

# IMPACT AID I: The Program Demystified

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## The History of Impact Aid

### The Beginning

- In 1821 laws were passed to fund the cost of education for military dependent children in western outposts.
- In 1934, the Johnson-O'Malley Act identified that there were no local taxes to support the education of students residing on Indian Lands.
- Additional legislation was passed in the late 1930's, early 1940's that paved the way for the establishment of Impact Aid laws.

## The History of Impact Aid

### Current Law

- Harry Truman signed the current Impact Aid program into law in 1950 (the oldest K-12 Federal education program) – also known as PL (Public Law) 81-874.
- In 1994 Impact Aid was incorporated into the Elementary and Secondary Education Act (ESEA) as Title VIII.
- In 2015 Impact Aid became part of the new Every Student Succeeds Act (ESSA) as Title VII.

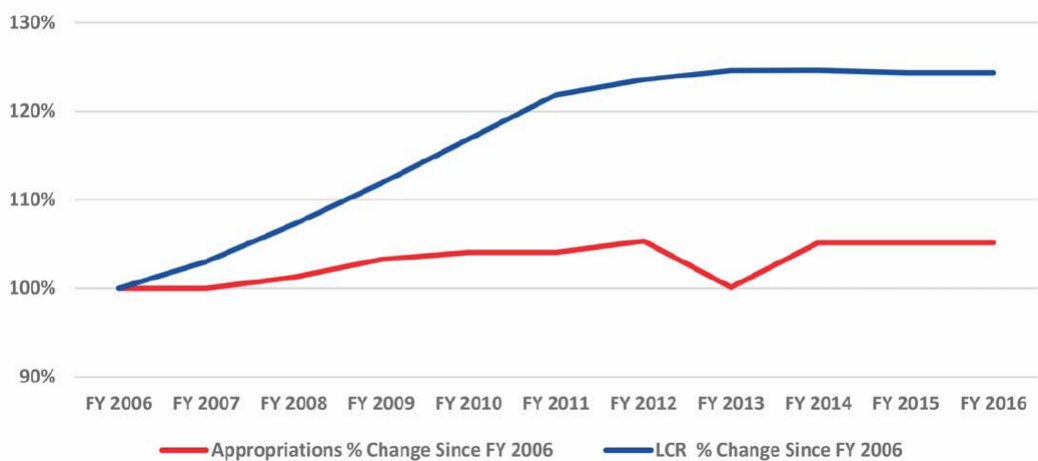
## So, What is Impact Aid?

