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Impact Aid, Title VII of the Elementary and Secondary Education Act: A Primer

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Impact Aid, Title VII of the Elementary and Secondary Education Act: A Primer

The Impact Aid program, administered by the U.S. Department of Education (ED) and authorized by Title VII of the Elementary and Secondary Education Act (ESEA), was originally established in 1950 by P.L. 81-815 and P.L. 81-874, 15 years prior to the enactment of the ESEA. Impact Aid compensates local educational agencies (LEAs) for a “substantial and continuing financial burden” resulting from federal activities. These activities include federal ownership of certain lands, as well as the enrollments in LEAs of children whose parents work or live on federal property and children living on Indian lands. The federal government provides compensation because LEAs are unable to collect property or other taxes from these individuals (e.g., members of the uniformed services living on military bases) or their employers, even though the LEAs are obligated to provide free public education to their children. Thus, Impact Aid is intended to compensate LEAs, in part, for the resulting loss of tax revenue.

The Impact Aid program authorizes several types of payments, as detailed in the table below.

Table I. Impact Aid Payments: FY2019

Dollars in thousands

Impact Aid Payment	FY2019	Percentage of Total Impact Aid Funding
Payments for federal property (Section 7002)	\$74,313	5.1%
Basic support payments (Section 7003(b))	\$1,301,242	90.0%
Payments for children with disabilities (Section 7003(d))	\$48,316	3.3%
Construction (Section 7007)	\$17,406	1.2%
Facilities maintenance (Section 7008)	\$4,835	0.3%
Total	\$1,446,112	100.00%

Source: Table prepared by CRS based on data available from the U.S. Department of Education (ED), Budget Service.

Notes: Details may not add to totals due to rounding.

Overall, the Impact Aid program received about \$1.4 billion in FY2019. The largest Impact Aid payment is basic support payments (BSPs) for federally connected children (Section 7003(b)), accounting for nearly 90% of the total appropriation. Federally connected children are those who reside with a parent who is a member of the uniformed services living on or off federal property, with a parent who is an accredited foreign military officer living on or off federal property, on Indian lands, in low-rent public housing, or with a parent who is a civilian working or living on federal property. BSPs are allocated directly to LEAs based on a formula that uses weights assigned to different categories of federally connected children, cost factors to determine maximum payment amounts, and provisions to determine payment amounts when appropriations are insufficient to provide maximum payments.

In addition to the Impact Aid programs administered by ED, a smaller set of programs administered by the Department of Defense (DOD) are often referred to as the “DOD Impact Aid” programs. These two programs include one that provides supplemental aid to LEAs serving military children, and one that provides assistance to LEAs serving military children with severe disabilities. For FY2018, total appropriations for these programs were \$35 million (\$30 million for the first program and \$5 million for the second).

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Introduction

The Impact Aid program, administered by the U.S. Department of Education (ED), was originally established in 1950 by P.L. 81-815 and P.L. 81-874, 15 years prior to the enactment of the Elementary and Secondary Education Act (ESEA). Impact Aid compensates local educational agencies (LEAs) for a “substantial and continuing financial burden” resulting from federal activities. These activities include federal ownership of certain lands, as well as the enrollments in LEAs of children whose parents work or live on federal property and children living on Indian lands. The federal government provides compensation because LEAs are unable to collect property or other taxes from these individuals (e.g., members of the uniformed services living on military bases) or their employers, even though the LEAs are obligated to provide free public education to their children. Thus, Impact Aid is intended to compensate LEAs, in part, for the resulting loss of tax revenue.

In 1994, the Impact Aid program was incorporated into Title VIII of the ESEA.¹ The ESEA was most recently reauthorized in 2015 by the Every Student Succeeds Act (ESSA; P.L. 114-95).² As part of this process, the ESSA also reauthorized and revised the Impact Aid program and moved it into Title VII of the ESEA.³ Changes to the Impact Aid program made by the ESSA generally took effect beginning in FY2017.

The Impact Aid program authorizes several types of payments:

- federal property (Section 7002),
- federally connected children: basic support payments (Section 7003(b)),
- payments for children with disabilities (Section 7003(d)),
- construction (Section 7007), and
- facilities maintenance (Section 7008).

In addition to the Impact Aid programs administered by ED, a smaller set of programs administered by the Department of Defense (DOD) are often referred to as the “DOD Impact Aid” programs. These two programs include one that provides supplemental aid to LEAs serving children with a parent on active duty in the uniformed services, and one that provides assistance to LEAs serving children with severe disabilities with a parent on active duty in the uniformed services.

This report begins with a general overview of the various payments made under the Impact Aid program, followed by a detailed discussion of each section of Title VII as amended by the ESSA. This is followed by information about recent appropriations for Impact Aid. The report concludes with an overview of the “Impact Aid” programs administered by DOD. Tables included in **Appendix A** provide appropriations data in constant 2018 dollars. **Appendix B** provides a glossary of acronyms used in the report.

¹ Prior to its incorporation into the ESEA through the Improving America’s Schools Act of 1994 (IASA; P.L. 103-382), Impact Aid was authorized by P.L. 81-874.

² For more information on the ESSA, CRS Report R44297, *Reauthorization of the Elementary and Secondary Education Act: Highlights of the Every Student Succeeds Act*.

³ The ESSA redesignated Impact Aid as Title VII of the ESEA and the sections of Title VII (as redesignated) were renumbered accordingly. For example, Impact Aid payments authorized under Section 8003(b) prior to the enactment of the ESSA are now authorized under Section 7003(b).

The Impact Aid provisions discussed in this report reflect changes made to the program by the ESSA as well as those made through the annual National Defense Authorization acts (NDAAs) and annual Departments of Labor, Health and Human Services, and Education, and Related Agencies (L-HHS-ED) appropriations acts that have been enacted through August 2018.⁴ The most substantial program changes made through all of these vehicles have been to provisions affecting payments for federal property (Section 7002) and basic support payments (Section 7003(b)).

Overview of FY2018 Impact Aid Payments⁵

ESEA Title VII authorizes several types of Impact Aid payments. These include payments under Section 7002, Section 7003, Section 7007, and Section 7008, which are discussed briefly below. Grants to individual LEAs under these annual payments may range from less than \$100 to several million dollars.

Section 7002

Section 7002 compensates LEAs for the federal ownership of certain property. To qualify for compensation, the federal government must have acquired the property, in general, after 1938 and the assessed value of the land at the time it was acquired must have represented at least 10% of the assessed value of all real property within an LEA's boundaries. About 195 LEAs receive Section 7002 payments annually.⁶ Payments are usually used by LEAs for general operating expenses (e.g., teacher salaries, books, supplies, and utilities).⁷ In FY2018, \$73.3 million was appropriated for Section 7002 (5.1% of total Impact Aid appropriations) and payments to LEAs are expected to range from \$175 to \$5.0 million.⁸

Section 7003

Section 7003 compensates eligible LEAs for enrolling federally connected children. These are children who reside with a parent who is on active duty in the uniformed services⁹ living on or off federal property, with a parent who is an accredited foreign military officer living on or off federal property, on Indian lands, in low-rent public housing, or with a parent who is a civilian working or living on federal property.

⁴ This includes all NDAAs through the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (P.L. 115-232).

⁵ This section discusses FY2018 payments, as no data are currently available on the range of payments or expected number of grantees for FY2019 payments.

⁶ U.S. Department of Education, *Justifications of Appropriation Estimates to the Congress: FY2019*, 2018. (Hereinafter referred to as ED, *FY2019 Budget Justifications*.)

⁷ U.S. Department of Education, "Impact Aid Section 8002 Payments for Federal Property-Awards," <http://www.ed.gov/programs/8002/awards.html>.

⁸ ED, *FY2019 Budget Justifications*.

⁹ The term "uniformed services" means the Army, Navy, Air Force, Marine Corps, Coast Guard, National Oceanic and Atmospheric Administration, and Public Health Service (37 U.S.C. 101). For the purposes of this report, children with a parent on active duty in the uniformed services are also referred to as military children or children of military parents, as this is how they are commonly referenced.

Two payments are made under Section 7003. Section 7003(b) authorizes basic support payments (BSPs) for federally connected children.¹⁰ In FY2018, 1,071 LEAs are eligible to receive payments under it.¹¹ These LEAs serve over 809,000 federally connected students.¹² In FY2018, \$1.3 billion was appropriated for Section 7003(b) (89.8% of total Impact Aid appropriations). Payments are expected to range from \$44 to \$52.9 million.¹³ Section 7003(d) authorizes additional payments to LEAs receiving BSPs based on the number of certain federally connected children who are eligible to receive services under the Individuals with Disabilities Education Act (IDEA).¹⁴ Payments are limited to federally connected IDEA-eligible children, which include those with a parent who is a member of the uniformed services (residing on or off federal property), with a parent who is an accredited foreign military officer (living on or off federal property), or residing on Indian lands. In FY2018, \$48.3 million was appropriated for Section 7003(d) (3.4% of total Impact Aid appropriations) and about 849 LEAs are expected to receive payments ranging from \$553 to \$1.1 million.¹⁵

Section 7007

Section 7007 provides funds for construction and facilities upgrading to certain LEAs serving high percentages of children living on Indian lands or children of military parents. These funds are used to make formula and competitive grants.¹⁶ In FY2018, \$17.4 million was appropriated for Section 7007 (1.2% of total Impact Aid appropriations) and, per provisions included in the Consolidated Appropriations Act, 2018 (P.L. 115-141), grants will be awarded only by formula. In FY2016, the most recent year for which Section 7007 payments were made by formula, 170 LEAs received payments ranging from \$1,800 to \$1.7 million, with an average payment of \$102,000.¹⁷

Section 7008

Section 7008 provides funds for emergency repairs and comprehensive capital improvements to schools that ED currently owns but LEAs operate and use to serve federally connected military dependent children.¹⁸ Statutory provisions require that ED transfer ownership of these facilities to

¹⁰ Prior to the 2000 reauthorization, Section 8003(f) provided additional payments for about 30 “heavily impacted LEAs”—those that enroll large numbers or high proportions of federally connected children. P.L. 106-398 repealed subsection (f) and incorporated payments for these LEAs in the BSPs under Section 7003(b)(2). At the time, BSPs were authorized under Section 8003(b)(2).

