

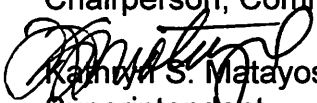


STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

April 21, 2015

TO: The Honorable Brian De Lima
Chairperson, Committee on Finance and Infrastructure

FROM: 
Kathryn S. Matayoshi
Superintendent

SUBJECT: **Presentation on Federal Impact Aid**

1. DESCRIPTION

Presentation on the Federal Impact Aid program, which is authorized by Title VIII of the Elementary and Secondary Education (ESEA) and reimburses the Department for a portion of cost associated with educating federally connected students.

2. PRESENTATION

Presentation on the:

- a. general background;
- b. two types of payments;
- c. key provisions of Title VIII of the ESEA;
- d. student survey forms and count process;
- e. student weighting system and formula;
- f. historic and current year collections;
- g. allowable uses of impact aid funds;
- h. details of the federal fund appropriation ceilings established by the Legislature; and
- i. National Association of Federally Impacted Schools (NAFIS).

KSM:BH:ks

Attachment

c: Budget Branch



Impact Aid

Elementary and Secondary Education Act – Title VIII

April 21, 2015

Hawaii Department of Education



Impact Aid - Background

- Impact Aid is authorized by Title VIII of ESEA and has been around since 1950.
- The purpose of Impact Aid is to provide formula grants to school districts (LEAs) financially impacted by the presence of nontaxable federal land and installations, to help cover a portion of the additional costs associated with the federal presence.
- The federal government provides aid to school districts that have (a) lost tax revenues (income, sales, property tax) due to a federal presence, and (b) have incurred the cost of providing educational services for federally connected students.
- Federally connected = a student whose parent(s) **work on** and/or **live on federal property** (i.e. low income housing, military installations, Native American lands, national parks).
- Impact Aid funds support approximately 3% of the Department's operating costs each year.



Hawaii Receives two types of Payments

Basic Support Payments (Section 8003(b))

- Basic Support Payments help local school districts that educate federally connected children. These may be the children of members of the uniformed services, children who reside on Indian lands, children who reside on federal property or in federally subsidized low-rent housing, and children whose parents work on federal property. To be eligible for assistance, a local school district must educate at least 400 such children in average daily attendance, or the federally connected children must make up at least 3 percent of the school district's total average daily attendance.

Children With Disabilities Payments (Section 8003(d))

- Payments for Children with Disabilities provide additional assistance to school districts that educate federally connected children who are eligible for services under the Individuals with Disabilities Education Act (IDEA).
- These payments are in addition to Basic Support Payments and IDEA funds provided on behalf of these children. Section 8003(d) payments MUST be used for the cost of educating federally connected children with disabilities.



Title VIII of Elementary & Secondary Education Act of 1965 “Key Provisions” for HIDEOE

SEC. 8003 PAYMENTS FOR ELIGIBLE FEDERALLY CONNECTED CHILDREN

2. DETERMINATION OF WEIGHTED STUDENT UNITS. -For the purpose of computing the basic support payment under subsection (b), the Secretary shall calculate the total number of weighted student units for a local educational agency by adding together the results obtained by the following computations:
 - C. Multiply the number of children described in subparagraphs (A) and (B) of paragraph (1) by a factor of .35 if the local educational agency has-
 - i. a number of such children described in such subparagraphs which exceeds 6,500; and
 - ii. an average daily attendance for all children which exceeds 100,000.
4. STATES WITH ONLY ONE LOCAL EDUCATIONAL AGENCY.-
 - A. IN GENERAL.-In any of the 50 States of the United States in which there is only one local educational agency, the Secretary shall, for purposes of subparagraphs (B) and (C) of paragraph (1) or subparagraphs (B) through (D) of paragraph (2), as the case may be, paragraph (3) of this subsection, and subsection (e), consider each administrative school district in the State to be a separate local educational agency.



Annual Impact Aid Applications

- Surveys completed by parents, collected by schools, submitted to OITS-Federal Survey Unit for compilation and verification as needed
 - September - survey taken annually on a single day
 - January 31 – initial application due to USDOE
 - September 30 – amended application due to USDOE
- Seven applications submitted – one per district
- Historically, only the four districts on Oahu have qualified

What are Federal Survey Cards?

