



## **Policies, Programs, and Memorandums**

### **Impact Aid**

---

#### **Description:**

#### **What is Impact Aid?**

Impact Aid is a federal program that provides funding for a portion of the educational costs of federally-connected students. It is an in-lieu-of-tax program – in other words, it is the federal government paying its “tax bill” to local school districts as a result of the presence of a military installation.

Impact Aid is the only federal education program where the funds are sent directly to the school district. The funds go directly into the school district’s general fund for operations such as purchase of textbooks, computers, utilities, and payment of staff salaries.

#### **History**

Impact Aid was passed into law by Congress in 1950. It was designed to provide for the education of military children. But as other groups (Indians, civil service, low-rent housing) have been added, funds for military children have eroded. Currently, only 40 cents of every dollar appropriated for Impact Aid goes to funding for military children.

Up until 1970, the program was fully funded. Since then the program has faced severe cuts and is currently only funded at 60%, as defined by law.

#### **Impact Aid Eligibility**

In order to be eligible for Section 8003 of the Impact Aid Program, a school district must: \* have at least 400 federal students in their Average Daily Attendance; OR \* at least 3% of all children in the school district’s ADA must be federally-connected

School districts must conduct a “first count” student survey each year to identify the number of federally-connected students. School districts must then submit an application directly to the U.S. Department of Education by January 31 containing the results of the “first count.”

#### **Philosophy of Impact Aid**

A large federal installation, while adding a great deal to the economic growth of a state, has a tremendous impact upon a local community. It means that a great deal of property and activity is removed from the local tax rolls which support public education. Therefore, the federal government acts as the local taxpayer through funding the Impact Aid program.

#### **Funding Justification for Military Child Living On-Base**

In a typical community, school taxes come from two sources: (1) the taxation on the property of private individuals (homes, autos, boats, and other personal property) and (2) the taxation of real or personal property used for business purposes. Studies have indicated that normally half of the taxes come from private property and half from business property.

For a student whose parent(s) is military and lives on the federal installation, the intent of Impact Aid is to totally match the local tax effort.

### **Funding Justification for Military Child Living Off-Base**

The most difficult Impact Aid payment to understand is the payment for a student whose parent(s) is military but does not live on the federal property. In this case, the school district still receives the tax on the home where the parent and student lives. The taxes on personal property—such as automobiles, boats, and mobile homes—are typically paid in their home state, as allowed under the Soldiers' and Sailors' Relief Act. The school district cannot tax the military base where the parent works. Neither can the school district tax property belonging to private industry which is located on the base if the military has exercised the right of exclusive jurisdiction. The Impact Aid payment for these students is intended to match the taxes lost as a result of the federal ownership of property, exclusive jurisdiction and the Soldiers' and Sailors' Relief Act.

Economic studies, which have been authorized by Congress, have always verified that the full rate for the military child living on base and the half rate for the military child living off base are fully justified. However, contrary to those studies, current funding for the "off-base" military child is only two-tenths of the "on-base" military child rate.

### **First Count**

Each year school districts that serve military installations are required under federal law to conduct a "First Count" on a specified date. The "First Count" is an actual form that parents/guardians are asked to complete for each child that is enrolled in the school district. These forms are then used to determine the school district's eligibility and funding through the Impact Aid program.

The information provided on the form is confidential and is available only to school and federal officials.

How can school districts and military installations work together to communicate the importance of the "First Count?"

–work to have all schools conduct the "First Count" on the same day

–school districts could send a letter with the form home to parents

–installation commanders could put a letter in the base newspaper talking about the "First Count," how important it is for everyone to participate, and take the opportunity to focus on the importance of education and parent involvement