¹¹ ED, *FY2019 Budget Justifications*.

¹² Ibid.

¹³ Ibid.

¹⁴ For more information about the IDEA, see CRS Report R41833, *The Individuals with Disabilities Education Act (IDEA), Part B: Key Statutory and Regulatory Provisions*.

¹⁵ ED, *FY2019 Budget Justifications*.

¹⁶ For the past several fiscal years, provisions included in the Labor, Health and Human Services, Education, and Related Agencies (L-HHS-ED) appropriations acts have specified that Section 7007 grants be made using formula grants only or competitive grants only and have specified which of the two grant types would be used for a given fiscal year. For example, for FY2016 only formula grants were awarded, while for FY2015 only competitive grants were awarded. For more information, see the subsequent discussion of Section 7007 payments in the section-by-section analysis of the Impact Aid program.

¹⁷ U.S. Department of Education, *Justifications of Appropriation Estimates to the Congress: FY2018*, 2017. (Hereinafter referred to as ED, *FY2018 Budget Justifications*.)

¹⁸ ED, *FY2019 Budget Justifications*.

LEAs or other entities. In FY2018, \$4.8 million was provided for Section 7008 (0.3% of total Impact Aid appropriations).

Impact Aid: Section-by-Section Analysis

This part of the report provides a section-by-section analysis of ESEA Title VII. Sections are generally discussed in order. There is also a summary of the Title VII sections that focus primarily on program administration and are not otherwise discussed in the section-by-section analyses, including Section 7005 and Sections 7010 through 7014.

Section 7001: Purpose

Section 7001 includes the purpose of the Impact Aid program. This section clearly states that there are federal government activities that place a financial burden on LEAs and that the purpose of the program is to assist LEAs serving areas in which such activities take place, including assisting federally connected children in meeting challenging state academic standards. The federal government provides financial assistance to these LEAs in such a way as to promote control by LEAs with little or no federal or state involvement. More specifically, the purpose of the Impact Aid program is to provide financial assistance to LEAs that

- “experience a substantial and continuing financial burden due to the acquisition of real property by the United States,”
- educate children residing on federal property whose parents also work on federal property,
- educate children of parents who are in the military services and children residing in low-rent housing,
- educate heavy concentrations of children whose parents are civilian employees of the federal government but do not live on federal property, or
- need special assistance with capital expenditures for construction due to the enrollment of substantial numbers of children who reside on federal property and to difficulty raising local revenue through bond referendums for capital projects, which is necessary because of the inability to tax federal property.

Section 7002: Payments for Federal Property

Section 7002 authorizes a formula grant program to compensate LEAs for the federal ownership of certain property. LEAs may receive a payment under this section if they can demonstrate, among other things, that the federal government has acquired property in the LEA since 1938¹⁹ and the property had an assessed value at the time it was acquired of at least 10% of (1) all the real property in the LEA at the time the federal property was acquired, or (2) the greater of all real property as assessed in the first year preceding or succeeding the acquisition of the property, if the property was not assessed at the time it was acquired and state law requires an assessment of

¹⁹ In addition, the property cannot have been acquired by exchange for another federal property in the LEA that the United States owned before 1939.

property acquired.²⁰ About 195 LEAs receive Section 7002 payments annually.²¹ Payments are generally used by LEAs for general operating expenses (e.g., teacher salaries, books, supplies, and utilities).²²

The National Defense Authorization Act for Fiscal Year 2013 (NDAA; P.L. 112-239) amended the formula used to calculate payments for federal property for eligible LEAs that were eligible for payments in FY2009 and for LEAs that were not eligible for a payment in FY2009.²³ The amendments, however, were required to be repealed on January 2, 2015 (two years after their enactment). The Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015 (P.L. 113-291) subsequently changed the repeal date for the amendments to January 2, 2018.²⁴ Prior to that date, the amendments were made permanent by the ESSA, which also made changes to the eligibility provisions for specific LEAs.²⁵

Under the ESSA provisions, beginning in FY2017, the maximum payment an LEA is eligible to receive for a fiscal year is determined by multiplying the current real property tax rate for current expenditures levied by fiscally independent LEAs, or imputed real property tax rate for fiscally dependent LEAs, by the current estimated taxable value of the federal property.²⁶

When full funding for maximum payments is not appropriated, payments are made based on a “hold-harmless” formula that is designed to preserve historical funding levels for LEAs.²⁷ The formula includes four steps:

²⁰ An LEA previously eligible for a federal property payment may carry over its eligibility to a new LEA formed as the result of the consolidation of two or more LEAs. Prior to the enactment of the Consolidated Appropriations Act of 2014 (P.L. 113-76), only certain LEAs that were eligible for payments prior to FY1995 were eligible to retain their eligibility for payments following consolidation. P.L. 113-76, and subsequently the ESSA, modified this provision to allow LEAs that consolidated after FY2005 to receive a federal property foundation payment if one or more of the LEAs involved in the consolidation was eligible for a payment for federal property in the fiscal year prior to the consolidation. ED has proposed regulations related to this provision. For more information, see U.S. Department of Education, “Impact Aid Programs,” 80 *Federal Register* 81477-81494, December 30, 2015, available online at <https://www.gpo.gov/fdsys/pkg/FR-2015-12-30/html/2015-32618.htm>.

²¹ ED, *FY2019 Budget Justifications*.

²² U.S. Department of Education, “Impact Aid Section 8002 Payments for Federal Property-Awards,” <http://www.ed.gov/programs/8002/awards.html>.

²³ As it may take several years for ED to determine final Section 8002 grants for a given fiscal year appropriation, it was possible to apply the NDAA provisions retroactively to LEA applications submitted for FY2010 and FY2011. According to ED, the NDAA amendments applied to FY2010 through FY2015 payments (ED, *FY2016 Budget Justifications*.)

²⁴ Based on ED’s position that the first set of NDAA amendments would remain in effect through the determination of FY2015 payments (ED, *FY2016 Budget Justifications*), presumably the second set of NDAA amendments would remain in effect through the determination of FY2018 payments.

²⁵ For example, prior to the enactment of the ESSA, newly eligible LEAs had seven years from the date of acquisition to apply for Impact Aid funds. This provision was not retained by the ESSA.

²⁶ The estimated taxable value for eligible property is calculated through a three-step process. First, the Secretary must determine the total taxable value for the purpose of levying property tax for school purposes for current expenditures of real property located within the boundaries of a given LEA. The Secretary must then determine the per acre value of the eligible federal property by dividing the total taxable value for all property in the LEA determined in step one by the difference between the total number of acres located within the boundaries of the LEA and the number of eligible federal acres within the boundaries of the LEA. The total taxable value of the eligible federal property is then determined by multiplying the per acre value calculated in step two by the number of eligible federal acres. When determining the taxable value for property shared by two or more LEAs, an LEA may request to have the value of the property determined based on the average value of the property for each LEA in which the property is located.

²⁷ ED, *FY2019 Budget Justifications*.

1. A “foundation payment for pre-2010 recipients” is made to eligible LEAs that were also eligible for a federal property payment in FY2009. The amount of the payment is equal to the greater of (1) 90% of the payment the LEA received in FY2009, or (2) 90% of the average payment the LEA received for FY2006, FY2007, FY2008, and FY2009.²⁸
2. After making these payments, a special payment is made to the Highland Falls-Fort Montgomery Central School District in New York, provided the LEA continues to meet the eligibility requirements to receive it.²⁹
3. A “foundation payment for new applicants” is made from the remaining funds to LEAs that were not eligible to receive federal property payment in FY2009. The payments for an LEA qualifying for the first time in this category are calculated by multiplying 90% of the LEA’s maximum payment by the ratio of the Section 7002 appropriation to the total of all LEAs’ maximum, not actual, payments in the most recent year in which payments have been completed. In subsequent fiscal years, the LEA’s foundation payment is equal to the LEA’s foundation payment from its first year of eligibility.
4. If funds remain after the foundation payment for new applicants, they are distributed to LEAs receiving payments in steps one through three based on prorated shares of maximum payments for the current year.³⁰

Section 7002 payments are subject to two caps. First, the combination of payments under Section 7002 and Section 7003(b) may not exceed an LEA’s maximum BSP under Section 7003 or maximum payment under Section 7002, whichever is greater. The second cap reduces an LEA’s Section 7002 payment if the combination of the calculated payments and any revenue the LEA received from the federal property during the prior fiscal year exceeds the LEA’s calculated maximum payment for the fiscal year for which grants are being made under Section 7002. If an LEA’s payment is reduced due to either of these caps and appropriations were insufficient to provide all LEAs with their maximum payment amounts, then the reduced funds are redistributed to other eligible LEAs under the fourth step of the formula.

It should be noted that the caps are applied differently to LEAs that were eligible for federal property payments in FY2009 and to newly eligible LEAs that were not eligible in that year. More specifically, for LEAs that were eligible for federal property payments in FY2009, only the remaining funds allocated under the fourth step of the formula are subject to the caps. However, newly eligible LEAs are limited by the caps under the third step of the formula in their first year of eligibility and under the fourth step for all years of eligibility.³¹

Payments are usually used by LEAs for general operating expenses (e.g., teacher salaries, books, supplies, and utilities).³²

²⁸ The caps on Section 7002 payments discussed below do not apply to the foundation payment for pre-2010 recipients.

