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Reported Staffing Cuts Put Impact Aid Program and Students at Risk

NAFIS warns of uncertainty, consequences for federally impacted school districts

Washington, D.C. – October 14, 2025 – Unconfirmed reports indicate that the vast majority of staff at the U.S. Department of Education Impact Aid Program (IAP) Office were recently terminated as part of a widescale reduction in force (RIF). The National Association of Federally Impacted Schools (NAFIS) strongly opposes this action.

Impact Aid is a vital, statutorily required program that provides critical funding to approximately 1,100 school districts serving nearly eight million students across the nation. It helps offset lost local revenue and increased costs in school districts affected by the presence of nontaxable federal property, such as military installations; Indian Trust, Treaty, and Alaska Native Claims Settlement Act Lands; federal low-rent housing; national parks; and other federally owned sites. These districts, unlike most others, cannot rely on local property taxes to fund education.

In some school districts, Impact Aid makes up more than half of the total budget, paying for teacher salaries, special education services, student transportation, and critical classroom programs.

The elimination of IAP program analysts – who administer payments, provide essential technical assistance, and ensure the program runs accurately and transparently – is unacceptable. These dedicated federal employees are not only subject-matter experts, but they are also vital partners to school districts navigating a complex, formula-based program. Their removal puts the continuity and integrity of the program at risk.

As the federal government shutdown continues, this decision adds to the uncertainty facing students, educators, and the critical services that school communities rely on. When government operations resume, districts may face delays in payments, limited support during the upcoming FY 2027 application cycle, and a lack of accountability in the program's administration.

The nation's oldest K-12 federal education program, celebrating its 75th anniversary this year, Impact Aid has earned strong bipartisan support. It plays a key role in upholding the federal government's commitment to the communities it directly impacts. Undermining this office undermines that promise.

While the U.S. Department of Education has not publicly confirmed that IAP staff were affected by the RIF, NAFIS believes it to be true. If so, NAFIS urges immediate action to restore the staff and ensure this essential program continues to support the students and communities it was created to serve.

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The National Association of Federally Impacted Schools (NAFIS) represents approximately 1,100 federally impacted public school districts that together educate nearly eight million students across the nation. Federally impacted school districts are those located on or near non-taxable 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 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.