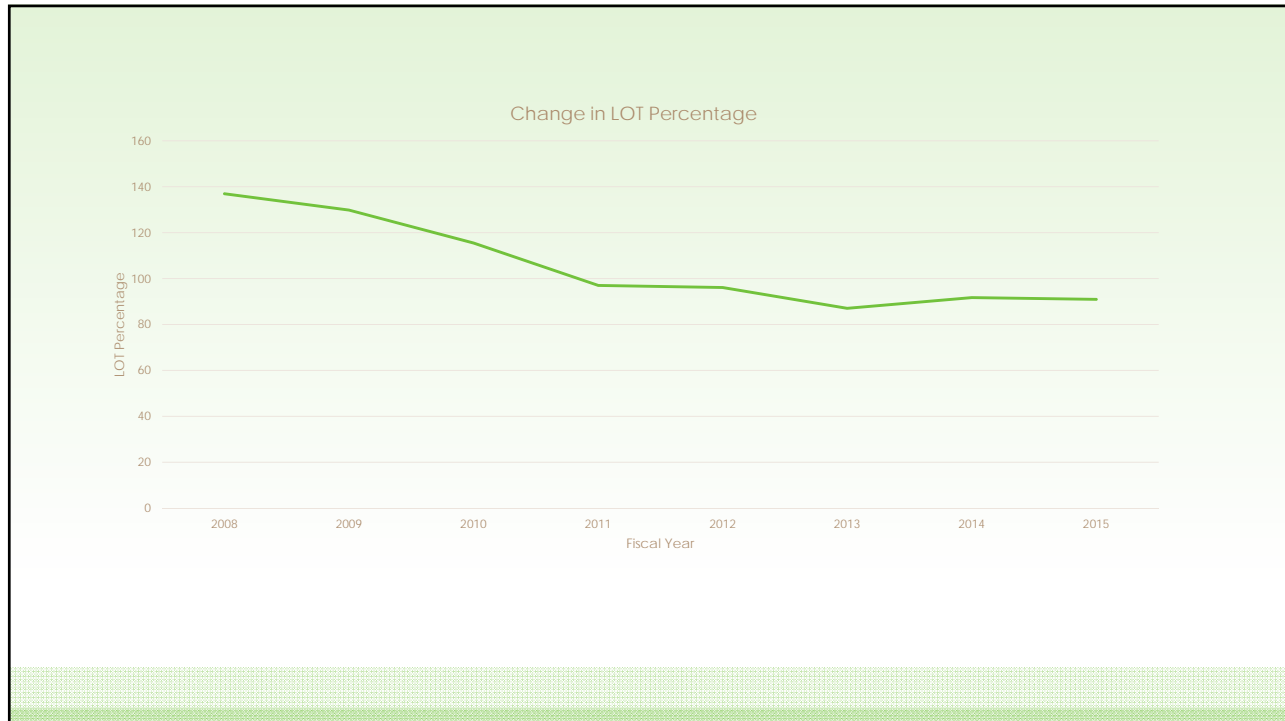
- Impact Aid is a program that supplements local tax revenues lost due to either removal of Federal property from the tax rolls or from the placement of students on Federal lands with no tax base.
- Lost tax revenue includes different types of taxes, including property taxes, business taxes, sales taxes, income taxes and local license fees.

## Why is Impact Aid Complicated?

- Impact Aid payments are based on the assumption that 50% of funds to operate a district come from the state, with the other 50% comprised of both local residential and business taxes.
- Impact Aid is not fully funded (has not been since 1969) – currently funded at only 45% of need. A payment formula has been developed to fairly distribute available funds.
- Payments are based on a district's need – not just a proportion based on ADA.
- Payments are based on a district's fiscal data from 3 prior FY's.
- The program is in statute, but Congress must appropriate money through the budget process.
- Impact Aid is the only Federal Education program that is not "forward funded" – so districts do not know how much they will receive or when in any given year.

So What's Been Happening the last decade?





### Examples of Federal Impact

- Military Installations (Malmstrom AFB)**
- Border Patrol Stations**
- Indian Lands (Reservations)**
- Forest Service Property**
- Federal Low Rent Housing (Great Falls and Anaconda)**
- National Parks (Yellowstone and Glacier)**

## Categories of Connected Students

- Indian Lands – Children whose parent(s) live on Indian trust, treaty land or ANSCA land
- Military On-Base – Children whose parent(s) are members of the uniformed services and reside on a military installation
- Military Off-Base – Children whose parent(s) are members of the uniformed services but reside off the military installation
- Low Rent Housing – Children whose parent(s) reside in Federal low rent housing (not Section 8)
- Civilian – Children whose parent(s) both live and work on Federal property
- Civilian Whose Parent Works OR Lives on Federal Property – Children whose parent(s) resides on Federal property, but works on taxable land OR children whose parent(s) resides on taxable land, but works on Federal property

## Determining Student Counts

- Student counts for Impact Aid are not based on the income of the parents or the race/ethnicity of the student – simply a relationship to the land on which the parent(s) live and work.
- Districts choose their “Membership Survey Date” – Between the 4<sup>th</sup> day of school and the 31<sup>st</sup> of January (the application due date).
- Must use a single date to count students (number of Federally connected students and Total Membership).
- May use Source Check (one form, multiple students, same Federal property, signature of the employer and/or tax assessor required) or Survey Forms (one form per student, completed by the parent/guardian).