²⁹ For more information about the eligibility requirements, see Section 7002(i).

³⁰ There is also a one-year hold harmless that is applied to an LEA that loses its eligibility to receive a Section 7002 payment because property that previously qualified as federal property was sold or transferred to a non-federal party. The hold harmless provision provides the LEA with a payment equal to 90% of the amount the LEA received the preceding year.

³¹ For more information see ED, *FY2019 Budget Justifications*.

³² U.S. Department of Education, “Impact Aid Section 8002 Payments for Federal Property-Awards,” <http://www.ed.gov/programs/8002/awards.html>.

Section 7003(b): Basic Support Payments

Section 7003(b) authorizes BSPs to LEAs to compensate them for the cost of serving certain groups of federally connected children (e.g., children with a parent on active duty in the uniformed services, children living on Indian lands). The presence of these children can increase the number of students the LEA must serve without a commensurate increase in the taxes that support public education. To be eligible for Section 7003(b) payments, an LEA must have at least 400 federally connected children, or such children must represent at least 3% of an LEA's average daily attendance (ADA).³³ Of the more than 18,000 LEAs nationwide,³⁴ about 1,071 currently receive a BSP.³⁵ Thus, less than 6% of all LEAs qualify for Section 7003(b) payments.

There are two types of LEAs that receive payments under Section 7003(b). The first group is referred to as regular LEAs or LEAs receiving regular BSPs. For FY2018, this group is estimated to include 1,042 of the 1,071 LEAs expected to receive BSPs in that year.³⁶ The second group is referred to as the heavily impacted LEAs and includes all those that remain.³⁷ A set of special statutory provisions that apply to only the heavily impacted LEAs provides them with increased payment amounts in recognition of these LEAs being substantially impacted by the presence of federally connected children. LEAs that qualify as heavily impacted have the same boundaries as a military installation or meet some combination of other criteria, such as their percentage or number of federally connected children and a tax-rate criterion. Where appropriate, the discussion of BSPs indicates differences in grant calculations for regular LEAs and heavily impacted LEAs.

The Impact Aid basic support grants formula for Section 7003(b) has several components:

- LEAs provide ED with counts of various types of federally connected children.
- Weights are applied to each count with the intention of reflecting differences in tax revenues lost and educational costs.
- A cost factor or local contribution rate (LCR; basically a per-pupil expenditure amount) is determined for each LEA.
- Maximum grants are calculated by multiplying the weighted child count by the LCR.
- Actual payments are reduced if appropriations are insufficient to make maximum grant payments.³⁸
- Hold harmless provisions are applied that generally prevent large decreases in payment amounts from year to year.

³³ To receive payments for children of parents employed, but not residing, on federal property or certain children residing on federal property, an LEA must serve 1,000 or more of such children or such children must represent at least 10% of the LEA's total ADA. However, heavily impacted LEAs (discussed below) do not need to meet these thresholds to receive payments on behalf of these children.

³⁴ U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics: 2016*, Table 214.30, https://nces.ed.gov/programs/digest/d17/tables/dt17_214.30.asp?current=yes.

³⁵ ED, *FY2019 Budget Justifications*.

³⁶ ED, *FY2019 Budget Justifications*.

³⁷ ED, *FY2019 Budget Justifications*. It should be noted that based on unpublished data provided to CRS by ED, the number of heavily impacted LEAs for FY2018 is 28.

³⁸ Appropriations for FY2018 are insufficient to make maximum payments.

Types of Federally Connected Children and Their Formula Weights

Table 2 details the categories of federally connected children and the weights that the act assigns to them. As the table shows, children residing on Indian lands³⁹ receive the highest weight. The next highest weight is given to children who live on federal property⁴⁰ and whose parents are

- employed on federal property,
- on active duty in the uniformed services,⁴¹ or
- accredited foreign military officers.

These relatively high-weighted children (including children living on Indian lands) are sometimes known by a shorthand designation as “3(a)” or just “a” children, which is a reference to a subsection of the previous Impact Aid statute (P.L. 81-874). Although no longer relevant to the current law, this shorthand designation is still widely used and will be referenced in this report.

Those receiving much lower weights are children

- with a parent on active duty in the uniformed services not living on federal property,
- with a parent who is a foreign military officer not living on federal property,
- residing in low-rent public housing,
- living on federal property but whose parents do not work on federal property, and
- whose parents work on federal property but do not live on federal property.

These children receiving lower weights are sometimes known as “3(b)” or just “b” children (for the same reason noted above). According to ED, “b” children create a lesser, but still significant, burden on LEAs compared to “a” children.⁴²

Table 2. Types of Federally Connected Children and Weights Assigned to Them in the Impact Aid Basic Support Payments Formula
(Section 7003(a)(1))

Children Attending School in the LEA Who	Weight	Shorthand Designation
reside on federal property with a parent employed on federal property situated in whole or in part within the boundaries of the LEA—(A)(i)	1.0	“a” children
reside on federal property with a parent who is an official of, and accredited by, a foreign government and is a foreign military officer—(A)(ii)	1.0	“a” children
reside on federal property and have a parent on active duty in the uniformed services—(B)	1.0	“a” children
reside on Indian lands—(C)	1.25	“a” children
have a parent on active duty in the uniformed services but do not reside on federal property—(D)(i)	0.2	“b” children

³⁹ See Section 7013(7) for a definition of Indian lands.

⁴⁰ See Section 7013(5) for a definition of federal property.

⁴¹ As previously mentioned, these children are generally referred to as “military children” or “children of military parents.”

⁴² ED, *FY2019 Budget Justifications*.

Children Attending School in the LEA Who	Weight	Shorthand Designation
have a parent who is an official of, and has been accredited by, a foreign government and is a foreign military officer but do not reside on federal property—(D)(ii)	0.2	“b” children
reside in low-rent public housing—(E)	0.1	“b” children
reside on federal property and are not described in Subparagraph (A) or (B)—(F)	0.05	“b” children
reside with a parent who works on federal property situated in whole or in part in the county in which such LEA is located, or in whole or in part in such LEA if such LEA is located in more than one county—(G)(i); or if not in such county, in whole or in part in the same state as such LEA—(G)(ii) ^a	0.05	“b” children

Source: Table prepared by CRS based on an analysis of relevant statutory language.

Note: “Uniformed services” is defined in 37 U.S.C. §101 to include the Army, Navy, Air Force, and Marines, as well as the Coast Guard, National Oceanic and Atmospheric Administration, and Public Health Service.

- a. These children include, for example, those who live with parents working for the federal government in a federal building (e.g., the Hart Senate Office Building) but not living on federal property.

Applying Weights

Once the number of children in each category of federally connected children is determined, the statute-specified weights are applied to the counts for each category. These weights are estimates of the impact the presence of various types of federally connected children have on an LEA’s costs and the corresponding tax revenue losses due to federal activities. As detailed in **Table 2**, the weights range from 1.25 for children living on Indian lands to 0.05 for children whose parents are employed on federal property or live on federal property but not both.⁴³ For heavily impacted LEAs, special rules may alter the weights assigned to federally connected children.⁴⁴ (This is discussed in “Heavily Impacted LEAs.”)

The following example provides a more detailed look at how child count weighting works. Suppose that a school district has 215 students whose parents are in the military and live on federal property, 100 students who live on Indian lands, and 300 students whose parents are in the military but live off federal property. The school district’s weighted student count would be

215 military/on federal property	*	1.00 =	215
100 on Indian lands	*	1.25 =	125
300 military/off federal property	*	0.20 =	60
615 Total,	but under the formula,		400

Thus, this hypothetical district has 615 federally connected children, but for the purposes of the formula, their weighted count is 400.

⁴³ For an LEA to receive a BSP on behalf of students in categories (F) and (G), it must have at least 1,000 such students in ADA or the number of students must be at least 10% of the total ADA in that LEA, unless additional provisions apply.

⁴⁴ There is also a special rule that applies to the weights for regular LEAs. The number of children in categories (A) and (B) are multiplied by a factor of 1.35 if the LEA has (1) more than 5,000 children in categories (A) and (B), and (2) an average daily attendance of all children which exceeds 100,000.

Local Contribution Rate and Maximum Payments

The weighted student count (or “weighted student units”) is multiplied by the LCR, which is the greatest of

- one-half of the state average per-pupil expenditure (APPE),
- one-half of the national APPE,
- the previously determined LCR for comparable districts with unusual circumstances, such as those serving a particularly large number of disabled children, or
- the state APPE times the local contribution percentage (i.e., the percentage of educational revenues that comes from the local level).⁴⁵

Thus, the LCR may vary from LEA to LEA, even within the same state.

The weighted student count total is multiplied by whichever of these amounts is greatest for a given LEA, resulting in the maximum BSP that an LEA can receive. A different LCR calculation applies to heavily impacted LEAs (discussed in “Heavily Impacted LEAs”).

Returning to the previous example, suppose in the hypothetical LEA that one-half of the national APPE was the highest LCR amount, and it totaled \$5,750. The LEA’s maximum BSP would be $\$5,750 * 400 = \$2,300,000$.

Maximum BSPs and the Learning Opportunity Threshold

All eligible LEAs would receive their maximum BSPs (referred to as full funding) if appropriations for Section 7003(b) were sufficient to fund them. Providing a maximum BSP to each eligible LEA in FY2018 would require approximately \$2.2 billion,⁴⁶ but FY2018 appropriations for Section 7003(b) payments (\$1.3 billion) are substantially below this amount. For appropriations levels that are below the “full funding” level, statutory language provides a mechanism for distributing funds to LEAs. The general principle is that “more heavily impacted” LEAs receive higher percentages of their maximum payments than less impacted districts. (“More heavily impacted” LEAs are not the same as “heavily impacted” LEAs.) This principle is achieved by calculating a Learning Opportunity Threshold (LOT) payment. This is a percentage of the maximum BSP determined by adding

- the percentage of an LEA’s average daily attendance that is comprised of federally connected children, and
- the percentage of an LEA’s total current expenditures that is comprised of Section 7003(b) payments.

