than a decade underwater, Federal appropriations were finally sufficient to fully fund all of the neediest Impact Aid school districts. However, hundreds of other federally impacted school districts continue to receive far less than full funding. Additionally, with per pupil expenditures increasing nationwide, school district costs continue to rise, placing further strain on the Basic Support formula.

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

Basic Support payment calculations for districts are based on what is referred to as the Local Contribution Rate (LCR). The LCR is calculated using the state or national average per pupil expenditure three years prior to the fiscal year for which payments are made. When determining our request for Basic Support funding, NAFIS factors in the increase in the LCR in the year prior. The increase in the LCR between FY21 and FY22 was 4.6%, with the average annual increase between FY19 and FY22 at 4.19%. Taking these factors into account, we believe that the FY23 Impact Aid Basic Support funding level warrants an increase of at least \$55 million, based on an increase in the LCR of no less than 4%. This will provide for funding stability and ensure that the neediest districts will receive their maximum payment, while other districts will also see a slight increase in their payments based on their student count.

The **Federal Property** portion of Impact Aid (Section 7002), which aims to compensate school districts directly for the loss of property tax revenues because of the Federal government's ownership of property within school district boundaries, has received small, incremental funding increases over the last few funding cycles. While we appreciated the \$1 million increase for FY22, we request an additional \$2 million increase for FY23 to help offset the increased assessed value of the taxable land on which a Federal Property district's eligible land is compared when determining their payment.

The **Children with Disabilities** section of Impact Aid (Section 7003(d)), which provides funding for military-connected or Indian lands students with active IEPs, has received no increases since 2008 despite rising costs of providing special education services. In FY22 the \$48 million annual appropriation for this part of Impact Aid paid out at \$1,205 per eligible pupil for students living on Federal property (or \$602.50 for military-connected students who do not live on a military installation). For purposes of comparison, the amount per eligible pupil in FY18 was \$1,215.65. Given IDEA's chronic underfunding and escalating numbers of students with IEPs, we believe that this section of Impact Aid deserves additional support.

Finally, the **Construction** section of Impact Aid (Section 7007) still receives very little support, languishing at a \$17 million level for the past several years. Again for comparison, in FY05 Section 7007 received just over \$45 million. We recommend that FY23 Impact Aid Section 7007 funds be distributed under Section 7007(b) competitive grants, since FY22 funds will be dispersed through Section 7007(a) formula grants.

Impact Aid funding's flexibility allows school districts that serve students connected with military bases, Indian Lands, Federal low-rent housing and other Federal facilities to provide a variety of critical educational services, including: closing achievement gaps, updating technology and infrastructure, expanding access to early childhood and afterschool programs, offering competitive salaries to recruit and retain school leaders, and more. We hope that you will continue to show support for Impact Aid in FY23 by providing additional, urgently need support for its Basic Support and Federal Property sections.

Sincerely,



John Forkenbrock
Interim Executive Director



Tom Schneider
President