## Impact Aid Application

- Completed in G5 (Federal application – not eGrants – no OPI access), the US Department of Education comprehensive grant application program :

**IMPORTANT! U.S. Department of Education to Implement Two Factor Authentication for G5 Access**

The U.S. Office of Management and Budget has mandated that all federal agencies implement increased cybersecurity capabilities to prevent unauthorized access to government systems. In keeping with the OMB mandate, the U.S. Department of Education will be implementing a more secure means for users of the G5 Grants Administration System to gain access, referred to as two factor authentication. Soon, all G5 external users will be required to enter a second piece of identification in addition to their password when logging in.

Two Factor Authentication (2FA) is a security process in which the user provides two means of identification from separate categories of credentials: one is typically something that you know, such as a password, and the other is something that you have, such as a security code you download from your mobile device. The combination of these two security factors makes it more difficult for someone to access government systems. Once both the first and second factors are validated, users are allowed into the system.

G5 users are already required to enter a password when logging into the system. The second factor will be provided by a free application called Google Authenticator that G5 users download and register to their mobile devices. The device will then generate a unique code each time the user logs into G5. For users who do not own a mobile device, the code can be retrieved via a text message or a phone call.

Two Factor Authentication will be rolled out to G5 users in groups, starting in mid-April 2016 and ending in June 2016. Specific details on how to download the Google application or use an alternative method of code retrieval will be provided to each user in an email shortly before their account is switched over to 2FA.

In preparation for the 2FA switch, all G5 users will be encouraged to enter at least one phone number as well as provide two additional security answers on their G5 profile, starting March 14. When logging into G5 for the first time after the 14th, users can go to the "My Profile" page where they can enter the additional data.

For further information on the implementation of Two Factor Authentication for G5, you may contact the G5 Hotline at (888) 336-8930.

**Notice:** All users requiring access to G5 must register with the U.S. Department of Education to obtain individual user IDs and passwords. In addition, all users requiring grant award funds must submit signed and properly validated paperwork supporting their individual registrations. By applying for an ID, users must acknowledge that the data processed in G5 is sensitive financial data protected by the Privacy Act and other authorities. Users are not allowed to share passwords or login account information with anyone or access the G5 system using the credentials of others. Any sharing of user account information or unauthorized access to G5 will result in a loss of system privileges.

## Impact Aid Application

- Completed in G5, the US Department of Education comprehensive grant application program.
- Applications must be submitted by January 31<sup>st</sup> (or the next business day if the 31<sup>st</sup> falls on a weekend or holiday).
- Applications submitted after the deadline, but within 60 days of the due date are subject to a 10% late payment penalty.
- Applications submitted more than 60 days late are ineligible for payment.
- Amendments to the application accepted through September 30<sup>th</sup>.

## Application Requirements

The application is divided into "Tables"

- Tables 1-5 are student tables:
  - Table 1 – students with disabilities who reside on Federal property (uniformed services and Indian lands only).
  - Table 2 – students with disabilities who do not reside on Federal property (uniformed services only).
  - Table 3 – students who live on Federal property and have a parent either employed on Federal property or are in the uniformed services (employment is not required for Indian lands students).
  - Table 4 – students who live on Federal property, but the parent is not employed on Federal property.
  - Table 5 – students do not reside on Federal property, but have a parent employed on Federal property.

## Application Requirements

The application is divided into "Tables"

- Table 6:
  - Total Membership for the district as of the Membership Survey Date.
  - Average Daily Attendance for the preceding school year (MT has a negotiated ADA rate).
  - Report of students for whom tuition was paid or received by the district.
- Table 7 – Reporting for Children with Disabilities (CWD), if claimed on prior year application.
- Table 10 – Reporting for districts receiving 8007 construction funds in the prior year.

## Impact Aid Vocabulary

1. Section 7002: Impact Aid program that reimburses school districts that have lost significant local revenue due to Federal ownership of land within school district boundaries. Examples include: National parks and grasslands, national laboratories, Army Corps of Engineers projects, military testing grounds, expansions of military installations, environmental waste sites.
2. Section 7003: Impact Aid program that provides basic support payments for federally connected children. The program compensates school districts for educating students whose parents or legal guardians reside and/or work on Federal property, including children of members of the uniformed services and children who reside on Indian lands.
3. Federally Connected Children: Those children whose parent(s) or guardian(s) resides and/or work on Federal property. Eligible students include students on Indian lands, living either on or off a military base, students in Federal low rent housing, and civilians who either work and live or work on Federal property.