The total percentage must not exceed 100%.⁴⁷ It is multiplied by the maximum BSP to produce the LOT payment.

If, in the hypothetical LEA example from above, federally connected children accounted for 20% of all children in ADA and maximum BSPs were 30% of the LEA’s current expenditures, then the

⁴⁵ This alternative would be used in states in which local funds account for more than one-half of the APPE.

⁴⁶ ED, *FY2019 Budget Justifications*.

⁴⁷ Special rules apply to the LOT calculation. For example, if an LEA enrolls fewer than 1,000 students and has a per-pupil expenditure that is less than the average per-pupil expenditure of the state in which the LEA is located or the national average per-pupil expenditure, the LEA’s LOT percentage cannot be less than 40%.

LEA's LOT would be 50%⁴⁸ and the LOT payment, assuming appropriations were sufficient to provide the full LOT payment, would be \$1,150,000 (50% of \$2,300,000).

If current appropriations were not sufficient to make all LOT payments, only a percentage of an LEA's LOT payment would be made. That is, if appropriations were sufficient to pay 80% of the full LOT payments for all LEAs, the hypothetical LEA's LOT percentage of 50% would be multiplied by 80%, meaning the LEA would receive 40% of its maximum BSP—\$920,000 (40% of \$2,300,000).

If, on the other hand, appropriations were sufficient to provide more than 100% of each LEA's LOT payment but not sufficient to provide maximum BSPs, payments would be ratably increased but could not exceed an LEA's maximum BSP. Returning to the hypothetical LEA example from above, if funds were sufficient to pay 125% of LOT (but still insufficient to provide maximum BSPs), the LEA's LOT percentage of 50% would be multiplied by 125%, resulting in the LEA receiving 62.5% of its maximum BSP—\$1,437,500 (62.5% of \$2,300,000).

Special LOT rules apply to heavily impacted LEAs (these are discussed in "Heavily Impacted LEAs").

Hold Harmless Provisions

The ESSA added a three-year hold harmless provision that prevents all eligible LEAs from receiving large decreases in their calculated payment amounts (as opposed to their maximum BSP amount) from year to year, assuming appropriations are sufficient to provide hold harmless amounts.⁴⁹ More specifically, beginning in FY2017, if an LEA's payment decreases by 20% or more from the previous year, then that LEA would receive a payment equal to 90% of the previous year's payment. In the following year, the LEA would receive 85% of the previous year's payment, and in the third year it would receive 80%. For example, if an LEA's calculated payment for FY2018 is \$70,000 but it received \$100,000 in FY2017 (representing a decrease of 30% from the prior year) then the hold harmless provisions would apply. The LEA would receive \$90,000 in FY2018 (90% of \$100,000), \$76,500 in FY2019 (85% of \$90,000), and \$61,200 in FY2020 (80% of \$76,500).⁵⁰ If available funds were insufficient to provide all eligible LEAs with their hold harmless payments in a given year, then the hold harmless payments to all eligible LEAs would be ratably reduced for that year. Additional hold harmless provisions apply specifically to heavily impacted LEAs (these are discussed in "Heavily Impacted LEAs").

Heavily Impacted LEAs

Heavily impacted LEA eligibility is generally based on an LEA's percentage of total ADA composed of federally connected children and the LEA's tax rate. Prior to the ESSA, there were generally two classifications of these LEAs: (1) those that received heavily impacted payments in FY2000 (referred to as "continuing heavily impacted LEAs"), and (2) those that were not eligible to receive such a payment until FY2002 or later ("new heavily impacted LEAs"). The ESSA modified the eligibility criteria for heavily impacted LEAs and eliminated the distinction between

⁴⁸ The LOT percentage for the hypothetical LEA is calculated by adding 20% and 30% to get 50%.

⁴⁹ Prior to the enactment of the ESSA, a different hold harmless provision was applied that was based on the amount of funding the LEA received in FY2000.

⁵⁰ It should be noted that if the payment calculated for an LEA (based on its LOT payment) is higher than its hold harmless amount, then the LEA would receive its calculated payment (i.e., an LEA will not receive less funding as a result of receiving a hold harmless payment).

new and continuing LEAs. More specifically, beginning in FY2017 a heavily impacted LEA must fall into one of five categories:⁵¹

1. An LEA (1) whose boundaries are the same as a federal military installation or (2) an island property designated by the Secretary of the Interior as being held in trust by the federal government and that has no taxing authority.
2. An LEA (1) with a total number of eligible federally connected students (as described above) that is not less than 45% of the LEA's total student enrollment; (2) that has a per-pupil expenditure that is less than 125% of the state average per-pupil expenditure if its total enrollment is at least 500 students, or less than 150% of the state APPE or the APPE of three or more comparable LEAs in the state if its total enrollment is less than 500; and (3) that has a tax rate for general fund purposes that is not less than 95% of the average tax rate for general fund purposes of comparable LEAs in the state.⁵²
3. An LEA (1) with a tax rate for general fund purposes that is not less than 125% of the average tax rate for general fund purposes for comparable LEAs in that state; (2) that has a total number of eligible federally connected students that is either at least 30% of the total student enrollment, or at least 20% of the total student enrollment and for the three fiscal years preceding the fiscal year for which the determination is made, the average enrollment of non-federally connected children who were eligible to receive free or reduced price lunch was at least 65% of total student enrollment, and received funding for FY2017 pursuant to requirements related to the privatization of military housing; and (3) received a payment as a heavily impacted LEA under the requirements of the program prior to the enactment of the ESSA for a fiscal year prior to FY2017.
4. An LEA that received a heavily impacted payment for FY2015 under specific eligibility requirements, as they were in effect for that fiscal year, and has a total student enrollment of at least 25,000, of which (1) at least 35% are federally connected students, and (2) not less than 3,500 are federally connected students in categories A and B (see **Table 1** in the Summary); or not less than 7,000 are federally connected children in category D (see **Table 1**).
5. An LEA (1) that has a total number of children in categories F and G (see **Table 2**) that is not less than 35% of the LEA's total student enrollment; (2) that has a per-pupil expenditure that is less than 125% of the state average per-pupil expenditure if its total enrollment is at least 500 students, or less than 150% of the state APPE or the APPE of three or more comparable LEAs in the state if its total enrollment is less than 500 (except that an LEA with less than 350 students shall be deemed to have met this requirement); (3) with a tax rate for general fund purposes that is not less than 95% of the average tax rate for general fund purposes for comparable LEAs in the state; and (4) that was eligible for a heavily impacted payment in FY2001.

There are two hold harmless provisions that apply specifically to heavily impacted LEAs. First, an LEA that no longer meets the eligibility requirements above will continue to receive a heavily impacted payment in the first year the LEA falls out of eligibility. Second, an LEA that previously qualified as a heavily impacted LEA, in part, by meeting the 95% average tax rate requirement

⁵¹ Section 7002(b)(2)(B).

⁵² For more information on the determination of comparable LEAs, see the relevant federal regulations (34 C.F.R. §222.39-222.41).

and no longer meets the eligibility requirements for a heavily impacted LEA because it falls below the 95% average tax rate for general fund purposes for two consecutive years will continue to receive a payment as a heavily impacted LEA for the first two years of ineligibility. Heavily impacted LEAs are also eligible to benefit from the three-year hold harmless provision if it is applicable after the LEA no longer receives a payment as a heavily impacted LEA. An LEA must be eligible for two consecutive years as a heavily impacted LEA before returning to heavily impacted status.

Calculations for the heavily impacted LEAs differ in three ways from calculations for regular LEAs. First, weights for certain classifications of federally connected children are greater for some heavily impacted LEAs. For example, LEAs that qualify as heavily impacted and have 100 or fewer federally connected children have their entire count of federally connected children weighted at 1.75 (as opposed to using the weights depicted in **Table 2**). Second, the maximum BSP for heavily impacted LEAs is based on 80% (rather than 50%) of the state or national APPE, whichever one is higher.⁵³ Finally, given sufficient funds, the LOT percentage for these LEAs is 100%. That is, they receive 100% of their maximum basic support payment if funds are sufficient to provide all LEAs with 100% of their LOT payment. If funds are insufficient to provide all LEAs with 100% of their LOT payments, payments to heavily impacted LEAs are ratably reduced by the same percentage as payments to regular LEAs.⁵⁴

As a result of these provisions, the 28 heavily impacted LEAs were estimated to receive about \$280 million, or about 23.7%, of the total funding for basic support grants under Section 7003(b) in FY2018.⁵⁵ In terms of per student payments, these LEAs are estimated to receive over three times the amount per child that regular Impact Aid LEAs receive (\$4,637 compared to \$1,460).⁵⁶ **Table 2** provides a list of LEAs eligible for heavily impacted payments in FY2018.

Table 3. Heavily Impacted LEAs: FY2018

LEA	State
Annette Islands School District	AK
Fort Huachuca Accommodation Schools	AZ
Peach Springs Unified District 8	AZ
El Paso County School District 8	CO
Camden County Board of Education	GA
Liberty County Board of Education	GA
North Chicago School District 187	IL
Fort Leavenworth Unified School District 207	KS
Geary County Unified School District 474	KS
Knob Noster R-VIII School District 051-155	MO
Waynesville R-VI School District 085-046	MO

⁵³ The other LCR calculations that apply to regular LEAs do not apply to heavily impacted LEAs.

