

Understanding LOT

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Agenda

- What LOT is
- Why LOT exists
- How LOT works

What Is LOT?

- “Learning Opportunity Threshold”
- **Needs-based** proration formula to distribute Impact Aid Basic Support funds when the program is not fully funded by Congress
- Each LEA has its own LOT percentage

Local District “Need” Defined By:

- **Percentage of enrollment of federally connected students**
- +
- **Percentage that the Impact Aid Basic Support maximum payment represents of the district’s total current expenditures (TCE)**

Note: LOT may never be higher than 100%

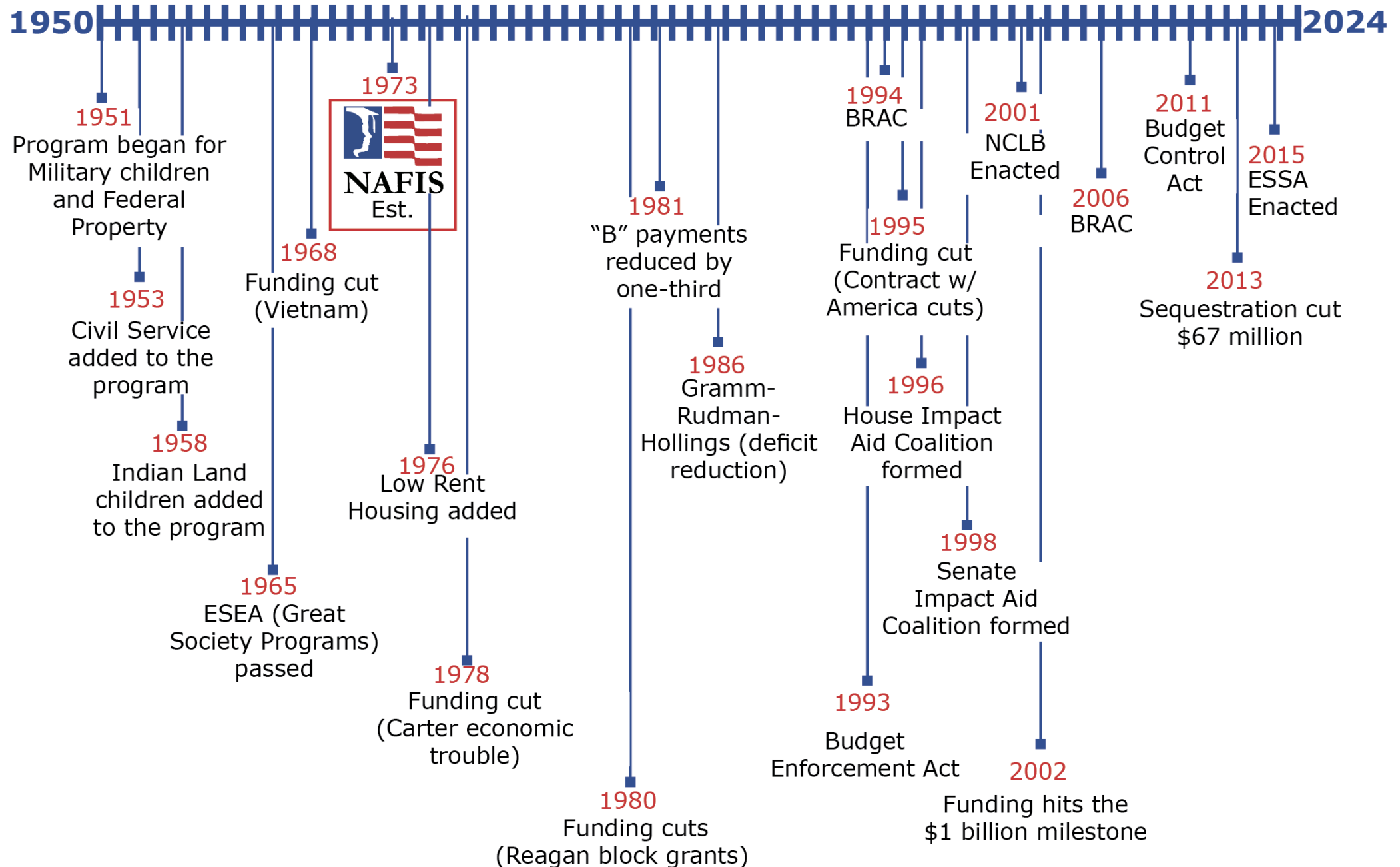
Why Do We Have LOT?

- Impact Aid law defines the maximum Basic Support payment a school district **should** receive
- Congress hasn't fully funded Impact Aid since 1969, so it can't pay all school districts their maximum payment

Example: In FY 2024,

- Congress appropriated \$1,474,000,000
- Total sum of school districts' maximum payments was \$2,347,657,589
- **Appropriations met ~62.79% of need**

LOT is an effort to fairly distribute the available funds to the school districts that rely on them most



Calculating LOT

Remember, there are two factors: % federally connected students and % max. payment is of TCE

	<u>DISTRICT “A”</u>	<u>DISTRICT “B”</u>	<u>DISTRICT “C”</u>
ADA (Ave. Daily Attendance)	1000	1000	1000
% Federally Connected Students	480 = 48%	210 = 21%	990 = 99%
% Maximum Basic Support Payment Is of District’s Budget	44%	31%	52%
LOT Modifier	92%	52%	151% 100%

Small District Adjustment

For local school districts with less than 1,000 students in ADA & Per-Pupil Expenditure less than the state or national average...

Minimum LOT percentage is increased to 40%

Provision benefits about 200 school districts each year

Impact of LOT on Payment

Assume a school district's maximum payment is:

\$1,500,000

Max. Payment x LOT%

\$1,500,000 x 100% = \$1,500,000

\$1,500,000 x 92% = \$1,380,000

\$1,500,000 x 52% = \$780,000

Caveat...

- That slide shows what happens if Congress provides exactly enough funding to pay all school districts their full LOT payment (aka their 100% LOT payment)
 - If there is **more** than needed to pay 100% of LOT, every district receives an additional payment evenly prorated (not to exceed their maximum payment)
 - If there is **less** than needed to pay 100% of LOT, all payments are prorated down - everyone gets an equal percentage of their LOT (ex. 94% LOT, 75% LOT...whatever the appropriation can pay)

Impact of 95% LOT Proration

100% LOT Payment x 95% LOT Payout

100% LOT District: \$1,500,000 x 95% = \$1,425,000

92% LOT District: \$1,380,000 x 95% = \$1,311,000

52% LOT District: \$780,000 x 95% = \$741,000

LOT Percentage Payout

2004-2024

YEAR	LOT Percentage	Final/Estimate	
2004	144.37	Final	
2005	136.97	Final	
2006	136.96	Final	
2007	147.02	Final	
2008	141.70	Final	
2009	129.87	Final	
2010	115.52	Final	
2011	97.07	Final	Prorate down
2012	96.01	Final	
2013	87.06	Final	
2014	91.73	Final	
2015	93.07	Final	
2016	93.68	Final	
2017	92.3320	Final	
2018	96.1865	Final	
2019	98.1377	Final	
2020	100.15	Final	Prorate up
2021	101.51	Final	
2022	100.938	Final	
2023	104	Final	
2024	103.41	Final	

Summary

- Because Impact Aid is not fully funded there must be a means of proration
- LOT attempts to fairly distribute funds to those school districts that need them most
- Each school district has its own LOT percentage calculated based on its:
 - % federally connected school students +
 - % the max. Impact Aid payment represents of TCE
- Payments can be further prorated depending on congressional appropriations

Questions?

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National Association
of Federally Impacted Schools