



FOR IMMEDIATE RELEASE

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## **NAFIS Deeply Concerned About Changes to Impact Aid Administration**

*Transfer of program to Department of Labor could threaten stability of federally impacted school districts*

**Washington, D.C. – November 21, 2025** – The National Association of Federally Impacted Schools (NAFIS) is deeply concerned about an interagency agreement transferring administration of the Impact Aid Program from the U.S. Department of Education (ED) to the U.S. Department of Labor (DOL).

Impact Aid is a critical K-12 education program that 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 restricted lands, Alaska Native Claims lands, federal low-rent housing, and national parks. It supports nearly eight million students in approximately 1,100 school districts, providing essential funding for teacher salaries, special education, transportation, and other critical programs. In some communities, Impact Aid makes up more than half of the district's budget.

NAFIS has significant questions about how this agreement will affect program operations and the federal government's obligation to federally impacted communities. As the recent government shutdown made clear, delayed Impact Aid payments can have devastating consequences, forcing school districts to freeze spending, defer maintenance, cut programs, and draw down reserves to meet payroll.

The program operates effectively and efficiently within ED, where the Impact Aid Office works closely with related entities, such as the National Center for Education Statistics (NCES). It is unclear how relocating administration to an agency focused primarily on employment and workforce development will streamline processes and ensure timely delivery of funds.

Impact Aid is a complex, formula-driven program dependent on the subject matter expertise of specialized program analysts currently housed in ED. These analysts provide essential technical assistance to local educational agencies and ensure program accuracy and transparency. With FY 2026 payments beginning to flow and the FY 2027 application cycle underway, it is not known if DOL has the capacity to ensure uninterrupted program operations. Regardless of where the program is housed, maintaining existing Impact Aid staff is essential to preserving program integrity and the prompt disbursement of payments. Unlike most federal education programs, Impact Aid is not forward funded. Any disruption – whether due to shutdowns, staffing transitions, or administrative restructuring – has immediate consequences for school districts.

"The Impact Aid Program is a cornerstone of the federal government's responsibility to school districts serving military installations, tribal nations, and other federal properties across the nation," said NAFIS Executive Director Cherise Imai. "Any administrative change that delays payments or compromises program integrity puts students at risk and is unacceptable."

NAFIS urges ED and DOL to work closely with Impact Aid leaders to ensure a smooth transition and uninterrupted funding. The association also calls on Congress to conduct necessary oversight to ensure Impact Aid continues to operate consistent with congressional intent and without disruption to the districts and students who rely on it.

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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 nontaxable Federal property, including military installations; Indian trust and restricted lands; 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](http://www.nafisdc.org).