⁵⁴ When grant amounts are ratably reduced, all LEAs have their grant amounts reduced by the same percentage but not by the same dollar amount. The larger an LEA's grant is, the larger the dollar amount reduction will be for a given percentage decrease in funding.

⁵⁵ The number of heavily impacted LEAs is based on unpublished data provided to CRS by ED that is more recent than the data include in the *FY2019 Budget Justifications*.

⁵⁶ ED, *FY2019 Budget Justifications*.

LEA	State
North Hanover Township Board of Education	NJ
Grand Forks Air Force Base School District 140	ND
Minot Air Force Base School District 160	ND
Andes Central School District 11-1	SD
Bennett County School District 3-1	SD
Douglas School District 51-1	SD
Dupree School District 64-2	SD
McIntosh Independent School District 15-1	SD
Oelrichs Public Schools 23-3	SD
South Central School District 26-5	SD
Timber Lake School District 20-3	SD
Wagner Community School District 11-4	SD
Copperas Cove Independent School District	TX
Fort Sam Houston Independent School District	TX
Killeen Independent School District	TX
Lackland Independent School District	TX
Randolph Field Independent School District	TX
Central Kitsap School District 401	WA

Source: Table prepared by CRS based on unpublished data provided by the U.S. Department of Education.

Use of Impact Aid Section 7003(b) Payments

Section 7003(b) payments differ from funds provided by most other federal elementary and secondary education programs administered by ED, as they are not limited to specified uses (such as improving the educational achievement of disadvantaged students). While funds are generally used for current expenditures,⁵⁷ they may also be used for capital expenditures.⁵⁸ In addition, funds need not be spent only on federally connected children, unless the LEA claims to have children living on Indian lands. (See subsequent discussion on Section 7004 requirements.) However, the funds do have to be used in accordance with state and local requirements.⁵⁹

Section 7003(d): Payments for Children with Disabilities

In addition to BSPs, Section 7003 authorizes payments to LEAs serving certain federally connected children who are eligible to receive services under the Individuals with Disabilities Education Act. Payment amounts are based on the number of federally connected IDEA-eligible children in each LEA receiving a BSP who have a parent who is on active duty in the uniformed services (residing on or off federal property), have a parent who is an accredited foreign military

⁵⁷ Current expenditures mean expenditures for free public education, such as those for administration, instruction, attendance and health services, transportation, and operation and maintenance of plant. (Section 7013(4).)

⁵⁸ U.S. Department of Education, “Impact Aid Section 8003 Payments for Federally Connected Students—Frequently Asked Questions.” Available at <http://www.ed.gov/programs/8003/faq.html>.

⁵⁹ Ibid.

officer (living on or off federal property), or reside on Indian lands. ED determines a weighted child count of federally connected children with disabilities for this payment by multiplying the number of children with disabilities who live with a parent in the military on federal property, live with a parent who is an accredited foreign military officer on federal property, or live with parents on Indian lands by 1.0 and children with disabilities who live with a parent who is on active duty in the uniformed services or is an accredited foreign military officer on non-federal property by 0.5. An LEA's payment is its percentage share of the total weighted child count multiplied by the funds appropriated for Section 7003(d).

Unlike BSPs, LEAs receiving 7003(d) payments must use the funds to meet the needs of the federally connected children with disabilities for whom they received the payments. In addition, the funds must be used to provide a free appropriate public education to these children in accordance with the provisions of IDEA.⁶⁰

Section 7004: Policies and Procedures Related to Children Residing on Indian Lands

Any LEA that claims children residing on Indian lands for purposes of Section 7003 payments must establish policies and procedures to ensure the following:

- Children living on Indian lands must participate in programs and activities supported by Section 7003 funds on an equal basis with all other children.
- Parents of such children and Indian tribes must be provided with an opportunity to present their views on such programs and activities, including being able to make recommendations regarding the needs of such children.
- Parents of such children and Indian tribes must be consulted and involved in planning and developing such programs and activities.
- All relevant applications, evaluations, and program plans must be disseminated to parents of such children and Indian tribes.
- Parents of such children and Indian tribes must have an opportunity to present their views to the LEA regarding the LEA's general education program.

LEAs claiming Indian children for purposes of Section 7003 payments must maintain records demonstrating that the agency is in compliance with the aforementioned requirements. An LEA may receive a waiver related to the establishment of the aforementioned policies and procedures and the related record maintenance requirement with respect to any Indian tribe if such tribe provides a written statement saying the LEA does not have to meet the requirements because the tribe is satisfied with the provision of the educational services provided by the LEA.

Section 7004 also contains provisions requiring the Secretary of Education (Secretary) to provide technical assistance to LEAs, parents, and Indian tribes to enable them to carry out the requirements of this section. The Secretary is required to enforce the provisions of this section, including through the withholding of Section 7003 payments.

Section 7007: Construction

Section 7007 provides funds for construction and facility repair and renovation to certain LEAs, such as those with high percentages of children living on Indian lands or children with a parent on

⁶⁰ For more information about IDEA, see CRS Report R41833, *The Individuals with Disabilities Education Act (IDEA), Part B: Key Statutory and Regulatory Provisions*.

active duty in the uniformed services, heavily impacted LEAs, and certain LEAs eligible to receive payments under Section 7002. These funds are used to make formula and competitive grants. However, while the law requires that Section 7007 funds be awarded by both formula and competition, since FY2006 the annual L-HHS-ED appropriations act has specified that Section 7007 funds could be awarded only by formula or only by competition in a given year. This is discussed in greater detail at the end of this section.

Formula Grants

Per Section 7007 statutory provisions, 40% of the funds appropriated under the section are used to make construction payments by formula to LEAs receiving BSPs under Section 7003(b). LEAs receiving BSPs as regular LEAs (as opposed to heavily impact LEAs) must also meet one of two additional criteria to be eligible for a grant: (1) students living on Indian land constituted at least 50% of the LEA's total student enrollment for the preceding school year, or (2) children with a parent on active duty in the uniformed services living on or off federal property for the preceding school year constituted at least 50% of the LEA's total student enrollment.⁶¹ The funds available for construction payments are divided equally between LEAs serving children with a parent on active duty in the uniformed services and LEAs serving children who live on Indian lands (with 20% of the total Section 7007 appropriation going to each group). Grants for LEAs impacted by children with a parent on active duty in the uniformed services are calculated by dividing the total amount of available funding by the total number of weighted student units (based on the weights detailed in **Table 2**) of military children living on or off federal property across all eligible LEAs, and multiplying this result by the total number of weighted student units of these children enrolled in an LEA.⁶² A similar calculation is made for LEAs impacted by children living on Indian lands.

Competitive Grants

The remaining 60% of Section 7007 appropriations are used to make school facility emergency and modernization competitive grants. Emergency grants must be used to repair, renovate, or alter a K-12 public school facility to ensure the health and safety of students and staff. Modernization grants may be used to relieve overcrowding or upgrade facilities to support a "contemporary educational program."⁶³ Statutory language requires that emergency grants be given higher priority than modernization grants in the grant competition. Within each category of award, the Secretary is required to prioritize grant awards based on additional criteria specified in Section 7007. Since 2002, only emergency grants have been awarded.

Emergency Grant Criteria

The top priority for emergency grants is for LEAs meeting the following criteria:

1. the LEA must have no practical capacity to issue bonds, have minimum capacity to issue bonds and be at not less than 75% of the LEA's limit of bonded indebtedness, *or* be a heavily impacted LEA under Section 7003; and

⁶¹ Statute specifies that eligibility for these grants is to be based on school enrollment; however, ED has said it uses average daily attendance to assess whether or not LEAs meet these requirements. ED, *FY2017 Budget Justifications*.

⁶² The weighted student units for children attending a school facility described in Section 7008(a) are also included in this determination if the Secretary did not provide assistance for the school under Section 7008 during the prior fiscal year.

⁶³ U.S. Department of Education, Purpose of the Impact Aid Section 8007B Discretionary Construction Grant Program, <http://www.ed.gov/programs/8007b/index.html>.

2. the LEA is eligible for a formula grant under Section 7007 and has a school facility emergency (as determined by the Secretary) that poses a health or safety hazard to students and staff at the facility.

If funds are still available for emergency grants after awarding grants based on the above criteria, the next priority for emergency grants is for LEAs that meet the following criteria:

1. the LEA receives a basic support payment under Section 7003;
2. children living on Indian land constitute at least 40% of the LEA's total student enrollment, children with a parent on active duty in the uniformed services living on or off federal property constitute at least 40% of the LEA's total student enrollment or, beginning in FY2017, at least 10% of the property in the LEA is exempt from state and local taxation; and
3. the LEA meets specific requirements related to bond indebtedness and assessed value of real property.⁶⁴

In addition, an individual school that is not located inside an LEA that would otherwise be eligible for an emergency grant also may apply for a grant if it meets specific criteria, such as having children living on Indian land constituting at least 40% of the school's total enrollment or children with a parent on active duty in the uniformed services living on or off federal property constituting at least 40% of total enrollment and the school is located in an LEA that meets specific requirements related to bond indebtedness and assessed value of real property.⁶⁵

Since 2002, all competitive grants that have been awarded have gone to LEAs based only on the top priority.⁶⁶

Modernization Grant Criteria

If funds remain after awarding emergency grants, the top priority for modernization grants is for LEAs meeting the following criteria:

1. the LEA is eligible to receive assistance under ESEA Title VII;
2. the LEA meets the first criterion under the top priority for receiving an emergency grant related to bonding capacity or heavily impacted status (see above); and
3. the LEA has facility needs resulting from the presence of the federal government (e.g., enrollment of federally connected children).

