The Federal government is exempt from paying taxes on its property. Therefore, Federal property located within a community imposes a financial burden on local taxpayers. Congress created the Impact Aid Program to reimburse school districts for lost local tax revenue.

**Examples of Federal impaction:**
- Military installations
- Indian Trust, Treaty, Alaska Native Claims Settlement Act lands
- Federal low-rent housing facilities
- Civil service activities (VA hospitals, Federal laboratories, national parks, etc.)

**Federal impaction:**
- Causes a loss of local tax revenue due to the presence of Federal property.
- Results in additional costs due to the enrollment of federally connected children.

**Impact Aid:**
- Makes up for lost tax revenues.
- Levels the playing field for Federally impacted school districts.

### Impact Aid funds are efficient, flexible, and locally controlled.

- Impact Aid funds are appropriated annually by Congress. The US Department of Education disburses the funding directly to school districts.
- School district leaders decide how Impact Aid funds are spent, including for instructional materials, staff, transportation, technology, facility needs, etc.

**Impact Aid:**
- $1.6 billion
- 1,100 school districts educating
- 9 million students

### IMPACT AID OVERVIEW

**Program Section** | **Description** | **FY23**
---|---|---
7002 Federal Property | School districts with a large percentage of Federal property (VA hospitals, Federal laboratories, national parks, etc.). | $78,313,000
7003 Basic Support | School districts that educate federally connected students: Indian Lands, Military on/off base, Civilian on/off base, Low Rent Housing. | $1,468,242,000
7003(d) Disabilities | Payments for Military and Indian Lands students with disabilities for IDEA eligible activities. | $48,316,000
7007 Construction | Payments for construction allocated by formula and competitive grants. | $18,406,000
7008 Facilities | Payments for updates to facilities owned by the US Department of Education. | $4,835,000

**Total: $1,618,112,000**

*National Association of Federally Impacted Schools*