## Impact Aid Vocabulary

4. Average Daily Attendance (ADA): The aggregate attendance of a school during the school year divided by the number of days school is in session.
5. Local Contribution Rate (LCR): The term used to compute the local loss as measured by per pupil expenditure. For Impact Aid purposes, the payment formula is derived from the premise that 50% of educational funding comes from the state and 50% from local revenue. Local contribution rates are calculated in one of four ways: 1) 50% of the state average per-pupil expenditure; 2) 50% of the national per-pupil expenditure; 3) the average percentage of local revenue that makes up the average per-pupil expenditure in the state; or 4) the use of comparable school district per-pupil expenditures.
6. Weighted Federal Student Units (WFSUs): The weight given to different types of federally connected students. This weight is used to determine a district's Impact Aid payment.



## Impact Aid Vocabulary

7. Learning Opportunity Threshold (LOT): The percentage that determines how dependent a district is on Impact Aid funds. The higher the LOT percentage, the closer the LOT payment is to the Maximum Basic Support Payment. LOT is calculated as the membership percentage plus the total current expenditure (TCE) percentage.
8. Maximum Basic Support Payment (Max BSP): To calculate the Maximum Basic Support Payment, multiply the total WFSUs in the district's ADA, then multiply the result by the LCR that generates the highest payment for the district. The Max BSP is the amount a district would receive if the program were fully funded.
9. Small School Adjustment: Districts with student enrollments of fewer than 1,000 in ADA and per-pupil expenditures less than the state or national average per-pupil automatically qualify for 40% of LOT.

## Impact Aid Vocabulary

10. Heavily Impacted Districts (7003(b)(2)): Districts qualify for additional funding if they meet three criteria related to local tax effort, per-pupil expenditures and percentage of federally connected students.
11. Children with Disabilities (CWD Section 7003(d)): An additional payment made to school districts educating military connected or Indian lands students. Students who are military connected, but do not reside on federal property receive a 50% payment.
12. Indian Policies and Procedures (IPPs): School districts with children residing on Indian lands must ensure that Indian lands children are allowed to participate in programs on an equal basis with non-Indian lands children, that parents and tribes are consulted and involved in program planning, that plans, evaluations and applications for programs are disseminated to parents and tribes, and that parents and tribes have an opportunity to provide input in regard to the job the local district is doing in regard to the education of Indian lands children. There are eight criteria used by the DOE to evaluate a district's IPPs.

## Impact Aid Vocabulary

13. Construction Formula Grants (Section 7007(a)): Formulary construction payments made to districts with either 50% or more Indian lands students, 50% or more military connected students, or districts identified as heavily impacted.
14. Discretionary Competitive Grants (Section 7007(b)): Construction grants available to districts with at least 40% Indian lands or military connected students. Priority is given to "Emergency Requests". The Federal contribution cannot exceed 50% of the cost of the project and a district may not receive more than \$4 million in any four year period.

## Impact Aid Vouchers

- Impact Aid payments are direct deposited into the district's account (may be deposited at the county for distribution to schools).
- Payment vouchers outline the payment to districts.
- Look at two comparable schools, in terms of ADA: Hardin EL and Browning EL.

## Local Contribution Rates/ADA

- Total Membership – number of students enrolled on the Membership Survey Date.
- Total ADA – the number of students in Total Membership multiplied by the state’s negotiated ADA rate (94.361%).
- 50% of per-pupil cost – 4 options
  - 50% of the state average per-pupil expenditure
  - 50% of the national average per-pupil expenditure
  - The average percentage of local revenue that makes up the average per-pupil expenditure in the state; or
  - The use of comparable school district per-pupil expenditures