If funds are still available after awarding grants based on the above criteria, the next priority for modernization grants is for LEAs that meet the following criteria:

1. the LEA receives a basic support payment under Section 7003(b);
2. children living on Indian land constitute at least 40% of the LEA's total student enrollment, children with a parent on active duty in the uniformed services living on or off federal property constitute at least 40% of the LEA's total student

⁶⁴ The LEA must be at 75% or more of its limit of bond indebtedness and have an equalized assessed value of real property per student that may be taxed for school purposes that is below the state average.

⁶⁵ See footnote 64.

⁶⁶ ED, *FY2019 Budget Justifications*.

- enrollment or, beginning in FY2017, at least 10% of the property in the LEA is exempt from state and local taxation; and
3. the LEA meets specific requirements related to bond indebtedness and assessed value of real property.⁶⁷

LEAs that are eligible to receive a grant under Section 7002 and that meet specific requirements related to bond indebtedness and assessed value of real property⁶⁸ also are eligible to receive a modernization grant. In addition, an individual school that is not located inside an LEA that would otherwise be eligible for an emergency grant also may apply for a grant if it meets specific criteria, such as having children living on Indian land constituting at least 40% of the school's total enrollment or children with a parent on active duty in the uniformed services living on or off federal property constituting at least 40% of total enrollment and the school is located in an LEA that meets specific requirements related to bond indebtedness and assessed value of real property.⁶⁹

Factors Considered in the Award of Emergency and Modernization Grants

In awarding emergency and modernization grants, the Secretary is required to consider specific factors in addition to the aforementioned priorities. The Secretary must take into account the ability of the LEA to respond to the emergency or pay for the modernization project. Emergency and modernization grants are limited to 50% of the total cost of the project receiving assistance and cannot exceed \$4 million over a four-year period if the LEA qualifies for the grant based on its minimal capacity to issue bonds or as a heavily impacted LEA under Section 7003, or qualifies for the grant based on the lower-priority criteria for each type of grant.

The Secretary must also consider the percentage of property in the LEA that is nontaxable due to the presence of the federal government, as well as the number of federally connected children that reside on federal property with a parent employed on federal property, reside on federal property with a parent who is an official of a foreign government and is a foreign military officer, reside on or off federal property and have a parent on active duty in the uniformed services, or reside on Indian lands that are served in the school facility with the emergency or modernization proposal. With respect to emergency grants, the Secretary must consider the severity of the emergency. With respect to modernization grants, the Secretary must consider the severity of the need for modernization, as measured by such factors as overcrowding, the LEA's inability to use technology to offer a curriculum aligned with state standards due to the physical limitations of the facility, and the age of the facility.

Since 2002, all competitive grants were awarded to LEAs under the first priority for emergency grants⁷⁰ and most of the competitive grants were awarded as emergency grants to LEAs serving students living on Indian land.⁷¹

⁶⁷ The LEA must be at 75% or more of its limit of bond indebtedness and have an equalized assessed value of real property per student that may be taxed for school purposes that is below the state average.

⁶⁸ See footnote 67.

⁶⁹ See footnote 67.

⁷⁰ ED, *FY2019 Budget Justifications*.

⁷¹ U.S. Department of Education, Purpose of the Impact Aid Section 8007B Discretionary Construction Grant Program, <http://www2.ed.gov/programs/8007b/awards.html>.

Appropriations Process and Formula Versus Competitive Grants

It should be noted that while Section 7007 requires funds to be used for both formula and competitive grants, since FY2006 appropriations language included in the annual L-HHS-ED appropriations acts has altered this distribution. For example, the FY2017 act (P.L. 115-31) required that Section 7007 appropriations be used only for competitive grants, while the FY2018 act (P.L. 115-141) requires that funds be used only for formula grants.

Table 4 indicates whether Section 7007 grants were awarded by formula, competition, or both since FY2006.⁷² The Administration has argued that Section 7007 grants should be awarded by competition rather than formula, as competitive grants often result in larger grant amounts that allow “districts with the greatest needs” to receive “meaningful amounts of funding to make emergency repairs.”⁷³ It should be noted, however, that although the provision of competitive grants generally results in larger grant amounts for grant recipients, there are usually fewer grantees than there would be when funds are awarded by formula.

Table 4. Section 7007 Distribution of Funds: FY2006-FY2018

Fiscal Year	Funds Awarded by Formula	Funds Award by Competition
2006	Yes	No
2007	Yes	No
2008	No	Yes
2009	No	Yes
2009 (ARRA, supplemental)	Yes	Yes
2010	Yes	No
2011	Yes	No
2012	No	Yes
2013	No	Yes
2014	Yes	No
2015	No	Yes
2016	Yes	No
2017	No	Yes
2018	Yes	No

Source: Table prepared by CRS, based on CRS analysis of FY2006-FY2018 Departments of Labor, Health and Human Services, and Education, and Related Agencies (L-HHS-ED) appropriations acts.

Notes: Since FY2006, the annual L-HHS-ED appropriations acts have specified whether Section 7007 funds should be allocated by formula, competition, or both. Prior to FY2017, these were Section 8007 grants.

ARRA: American Recovery and Reinvestment Act (P.L. 111-5)

Section 7008: Facilities Maintenance

Section 7008 provides funds for emergency repairs and comprehensive capital improvements to 11 schools that ED currently owns but LEAs operate and use to serve federally connected military

⁷² Prior to FY2017, these were Section 8007 grants.

⁷³ ED, *FY2019 Budget Justifications*.

dependent children. Statutory language requires ED to transfer ownership of these facilities to LEAs or other entities.

Since 1983, the Department of Defense (DOD) has assumed financial responsibility for the maintenance and renovation of other facilities owned by ED but located on domestic military bases that serve children whose parents are on active duty in the uniformed services. These were formerly known as Section 6 schools in reference to that section of P.L. 81-874. Since FY2008, ED has transferred the titles of 48 facilities that DOD operates as Domestic Dependents Elementary and Secondary Schools (DDESSs) to DOD.⁷⁴ Of the remaining 21 facilities owned by ED and located on military bases, DOD is responsible for 12. ED is in the final stages of transferring the titles to these facilities to DOD.

ED is responsible for the other nine facilities, which are operated and used by LEAs to serve children whose parents are on active duty in the uniformed services. ED may not charge LEAs for their use of these facilities and must gain an LEA's consent to accept ownership of them. Many of the nine facilities operated by LEAs are in poor condition. Most LEAs will not assume ownership of them unless ED provides funding for needed repairs.⁷⁵ In the FY2017 budget request, ED estimated that it needed about \$71.6 million to upgrade and transfer the facilities for which ED was responsible from ED to LEAs.⁷⁶

Section 7009: State Consideration of Payments in Providing State Aid

Impact Aid is the only ESEA program⁷⁷ where a state with a state equalization program approved by the Secretary may consider some or all of the Impact Aid funds received by an LEA as local funds for the purpose of equalizing educational expenditures. State school finance equalization programs seek to increase educational equity by structuring state school finance formulas to take into account local capacity to raise educational revenue. An equalization formula would compensate LEAs to reduce discrepancies in APPE or the ability to raise revenues for public K-12 education throughout the state. Currently, Alaska, Kansas, and New Mexico have approved state equalization programs.⁷⁸

The statute specifies the criteria the Secretary must use to evaluate a state's equalization program. The general principle is that the Secretary must find that the state program results in a disparity between those LEAs with the highest and lowest APPE. In doing so, the Secretary identifies the LEAs that fall at the 95th and 5th percentiles of students in attendance in the schools of those LEAs.⁷⁹ The Secretary then compares the APPE of each of the LEAs to see if the difference is

⁷⁴ DDESS is one of three operational areas within the Department of Defense Education Activity (DODEA). For more information about DDESS, see Department of Defense Education Activities, *DoDEA Fact Sheet*, <https://www.dodea.edu/CEO/upload/DDESS-Fact-Sheet-and-Map.pdf>.

⁷⁵ ED, *FY2019 Budget Justifications*.

⁷⁶ ED, *FY2017 Budget Justifications*.

⁷⁷ ESEA, §8522.

⁷⁸ Based on unpublished data provided to CRS by ED.

⁷⁹ This means that the spending of LEAs above and below the cut off points are not taken into consideration in the disparity calculation. The Secretary must also consider the extent to which the state program takes into account the additional cost of providing a free public education in specific LEAs, such as those that are geographically isolated, or to specific types of students, such as children with disabilities.

25% or less. Thus, both LEA expenditures and student enrollment are taken into account when determining whether a state meets the disparity standard.

The appendix to the regulations related to Section 7009 provides several examples of the application of this test. The following is an example for determining whether spending disparity is 25% or less:

In State X, after ranking all LEAs organized on a grade 9-12 basis in order of the expenditures per pupil for the fiscal year in question, it is ascertained by counting the number of pupils in attendance in those agencies in ascending order of expenditure that the 5th percentile of student population is reached at LEA A with a per pupil expenditure of \$820, and that the 95th percentile of student population is reached at LEA B with a per pupil expenditure of \$1,000. The percentage disparity between the 95th and 5th percentile LEAs is 22 percent ($\$1,000 - \$820 = \$180 / \820).⁸⁰

Two LEAs in New Mexico (Zuni and Gallup-McKinley) sued ED over the implementation of the equalization formula.⁸¹ The LEAs argued that ED should identify the 5% of LEAs with the highest and lowest APPE based on expenditures only with no consideration given to student enrollment. Doing so, they argued, would have enabled ED to eliminate only 10 rather than 23 of the state's 89 LEAs from consideration in determining whether the remaining LEAs met the 25% spending disparity requirement. If implemented based on expenditures only, the LEAs noted that New Mexico would not have qualified as an equalized state. The case went to the Supreme Court, which ruled that the procedures used by ED to determine whether educational expenditures were equalized across LEAs were appropriate.⁸²

Other Sections of Title VII

In addition to the sections already discussed, Title VII contains several sections that are related to program administration and function. Each is described briefly below:

- Section 7005: prescribes the process by which an LEA may apply for a Section 7002 or Section 7003 payment.
- Section 7010: prescribes requirements related to the federal administration of the Impact Aid program, including requirements related to child eligibility under Section 7003(a) and timely payments.
- Section 7011: prescribes requirements related to administrative hearings and judicial review.
- Section 7012: includes provisions related to the forgiveness of overpayments under any Title VII payment if the overpayment was made as a result of (1) an error by the Secretary or (2) an error by the LEA and repayment of the full amount of the overpayment would result in an “undue financial hardship on the agency and seriously harm the agency’s educational program.”
- Section 7013: includes definitions that apply to Title VII.
- Section 7014: includes the authorization of appropriations for Title VII payments.