- Mechanism to identify federally impacted students
- Hawaii survey date: September 3, 2014
- ALL students statewide across all islands
- Next day return, however, survey collection ongoing throughout the year
- Federal funds **ONLY partially reimburse** the cost of educating Hawaii's students
- **Every dollar helps fund education for ALL children throughout our state, across all complexes**

OHS-SPAR
 use only

FEDERAL IMPACT AID PROGRAM SURVEY FORM
The survey date is September 4, 2013

All boxes must be filled in with complete information if applicable.

STUDENT INFORMATION

Student's Last Name	First Name	M.I.	Date of Birth	Grade	School Name
Student's Home Address (Use home address or physical description instead of P.O. Box)			City	State	Zip Code
If the above property is a federal property or Hawaii Public Housing Authority (HPHA) rental unit, enter the name of the property or housing (See Section B).			Name of Federal Property or Hawaii Public Housing		Residence Phone

1st PARENT/GUARDIAN INFORMATION: EMPLOYMENT INFORMATION

Parent/Guardian's Last Name	First Name and M.I.	Relationship (Father/Mother/Guardian)		Business Phone	
Name of Parent/Guardian's Employer	Address of Employer	Building No.	City	State	Zip Code
Name of Federal Property	Address of Federal Property	Building No.	City	State	Zip Code
Name of Ship	Hull No.	Homeport	Name of Controlling Agency		

UNIFORMED SERVICES INFORMATION

Branch of Service	<input type="checkbox"/> AGH National Guard (Attach Orders) <input type="checkbox"/> Active Duty on 9/4/2013 <input type="checkbox"/> Reserve/NG Deployed on 9/4/2013 (Attach Orders)	Rank	Foreign Military Only: Name of Foreign Gov't
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2nd PARENT/GUARDIAN INFORMATION: EMPLOYMENT INFORMATION

Parent/Guardian's Last Name	First Name and M.I.	Relationship (Father/Mother/Guardian)		Business Phone	
Name of Parent/Guardian's Employer	Address of Employer	Building No.	City	State	Zip Code
Name of Federal Property	Address of Federal Property	Building No.	City	State	Zip Code
Name of Ship	Hull No.	Homeport	Name of Controlling Agency		

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This information is the basis for payment to your school district of federal funds under the Impact Aid Program (Title VII of the Elementary and Secondary Education Act), and may be provided to the U.S. Department of Education if your school district's application for payment is audited. This form must be signed and dated for your school district to receive funds based on this information.

*By signing this form, I am certifying that all typed and written information on this form is accurate and complete as of the survey date, September 4, 2013.