## Hardin EL

U.S. DEPARTMENT OF EDUCATION OFFICE OF ELEMENTARY AND SECONDARY EDUCATION IMPACT AID PROGRAM WASHINGTON, D.C. 20202-6244  <b>VOUCHER FOR IMPACT AID SECTION 8003 PAYMENTS</b> (TITLE VIII of the Elementary and Secondary Education Act)	Voucher Numbers 322255 2015-1	
	Total ADA 1,324.83	Total Membership 1,404
	Local Contribution Rate & Type <b>\$5,386.00</b> 1/2 National Average	
<b>Hardin Elementary School District #17-H</b> <b>Attention: Ms. Beth Howe-Yarlott</b> <b>585 W John Deere Rd</b> <b>Hardin, MT 59034</b>		

## Browning EL

U.S. DEPARTMENT OF EDUCATION OFFICE OF ELEMENTARY AND SECONDARY EDUCATION IMPACT AID PROGRAM WASHINGTON, D.C. 20202-6244  <b>VOUCHER FOR IMPACT AID SECTION 8003 PAYMENTS</b> <b>(TITLE VIII of the Elementary and Secondary Education Act)</b>	Voucher Numbers 319973 2015-1	
	Total ADA 1,345.59	Total Membership 1,426
	Local Contribution Rate & Type <b>\$5,384.50</b> 1/2 National Average	
<p><b>Browning Elem. School Dist. #9</b>  <b>Attention: John Rouse</b>  <b>Box 610</b> <small>Impact Aid Vocabulary</small>  <b>Browning, MT 59417-0610</b></p>		

## Categories and WSU's

- (A)(i) – Resided on Federal property with a parent employed on Federal property (e.g., Parks services workers in Gardiner, West Yellowstone and West Glacier)
- (A)(ii) – Resided on Federal property with a parent who is an official of, and accredited by, a foreign government, and is a foreign military officer (none in MT)
- (B) – Resided on Federal property and had a parent on active duty in the uniformed services (military students – Great Falls)
- (C) – Resided on eligible Indian Lands
- (D)(i) – Had a parent on active duty in the uniformed services, but did not reside on Federal property (off-base military students – Great Falls, Lincoln Co HS)
- (D)(ii) – Had a parent who is an official of, and accredited by, a foreign government and is a foreign military officer, but did not reside on federal property (none in MT)

## Categories and WSU's

- (E) – Resided in Federal low-rent housing (Anaconda and Great Falls)
- (F) – Resided on Federal property, not LRH (none in MT)
- (G)(i) – Resided with a parent employed on federal property situated – in whole or in part in the county in which such agency is located, or in whole or in part in such agency if such agency is located in more than one county
- (G)(ii) – Resided with a parent employed on Federal property situated – if not in such county, in whole or in part in the same state as such agency (between the two G's – Arlee, Eureka EL, Great Falls (civilian employees employed on base), Polson, Ronan)

## Hardin EL

SECTION 8003(b) BASIC SUPPORT PAYMENT							LOT Percent Paid: 50.0000%	
Category	Membership	ADA	Weight	WSU	Max BSP	Full LOT	Prorated LOT	
(A) (i)	4	3.77	1.00	3.77	\$20,305.22	\$18,272.67	\$9,136.34	
(A) (ii)	0	0.00	1.00	0.00	\$0.00	\$0.00	\$0.00	
(B)	0	0.00	1.00	0.00	\$0.00	\$0.00	\$0.00	
(C)	673	635.05	1.25	793.81	\$4,275,460.66	\$3,847,487.05	\$1,923,743.53	
(D) (i)	2	1.89	0.20	0.38	\$2,046.68	\$1,841.81	\$920.91	
(D) (ii)	0	0.00	0.20	0.00	\$0.00	\$0.00	\$0.00	
(E)	0	0.00	0.10	0.00	\$0.00	\$0.00	\$0.00	
(F)	0	0.00	0.05	0.00	\$0.00	\$0.00	\$0.00	
(G) (i)	54	50.95	0.05	2.55	\$13,734.30	\$12,359.50	\$6,179.75	
(G) (ii)	120	113.23	0.05	5.66	\$30,484.76	\$27,433.24	\$13,716.60	
<b>8003(b) Total</b>	<b>853</b>	<b>804.89</b>		<b>806.17</b>	<b>\$4,342,031.62</b>	<b>\$3,907,394.25</b>	<b>\$1,953,697.13</b>	