⁸⁰ 34 C.F.R. Pt. 222, Subpt. K, App. 1, Example.

⁸¹ *Education Week*, “Supreme Court Backs Ed. Dept.’s Interpretation of Impact Aid Act,” April 25, 2007.

⁸² *Zuni Public School District No. 89 v. Department of Education* (Case No. 05-1508).

Impact Aid Appropriations

Appropriations for the Impact Aid program are made through the annual L-HHS-ED appropriations act. Appropriations to provide additional funding to LEAs serving significant numbers of children whose parents are on active duty in the uniformed services and children with severe disabilities whose parents are on active duty in the uniformed services have also been made available through the Department of Defense (see “Department of Defense “Impact Aid” Programs” for more information). This section provides detailed information about Impact Aid funding provided through L-HHS-ED appropriations acts from FY2010 through FY2019 in current dollars. For appropriations data in constant 2018 dollars, see **Table A-1**.

Impact Aid Appropriations Provided Through the L-HHS-ED Appropriations Act

Table 5 details the most recent appropriations for Impact Aid (FY2010-FY2019). Congress has increased appropriations for Impact Aid payments over the nine-year period examined. The overall increase has been 13.3%, or \$170 million. More specifically, BSPs for federally connected children (Section 7003(b)) rose by 14.3% (\$163 million); payments for federal property (Section 7002) increased 10.6% (\$7 million); and payments for children with disabilities, facilities maintenance, and construction each decreased by 0.6%.⁸³

As **Table 5** shows, payments for federally connected children (Section 7003) accounted for more than 90% of Impact Aid appropriations in FY2018. Moreover, BSPs (Section 7003(b)) alone accounted for 90.0% of the appropriations. In comparison, payments for federal property accounted for 5.1%, payments for children with disabilities accounted for 3.3%, payments for construction accounted for 1.2%, and payments for facilities maintenance accounted for 0.3%.

From FY2018 to FY2019, appropriations for the Impact Aid program overall rose by 2.3% (\$32 million). The majority of the increase went to BSPs (Section 7003(b)) and payments for federal property (Section 7002), while funding for the other payments remained constant.

For FY2019, the President’s budget request would have reduced funding for the Impact Aid program by \$585 million. This would include a \$517 million decrease in BSPs “due to the fiscal constraints necessary to maintain the fiscal discipline to support the President’s goal of increasing support for national security and public safety without adding to the Federal budget deficit.” It would also include the elimination of funding for payments for federal property.⁸⁴ The Administration believes that the “majority of LEAs receiving assistance under [Section 7002] have now had sufficient time—more than 60 years—to adjust to the removal of the property from their tax rolls.”⁸⁵ In addition, the Administration points out that many of the LEAs receiving Section 7002 funds do not meet the basic eligibility requirements to receive them. This scenario can occur when multiple LEAs consolidate into one LEA. While at least one of the LEAs involved in the consolidation met the requirement that the property acquired by the federal government had an assessed value of at least 10% or more of the aggregate assessed value of the

⁸³ The American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5) included \$100 million for Construction (Section 7007) for FY2009.

⁸⁴ It should be noted that ED has proposed eliminating funding for Section 7002 since FY2013, but funds continue to be appropriated for the payment.

⁸⁵ ED, *FY2019 Budget Justifications*.

real property in the LEA at the time it was acquired, the “new” LEA is “no longer demonstrably burdened by the historic loss of taxable property.”⁸⁶

Unlike many other federal education programs, the Impact Aid program is not forward funded, meaning that the earliest appropriations could be made available to LEAs is the first day of the fiscal year. Education programs that are forward funded generally have funds made available for a 15-month period, starting nine months into a fiscal year. For example, FY2019 funds for forward-funded programs will become available on July 1, 2019, and will remain available through September 30, 2020. On the other hand, current-funded programs, including Impact Aid, have funds available for the 12-month fiscal year. Funds become available on October 1 and remain available through September 30 of the following year.⁸⁷

ESEA Section 7014 includes authorizations of appropriations for each of the Impact Aid payments for FY2017 through FY2020. With respect to FY2019, the current appropriation for payments for federal property exceeds the authorized appropriations level of \$66,813,000. Similarly, the appropriation for BSPs exceeds the authorized appropriations level of \$1,151,233,000. The appropriations levels provided for the other Impact Aid payments match the authorized levels of appropriations for FY2019.

⁸⁶ Ibid.

⁸⁷ For more information about how funding is provided to the Impact Aid program, particularly Section 7003(b), and the issues associated with being a current-funded program rather than a forward-funded program, see CRS Report R43657, *Funding for the Impact Aid Program: Options for Budget Year Appropriations, Forward Funding, and Advance Appropriations*.

Table 5. Impact Aid Appropriations: FY2010-FY2019

(Dollars in thousands)

Impact Aid Payments	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	% of Total Funding FY2019
Section 7003 Payments											
Basic support payments (Section 7003(b))	\$1,138,000	\$1,135,724	\$1,153,540	\$1,093,203	\$1,151,233	\$1,151,233	\$1,168,233	\$1,189,233	\$1,270,242	\$1,301,242	89.83%
Payments for children with disabilities (Section 7003(d))	\$48,602	\$48,505	\$48,413	\$45,881	\$48,316	\$48,316	\$48,316	\$48,316	\$48,316	\$48,316	3.42%
Subtotal	\$1,186,602	\$1,184,229	\$1,201,953	\$1,139,084	\$1,199,549	\$1,199,549	\$1,216,549	\$1,237,549	\$1,318,558	\$1,349,558	93.24%
All Other Impact Aid Payments											
Payments for federal property (Section 7002)	\$67,208	\$67,074	\$66,947	\$63,445	\$66,813	\$66,813	\$66,813	\$68,813	\$73,313	\$74,313	5.18%
Construction (Section 7007)	\$17,509	\$17,474	\$17,441	\$16,529	\$17,406	\$17,406	\$17,406	\$17,406	\$17,406	\$17,406	1.23%
Facilities maintenance (Section 7008)	\$4,864	\$4,854	\$4,845	\$4,591	\$4,835	\$4,835	\$4,835	\$4,835	\$4,835	\$4,835	0.34%
Subtotal	\$89,581	\$89,402	\$89,233	\$84,565	\$89,054	\$89,054	\$89,054	\$91,054	\$95,554	\$96,554	6.76%
Total	\$1,276,183	\$1,273,631	\$1,291,186	\$1,223,649	\$1,288,603	\$1,288,603	\$1,305,603	\$1,328,603	\$1,414,112	\$1,446,112	100.00%

Source: Table prepared by CRS based on data available from the U.S. Department of Education (ED), Budget Service spreadsheets, various years.

Notes: Details may not add to totals due to rounding. This table only includes appropriations data for the Impact Aid program administered by ED.

Department of Defense “Impact Aid” Programs

The first DOD Impact Aid program, Supplemental Assistance, was established in the early 1990s to supplement the Impact Aid programs administered by ED.⁸⁸ A second DOD Impact Aid program, for LEAs serving military dependent children with severe disabilities, has been funded since FY2002.⁸⁹ The annual National Defense Authorization Act provides the authorization of appropriations for these programs.⁹⁰ The authorizations of appropriations for these programs have been lower than those provided for the Impact Aid programs administered by ED. Funds for these programs are appropriated in the annual DOD appropriations acts under operation and maintenance for department-wide activities. This section provides an overview of the two Impact Aid programs administered by DOD and funded in FY2019 and their appropriations in current dollars.⁹¹ For appropriations data in constant 2018 dollars, see **Table A-2**.

Supplemental Assistance⁹²

The Supplemental Assistance program (also referred to as “DOD Supplemental Impact Aid” and “Assistance to Schools with Significant Numbers of Military Dependent Students”) provides funds to LEAs with significant numbers of military students. Funds are provided to eligible LEAs if, without the additional funding, an LEA would be unable to provide students with a level of education equivalent to the minimum level available in the schools of other LEAs in the state.⁹³ LEAs are eligible for assistance if at least 20%⁹⁴ of their students in ADA during the preceding school year were military dependent students counted under Section 7003(a)(1) of ESEA (categories B and D(i) in **Table 2**). About 120 districts receive funds through Supplemental Assistance.⁹⁵ According to the U.S. Department of Defense Education Activity (DODEA), the

⁸⁸ Section 306 of the National Defense Authorization Act for Fiscal Years 1990 and 1991 (P.L. 101-189) authorized supplementary funds from DOD for LEAs serving military dependent students. Subsequently, the Department of Defense Appropriations Act, 1991 (P.L. 101-511) set the eligibility criteria for this program and appropriated \$10 million.

⁸⁹ NDAAAs have also authorized a DOD Impact Aid program for LEAs affected by base closures, force structure changes, or force relocation. The Large Scale Rebasing Program (also referred to as the DOD Impact Aid BRAC Program) was last funded in FY2007.