Signature of Parent/Guardian _____ Date _____

RETURN THIS FORM TOMORROW

SEPARATE HERE AND RETURN THIS FORM TOMORROW

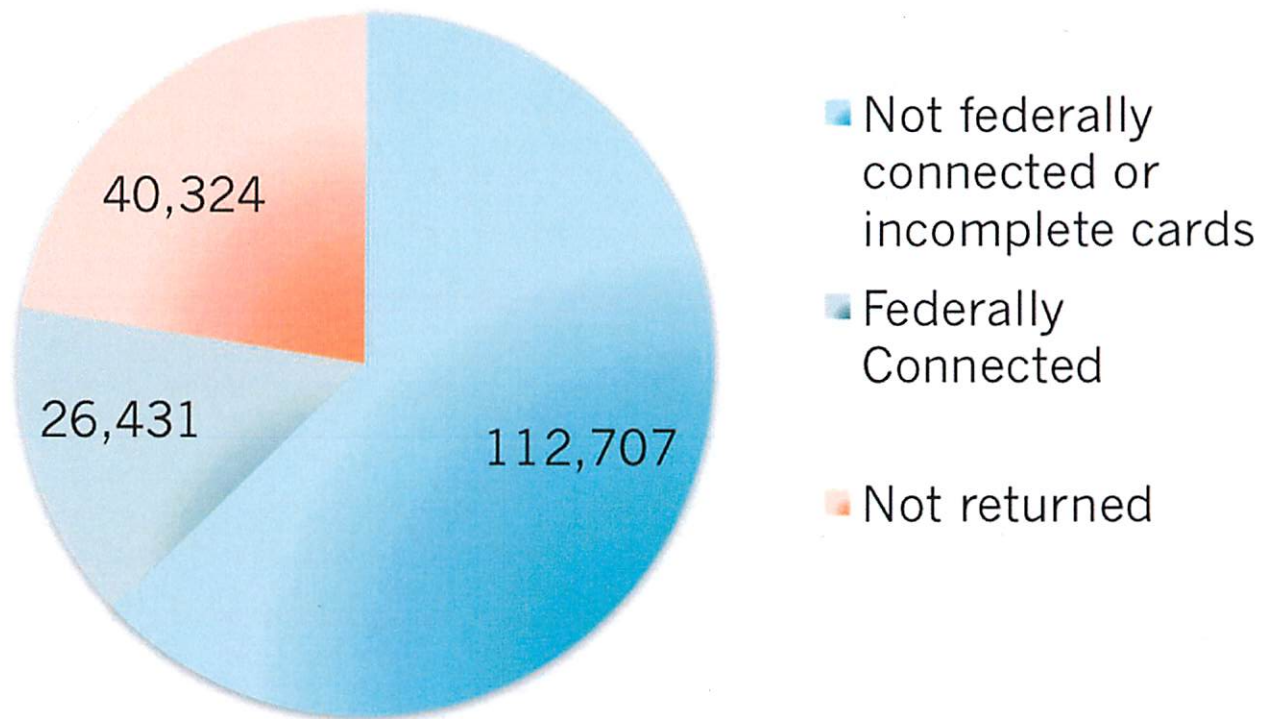


Data Collection Challenges

- Parents do not know the street address of federal property.
- Parents refuse to complete the form.
- Parents in reserves/national guard on active duty status that do not want to submit a copy of Title 10 or activation orders.
- Parents moved to different location.
- Parents not allowed to give out information.

SY14-15 Return Rate Breakdown

179,462 Surveyed



Section	Type of Federally Connected Student	Weighted Student Units
A. i.	Live on federal land with parent employed on federal property	1.0 (+.35)
A. ii.	Live on federal land with parent who is an official of a foreign government	1.0 (+.35)
B.	Live on federal land with parent on active duty in uniformed services	1.0 (+.35)
C.	Live on Indian lands (none in Hawaii)	1.25
D. i.	Live off federal lands with parent on active duty in uniformed services	.2
D. ii.	Live off federal lands with parent who is an official of a foreign government	.2
E.	Live in federal low-rent housing	.1
F.	Live on federal land and not described in A. or B.	.05
G. i.	Live off federal land with parent employed on federal land in whole or part of the same county	.05
G ii.	Live off federal land with parent employed on federal land not in county but in whole or part of the same state.	.05

Factors Complicating Predictability of Payments

- Payments are subject to an annual appropriation by Congress
- Payments for an application are made over several years due to time required for USDOE to compile applications, calculate payments, and audit applications as needed.
- Federal Impact Aid program funded at approximately \$1.3 billion. Full funding of the program would require over \$3 billion.
- Payment determined / discounted by:
 - Local Contribution Rate (LCR) which is $\frac{1}{2}$ of state or national average per pupil expenditure multiplied by
 - Weighted Federal Student Units (WSU) based on survey results
 - = Basic Support Payment (BSP), which is then adjusted (discounted in HIDEOE's case) by multiplying by
 - Learning Opportunity Threshold (LOT) modifier (%) due to program being inadequately funded
 - $\text{LOT \%} = \frac{\text{Federal Student ADA} / \text{Total ADA plus Basic Support (+) Payment}}{\text{Total Current Operating Expenditures}}$
 - THEN – USDOE Impact Aid Program issues payments based on a percentage of the adjusted BSP, i.e. initial payment may be 80%, interim payment 85%, and final payment 87%



Hawaii's Funding

- Annual Impact Aid Basic Support Payment = \$45M
 - Average cost to educate a student in HIDOE :
 - Per pupil cost = \$13,000 (AFR including Fringe Cost & Debt Service)
 - **Federal Impact Aid Reimbursement = Average approximately \$2,000 or 15% of the average cost.**
 - Federal Program Challenges
 - Federal budget has decreased funding throughout the years.
 - Program is only 40% funded at **approximately \$1.3B. (Fully funded = \$3B+)**
 - Payments fluctuate and states/school districts are not able to predict payment reimbursements.
 - Need to maximize data collection efforts for all federally connected students (Low income housing, military or civilians that work and/or live on federal property).
 - Impact Aid Team formed to review and provide recommendations to enhance the program.
- * Since 1995, Hawaii public schools cumulative federal reimbursement = \$872.8M *

IA Collections by FY & App. Year

As of 4/9/15 (Last payment received on 3/5/15)

