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Federal Grant Freeze May Affect Federally Impacted School Districts & Students

Administration directive could further delay vital Impact Aid for schools

January 28, 2025 – Washington, DC – The National Association of Federally Impacted Schools (NAFIS) is deeply concerned by the Trump administration directive to temporarily freeze all federal grant and loan disbursements, including the Impact Aid Program.

Impact Aid is a critical K-12 education grant program that partially reimburses school districts for the lost revenue and additional costs associated with the presence of nontaxable federal property, such as military installations, Indian trust and treaty lands, federal low-rent housing, national parks, national laboratories and other federal buildings and property. This funding supports the education of more than eight million students across approximately 1,100 school districts.

Unlike most federal education programs, Impact Aid is not forward funded. Funds are allocated as they are appropriated, meaning school districts often do not receive them until after the school year has started. Due to delays in FY 2025 appropriations, districts have only received about half of their expected funding for this year and are particularly vulnerable to this freeze. Congress has until March 14 to finalize FY 2025 appropriations or pass a continuing resolution to fund the federal government. If the freeze remains in place at that time, the U.S. Department of Education will not be able to obligate Impact Aid funds, and school districts may struggle to cover essential expenses like special education services, student transportation, and other operational costs.

“Impact Aid ensures federally impacted districts can provide high-quality education and meet critical needs like teacher salaries, mental health supports, and technology,” said NAFIS Board President and Superintendent Keith Mispagel. “With payments delayed, some schools are already facing budget gaps, and continued delays could force tough decisions about cuts to programs and services.”

“While there is much uncertainty as to how the administration’s order will be implemented, it has the potential to disrupt the education of millions of students,” said NAFIS Executive Director Nicole Russell. “We urge the Office of Management and Budget to provide clarification on implementation and for President Trump to reconsider this decision, lifting the freeze to ensure that school districts across the country receive the Impact Aid and other federal education funds they need to offer the quality of education that students deserve.”

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The National Association of Federally Impacted Schools (NAFIS) represents approximately 1,100 federally impacted public school districts that together educate more than eight million students across the nation.

Federally impacted school districts are those located on or near nontaxable Federal property—including military installations; Indian Trust, Treaty and Alaska Native Claims Settlement Act lands; Federal low-income housing facilities; and national parks, national laboratories and other Federal buildings and property. These school districts, which are demographically and geographically diverse, receive Impact Aid, a federal education program that reimburses school districts for the lost local revenue and additional costs associated with the presence of Federal property. To learn more, visit www.nafisdc.org.