⁹⁰ Each fiscal year, Congress generally passes a DOD appropriations act and an authorization act. The DOD appropriations acts generally authorize funding for additional funds to LEAs serving military children, additional impact aid for children with severe disabilities, and special assistance to LEAs in broad statutory language that provides funding for operation and maintenance expenses department-wide. The DOD authorization acts provide substantially more information about program requirements and have also been used as vehicles to amend the Impact Aid program authorized by the ESEA.

⁹¹ For more information on DOD Impact Aid, see U.S. Department of Defense Education Activity, DOD Impact Aid for Military Connected School Districts, available online at <http://www.dodea.edu/Partnership/impact.cfm>.

⁹² Authority to provide assistance to LEAs under this program is provided under subsection (a) of Section 572 of the National Defense Authorization Act for Fiscal Year 2006 (P.L. 109-163).

⁹³ The determination of whether an LEA is able to provide students with at least the minimum level of education available in schools in other LEAs in the state is made by the Secretary of Defense in consultation with the Secretary of Education.

⁹⁴ The requirement is 20% “as rounded to the nearest whole percent.” Thus, an LEA with 19.5% of students in ADA that were military dependent in the preceding year could be eligible for Supplemental Assistance. (ESEA, Section 7003(a)(2).)

⁹⁵ U.S. Government Accountability Office, *Education of Military Dependent Students: Better Information Needed to Assess Student Performance*, GAO-11-231, March 2011, <http://www.gao.gov/assets/320/316048.pdf>. (Hereinafter referred to as GAO report GAO-11-231).

funds provided under the program are “reimbursable in nature, therefore, they may be used by the LEA without restriction.”⁹⁶

Military Students with Severe Disabilities

DOD appropriations for children with severe disabilities whose parents are on active duty in the uniformed services are provided to reimburse LEAs for money previously spent on providing such children with a free appropriate public education.⁹⁷ Section 363 of the Floyd D. Spence National Defense Authorization Act for FY2001 (P.L. 106-398) authorized payments for this purpose beginning in FY2002. An LEA may receive funding if it serves at least two severely disabled students who have a parent on active duty in the uniformed services (ESEA, Section 7003(a)(1)(B) or (D)(i)) or have a parent who is a foreign military officer (ESEA, Section 7003(a)(1)(A)(ii) or (D)(ii)). For the purposes of the program, children with severe disabilities are those whose cost of educational and related services exceed (1) the lesser of five times the national or state APPE for a child who receives services in a program outside of the boundaries of the LEA that pays for the services; or (2) three times the state APPE for a child receiving services through a program offered by the LEA or provided within the boundaries of the LEA.

The payment provided to an LEA for each child with severe disabilities is based on the expenditures made by the LEA on behalf of the child that are in excess of the APPE in the state in which the LEA is located, less the sum of funds received by the LEA

- from the state to defray the costs of educational and related services for the child;
- under the IDEA to defray the costs of services for the child; and
- from any other source to defray the costs of services for the child provided specifically because the child has a severe disabling condition.

If the amount of funds appropriated is insufficient to pay the full amount for all eligible LEAs, the Secretary of Defense is required to ratably reduce payments to all eligible LEAs by an equal percentage. Approximately 40 to 50 LEAs are awarded funds through this program each year.⁹⁸

Appropriations

In recent years, total appropriations for the Supplemental Assistance and Military Students with Severe Disabilities programs have ranged from \$30 million to \$50 million. **Table 5** shows the amount appropriated for each of these activities for FY2010 through FY2019.

⁹⁶ U.S. Department of Defense Education Activity, *DoD Impact Aid Supplemental Program*, <https://www.dodea.edu/Partnership/supplementalProgram.cfm>.

⁹⁷ Only children of active duty military personnel, including active duty Guard and Reserve, are eligible. (For more information, see U.S. Department of Defense Education Activity (DODEA), *Impact Aid for Children with Severe Disabilities Program*, <http://www.dodea.edu/Partnership/disabilities.cfm>.)

⁹⁸ GAO report GAO-11-231.

Table 6. Department of Defense Impact Aid Program Appropriations for Assistance to Local Educational Agencies: FY2010–FY2019

(Dollars in thousands)

Fiscal Year	Supplemental Assistance	Military Students with Severe Disabilities
2010	\$37,000	\$4,000
2011	\$40,000	\$4,000
2012	\$40,000	\$5,000
2013	\$36,600	\$4,600
2014	\$40,000	\$5,000
2015	\$25,000	\$5,000
2016	\$30,000	\$5,000
2017	\$30,000	\$5,000
2018	\$30,000	\$5,000
2019	\$40,000	\$10,000

Source: Table prepared by CRS based on data available from U.S. Government Accountability Office, *Education of Military Dependent Students: Better Information Needed to Assess Student Performance*, GAO-11-231, March 2011, <http://www.gao.gov/assets/320/316048.pdf>; U.S. Department of Defense Education Activity (DODEA) Impact Aid Annual Funding Table, <http://www.dodea.edu/Partnership/impact.cfm>; Representative Paul Ryan, “Explanatory Statement Submitted by Mr. Frelinghuysen, Chairman of the House Committee on Appropriations, Regarding the House Amendment to Senate Amendment on H.R. 1625,” Explanatory Statement, *Congressional Record*, daily edition, vol. 164, Book II (March 22, 2018), p. H2183; and P.L. 115-232, Section 561.

Appendix A. Impact Aid Appropriations in Constant 2018 Dollars

Table A-1 provides Impact Aid appropriations in constant 2018 dollars. **Table A-2** provides DOD Impact Aid program appropriations in constant 2018 dollars.

Table A-1. Impact Aid Appropriations in Constant 2018 Dollars: FY2010-FY2018

(Dollars in thousands)

Impact Aid Payments	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Basic support payments (Section 7003(b))	\$1,307,517	\$1,271,173	\$1,260,666	\$1,175,585	\$1,218,256	\$1,214,483	\$1,221,082	\$1,218,044	\$1,270,242
Payments for children with disabilities (Section 7003(d))	\$55,842	\$54,290	\$52,909	\$49,339	\$51,129	\$50,971	\$50,502	\$49,487	\$48,316
Subtotal	\$1,363,359	\$1,325,463	\$1,313,575	\$1,224,924	\$1,269,385	\$1,265,453	\$1,271,584	\$1,267,530	\$1,318,558
Payments for federal property (Section 7002)	\$77,219	\$75,073	\$73,164	\$68,226	\$70,703	\$70,484	\$69,836	\$70,480	\$73,313
Construction (Section 7007)	\$20,117	\$19,558	\$19,061	\$17,775	\$18,419	\$18,362	\$18,193	\$17,828	\$17,406
Facilities maintenance (Section 7008)	\$5,589	\$5,433	\$5,295	\$4,937	\$5,116	\$5,101	\$5,054	\$4,952	\$4,835
Subtotal	\$102,925	\$100,064	\$97,520	\$90,938	\$94,239	\$93,947	\$93,083	\$93,260	\$95,554
Total	\$1,466,284	\$1,425,527	\$1,411,095	\$1,315,862	\$1,363,623	\$1,359,400	\$1,364,667	\$1,360,790	\$1,414,112

Source: Table prepared by CRS based on data available from the U.S. Department of Education (ED), Budget Service spreadsheets, various years.

Notes: Details may not add to totals due to rounding. This table only includes appropriations data for the Impact Aid program administered by ED. Constant dollars are based on the Consumer Price Index-All Urban Consumers (CPI-U) for FY2018.

Table A-2. Department of Defense Impact Aid Program Appropriations for Assistance to Local Educational Agencies in Constant 2018 Dollars: FY2010 – FY2018
(Dollars in thousands)

Fiscal Year	Supplemental Assistance	Military Students with Severe Disabilities
2010	\$42,512	\$4,596
2011	\$44,770	\$4,477
2012	\$43,715	\$5,464
2013	\$39,358	\$4,947
2014	\$42,329	\$5,291
2015	\$26,374	\$5,275
2016	\$31,357	\$5,226
2017	\$30,727	\$5,121
2018	\$30,000	\$5,000

Source: Table prepared by CRS based on data available from U.S. Government Accountability Office, *Education of Military Dependent Students: Better Information Needed to Assess Student Performance*, GAO-11-231, March 2011, <http://www.gao.gov/assets/320/316048.pdf>; U.S. Department of Defense Education Activity (DODEA) Impact Aid Annual Funding Table, <http://www.dodea.edu/Partnership/impact.cfm>; Representative Paul Ryan, “Explanatory Statement Submitted by Mr. Frelinghuysen, Chairman of the House Committee on Appropriations, Regarding the House Amendment to Senate Amendment on H.R. 1625,” Explanatory Statement, *Congressional Record*, daily edition, vol. 164, Book II (March 22, 2018), p. H2183; and P.L. 115-232, Section 561.

Notes: Constant dollars are based on the Consumer Price Index-All Urban Consumers (CPI-U) for FY2018.

Appendix B. Glossary of Acronyms

ADA: Average daily attendance

APPE: Average per-pupil expenditure

BSP: Basic support payment

DDESS: Domestic Dependents Elementary and Secondary School

DOD: U.S. Department of Defense

DODEA: Department of Defense Education Activity

ED: U.S. Department of Education

ESEA: Elementary and Secondary Education Act

ESSA: Every Student Succeeds Act

IDEA: Individuals with Disabilities Education Act

L-HHS-ED: Departments of Labor, Health and Human Services, and Education, and Related Agencies appropriations act

LCR: Local contribution rate

LEA: Local educational agency

LOT: Learning opportunity threshold

NDAA: National Defense Authorization Act

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