## Browning EL

SECTION 8003(b) BASIC SUPPORT PAYMENT							LOT Percent Paid: 50.0000%	
Category	Membership	ADA	Weight	WSU	Max BSP	Full LOT	Prorated LOT	
(A) (i)	0	0.00	1.00	0.00	\$0.00	\$0.00	\$0.00	
(A) (ii)	0	0.00	1.00	0.00	\$0.00	\$0.00	\$0.00	
(B)	0	0.00	1.00	0.00	\$0.00	\$0.00	\$0.00	
(C)	1,266	1,194.61	1.25	1,493.26	\$8,040,458.47	\$8,040,458.47	\$4,020,229.24	
(D) (i)	0	0.00	0.20	0.00	\$0.00	\$0.00	\$0.00	
(D) (ii)	0	0.00	0.20	0.00	\$0.00	\$0.00	\$0.00	
(E)	0	0.00	0.10	0.00	\$0.00	\$0.00	\$0.00	
(F)	0	0.00	0.05	0.00	\$0.00	\$0.00	\$0.00	
(G) (i)	0	0.00	0.05	0.00	\$0.00	\$0.00	\$0.00	
(G) (ii)	0	0.00	0.05	0.00	\$0.00	\$0.00	\$0.00	
<b>8003(b) Total</b>	1,266	1,194.61		1,493.26	\$8,040,458.47	\$8,040,458.47	\$4,020,229.24	

## MATH LESSON #1

(Membership x ADA Ratio) = ADA

(ADA x Weight) = WSU

WSU Categories

A(i)+A(ii)+B+C+D(i)+D(ii)+E+F+G(i)+G(ii)=Total WSU

## Max BSP, LOT, TCE, Full LOT, Prorated LOT

- The Maximum Basic Support Payment (Max BSP) is the largest amount of Impact Aid money that a district may receive in a year.
- The district's Learning Opportunity Threshold (LOT) percentage determines the amount of the Full LOT payment.
- The Prorated LOT payment is the amount a district will receive in any given payment cycle – dependent upon the appropriation from Congress.

## Hardin EL

U.S. DEPARTMENT OF EDUCATION OFFICE OF ELEMENTARY AND SECONDARY EDUCATION IMPACT AID PROGRAM WASHINGTON, D.C. 20202-6244				Voucher Numbers 322255 2015-1		Fiscal Year 2015	Date 12/01/2014
VOUCHER FOR IMPACT AID SECTION 8003 PAYMENTS (TITLE VIII of the Elementary and Secondary Education Act)				Total ADA 1,324.83	Total Membership 1,404	Application Number 36-MT-2015-1016	
				Local Contribution Rate & Type \$5,386.00 1/2 National Average		Total Current Expenditures \$14,848,000.00	
<b>Hardin Elementary School District #17-H</b> Attention: Ms. Beth Howe-Yarlott 585 W John Deere Rd Hardin, MT 59034				Grantee DUNS Number: 18-247-9113		Payee DUNS Number: 18-247-9113	
				PR/Award#: S041B-2015-2870		Pay Type: Initial	
				County: Big Horn			
				Negotiated Ratio 0.94361	Attendance Ratio = Prior-Year ADA / Prior-Year Membership = / 1,328		LOT% 89.99%
SECTION 8003(b) BASIC SUPPORT PAYMENT							
Negotiated Ratio = 50.0000%							
Category	Membership	ADA	Weight	WSU	Max BSP	Full LOT	Prorated LOT
(A) (i)	4	3.77	1.00	3.77	\$20,305.22	\$18,272.67	\$9,136.34
(A) (ii)	0	0.00	1.00	0.00	\$0.00	\$0.00	\$0.00
(B)	0	0.00	1.00	0.00	\$0.00	\$0.00	\$0.00
(C)	673	635.05	1.25	793.81	\$4,275,460.66	\$3,847,487.05	\$1,923,743.53
(D) (i)	2	1.89	0.20	0.38	\$2,046.68	\$1,841.81	\$920.91
(D) (ii)	0	0.00	0.20	0.00	\$0.00	\$0.00	\$0.00
(E)	0	0.00	0.10	0.00	\$0.00	\$0.00	\$0.00
(F)	0	0.00	0.05	0.00	\$0.00	\$0.00	\$0.00
(G) (i)	54	50.95	0.05	2.55	\$13,734.30	\$12,359.50	\$6,179.75
(G) (ii)	120	113.23	0.05	5.66	<del>\$36,464.76</del>	<del>\$27,439.24</del>	\$13,716.60
<b>8003(b) Total</b>	<b>853</b>	<b>804.89</b>		<b>806.17</b>	<b>\$4,342,031.62</b>	<b>\$3,907,394.25</b>	<b>\$1,953,697.13</b>