Appn Ceiling	Funds Received In:	TOTAL BY STATE FY	Application FY Payment was based upon								
			FY15	FY14	FY13	FY12	FY11	FY10	FY 09	FY 08	FY 07
55,190,351	DOE BFY 15 ***	33,735,264	27,223,148			6,003,716	508,400				
63,190,351	DOE BFY 14	41,185,755		41,185,755							
45,438,588	DOE BFY 13	80,459,617			44,871,284	3,952,315	6,125,781	7,375,619	7,916,734	8,721,543	1,496,341
45,438,588	DOE BFY 12	52,162,808				40,983,063		784,117	447,943	1,164,680	8,783,004
45,438,588	DOE BFY 11	42,967,608					41,337,357		506,196	372,119	751,936
45,438,588	DOE BFY 10	38,057,476						38,057,476			
45,438,588	DOE BFY 09	55,515,943							41,073,630		3,242,015
45,438,588	DOE BFY 08	45,068,203								38,420,995	
35,438,588	DOE BFY 07	46,649,102									37,655,929
Totals by Federal Application Years			27,223,148	41,185,755	44,871,284	50,939,095	47,971,538	46,217,212	49,944,503	48,679,337	51,929,224

*** Resurvey required due to data collection requirement changes by Federal Impact Aid Office.



How do school districts use Impact Aid?

- Most Impact Aid funds are considered general aid to the recipient school districts; these districts may use the funds in whatever manner they choose in accordance with their local and State requirements. Most recipients use these funds for current expenditures, but recipients may use the funds for other purposes such as capital expenditures.
- School districts use Impact Aid for a wide variety of expenses, including the salaries of teachers and teacher aides; purchasing textbooks, computers, and other equipment; after-school programs and remedial tutoring; advanced placement classes; and special enrichment programs.
- Payments for Children with Disabilities **must** be used for the extra costs of educating these children.

Source

<http://www2.ed.gov/about/offices/list/oese/impactaid/whatisia.html#2>

How does HIDOE Use Impact Aid?

The general fund budget is built on the assumption that Impact Aid receipts will be used for the following:

FB11-13 appropriation: \$45 million

- \$40 million for EDN100
 - \$38M Substitute teachers/classified/teacher salary off-set/fringe cost
 - \$2M Charter schools for pro-rata share of prior year receipts
- \$5 million for EDN150
 - SPED substitute teachers/teacher salary off-set/fringe cost

FB13-15 appropriation: FY2013-14 \$63 million & FY2014-15 \$55 million

- \$50 million for EDN100
 - \$38M Substitute teachers/classified/teacher salary off-set/fringe cost
 - \$2M Charter schools for pro-rata share of prior year receipts
 - \$10M for schools to be allocated using the DOE's Weighted Student Formula
 - \$8M for student transportation for FY13-14 only
- \$5 million for EDN150
 - SPED substitute teachers/teacher salary off-set/fringe cost

FB15-17 appropriation: \$45 million

- \$40 million for EDN100
 - \$38M Substitute teachers/classified/teacher salary off-set/fringe cost
 - \$2M Charter schools for pro-rata share of prior year receipts
- \$5 million for EDN150
 - SPED substitute teachers/teacher salary off-set/fringe cost



“Excess” Impact Aid

- Use determined at the discretion of the Superintendent
- School level resources
 - Fund substitute teachers
 - Subsidizes utilities, student transportation and facilities
 - Direct allocation based on Federally Connected Student Count (\$36-\$104 per student)
 - Common core curriculum (\$20M)
 - Supports programs (School Based Mental Health, Homeless)
- Federal funding
 - Grants opportunities (DODEA)
 - Programs and initiatives (Military Family Life Consultant Program)
- Other historical uses have included:
 - Maintenance Contracts
 - Technology
 - Office Relocation/Renovations
 - Training
 - Employee Recognition



National Association of Federally Impacted Schools (NAFIS)

Military Impacted Schools Association (MISA)

- School districts impacted 20% or more by military installations

National Indian Impacted Schools Association (NIISA)

- School districts impacted by Indian lands

Federal Lands Impacted Schools Association (FLISA)

- LEAs eligible under Section 8002

Mid to Low LOT Association (MTLL)

- LEAs with a LOT percentage of 50% and lower



Questions:

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 - 808-586-3353
- Websites:
 - www.nafisdc.org
 - <http://www.hawaiipublicschools.org/ParentsAndStudents/MilitaryFamilies/Pages/About-Impact-Aid.aspx>