## Browning EL

U.S. DEPARTMENT OF EDUCATION OFFICE OF ELEMENTARY AND SECONDARY EDUCATION IMPACT AID PROGRAM WASHINGTON, D.C. 20202-6244				Voucher Numbers 319973 2015-1	Fiscal Year 2015	Date 10/08/2014	
VOUCHER FOR IMPACT AID SECTION 8003 PAYMENTS (TITLE VIII of the Elementary and Secondary Education Act)				Total ADA 1,345.59	Total Membership 1,426	Application Number 36-MT-2015-0812	
				Local Contribution Rate & Type \$5,384.50 1/2 National Average		Total Current Expenditures \$17,516,000.00	
Browning Elem. School Dist. #9 Attention: John Rouse Box 610 Browning, MT 59417-0610				Grantee DUNS Number: 19-301-2937			
				Payee DUNS Number: 19-301-2937			
				PR/Award#: S041B-2015-2829			
				Pay Type: Initial			
County: Glacier							
Negotiated Ratio 0.94361	Attendance Ratio = Prior-Year ADA / Prior-Year Membership = / 1,365		LOT% 100.00%	= TCE% = 45.90%	+ Membership% + 88.78%		
SECTION 8003(b) BASIC SUPPORT PAYMENT							
LOT Percent Paid: 50.0000%							
Category	Membership	ADA	Weight	WSU	Max BSP	Full LOT	Prorated LOT
(A) (i)	0	0.00	1.00	0.00	\$0.00	\$0.00	\$0.00
(A) (ii)	0	0.00	1.00	0.00	\$0.00	\$0.00	\$0.00
(B)	0	0.00	1.00	0.00	\$0.00	\$0.00	\$0.00
(C)	1,268	1,194.61	1.25	1,493.26	\$8,040,458.47	\$8,040,458.47	\$4,020,229.24
(D) (i)	0	0.00	0.20	0.00	\$0.00	\$0.00	\$0.00
(D) (ii)	0	0.00	0.20	0.00	\$0.00	\$0.00	\$0.00
(E)	0	0.00	0.10	0.00	\$0.00	\$0.00	\$0.00
(F)	0	0.00	0.05	0.00	\$0.00	\$0.00	\$0.00
(G) (i)	0	0.00	0.05	0.00	\$0.00	\$0.00	\$0.00
(G) (ii)	0	0.00	0.05	0.00	\$0.00	\$0.00	\$0.00
8003(b) Total	1,268	1,194.61		1,493.26	\$8,040,458.47	\$8,040,458.47	\$4,020,229.24

## MATH LESSON #2

$WSU \times LCR = \text{Maximum Basic Support Payment (Max BSP)}$

$\text{Full LOT} = \text{TCE Percentage} + \text{Membership Percentage}$

$\text{Full LOT} = (\text{TCE/LC}) + (\text{Federally Connected Students/Total Membership})$

$\text{Payment} = \text{LOT Paid} \times \text{Max BSP}$



## Role of the OPI in Impact Aid

- The OPI does NOT receive and distribute Impact Aid payments to districts – payments are received via direct deposit to an account chosen by the district.
- The OPI DOES receive copies of payment vouchers.
- The OPI DOES provide LCR data to the DOE.
- The OPI DOES provide application data to districts.
- The OPI DOES receive copies of and reviews applications.
- The OPI will provide audit support upon request from the district.

QUESTIONS?

