



National Association of Federally Impacted Schools

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Impact Aid Privatization Proposals Undermine Public Schools, Burden Taxpayers

Summary

The Impact Aid program (Title VII of ESEA) is a partnership between local communities and the Federal Government where there is significant non-taxable property, such as military installations, Indian treaty or trust land, Federal low-rent housing facilities, and national parks and laboratories. Since 1950, Congress has recognized that the Federal Government has an obligation to help meet the local responsibility of financing public education in areas impacted by a Federal presence.

Recent proposals have recommended privatizing Impact Aid into education savings accounts (ESAs) for federally connected students. These proposals ignore the purpose of Impact Aid – to compensate school districts for Federal lands that cannot be taxed. Impact Aid works as designed and school district leaders work hard to meet the unique needs of federally connected students. This private school voucher scheme would undermine the work of public school districts, deny students – including students with disabilities, military-connected students and Native American students – legal and other protections, reduce accountability, and burden taxpayers.

Concerns

- **Turning Impact Aid into an ESA undermines the education of all students in the school district**
- **Turning Impact Aid into an ESA increases the burden on local taxpayers**
- **ESAs are not accountable to taxpayers**
- **Students who use an ESA may forfeit legal protections and educational supports**

To privatize the Impact Aid program into a per-student allocation would undermine Congressional intent of concentrating resources in school districts where the Federal impact and the tax loss are greatest. Impact Aid funds are part of a school district's general operating budget – allowing school district leaders to dedicate dollars where the need is greatest, which includes targeted services for federally connected students as well as educational programming and support for all students in the school district. The educational services and private schools that would receive the ESA or voucher monies have not lost tax revenue due to the Federal presence.

Turning Impact Aid into an ESA undermines the education of all students in the school district: Impact Aid funding supports approximately 1,200 school districts with a total enrollment of over 10 million students. School districts leverage these dollars – to hire staff, reduce class size, revamp curriculum and implement AP, music, arts, and STEM classes, purchase portable classrooms and buses, enhance English language learner and special education programming, provide teacher professional development, and invest in technology – for all students in these school districts. Turning Impact Aid into an ESA would significantly reduce the offerings at these schools for the entire student population and could force some schools to close their doors.

THE NAFIS FAMILY

MISA

Military Impacted
Schools Association

NIISA

National Indian Impacted
Schools Association

FLISA

Federal Lands Impacted
Schools Association

MTLLS

Mid-to-Low-LOT
Schools

Turning Impact Aid into an ESA increases the burden on local taxpayers: Taxpayers in communities that are federally impacted already subsidize the Federal Government in making up the difference between a school district's Impact Aid payment and the amount the school district should receive if Impact Aid were fully funded. These taxpayers would be required to dig deeper into their pockets while families whose tax-exempt living or employment status drive the tax loss would benefit at the direct expense of all other students and taxpayers in these communities. This would be the case even in instances where families opt to stay with the public school.

ESAs are not accountable to taxpayers: Private school voucher schemes offer little accountability to taxpayers because they usually do not require participating private schools to comply with the same teacher standards, curriculum, reporting, and testing requirements as public schools. Private schools that educate these students are not required to comply with Federal civil rights laws, adhere to religious freedom protections provided under the First Amendment of the Constitution, or abide by the same public accountability standards that all public schools must meet, including those in Title IX, Individuals with Disabilities Education Act (IDEA), and ESEA.

Students who use an ESA may forfeit legal protections and educational supports: Students who choose to use an ESA outside of the public school system forfeit legal protections and educational supports. Further, families are on the hook for any educational costs above the amount provided in an ESA, including tuition, transportation, and other fees. This is the case for students with disabilities, military-connected, and Native American students. Students with disabilities forfeit due process rights and procedural safeguards under the IDEA when they opt out of the public school system.

The Military Interstate Children's Compact is an agreement among the 50 states and DC designed to address military family mobility issues related to education, such as enrollment, placement, attendance, and graduation. Students that opt out of the public school system are not covered by the provisions of the Compact, since it applies only to public schools. Additionally, school districts with significant numbers of military connected students offer the academic and emotional supports necessary to support this unique population through parental deployment and mobility. This includes educational, student-to-student, and counseling programs.

For Native American students – for whom the Federal Government has a trust responsibility – various consultation requirements are in law to ensure that tribal leaders, community stakeholders, and parents have an opportunity to provide meaningful input into the educational program. This includes a Tribal Consultation Requirement in the Every Student Succeeds Act, as well as the Indian Policies and Procedures in the Impact Aid program. Partnerships between school districts and local communities have advanced culturally relevant curriculum, including the integration of Native languages and cultures.

Draining resources from public schools negatively impacts students and communities: Turning Impact Aid into an ESA would negatively affect federally impacted school districts and their communities. Some school districts would be forced to close their doors without Impact Aid, leaving students in the area with no public school option. Some federally impacted school districts are the economic and social hub of their community, serving as the largest employer or a community gathering place. Rural and remote schools have high per-pupil costs and challenging economies of scale. A related challenge is the high mobility rate for both military connected and Indian lands students. This transiency could make the budgeting and accountability of ESAs impractical for school districts and families, particularly for those moving mid-year.

Turning Impact Aid into ESAs for individual students ignores the purpose of Impact Aid – to provide a tax replacement payment that supports all students in federally impacted schools. This Impact Aid privatization scheme would negatively impact students who opt to participate, the students left behind and the school districts educating them, and taxpayers in these communities.

Impact Aid Program Overview

- Impact Aid funding is *not* a per-student allocation. Payments to school districts are based on the number of eligible school districts, the extent of Federal impactation, average per-pupil spending, and the level of appropriations for a given year.
- Impact Aid funding is targeted to school districts based on Federal impactation, including the percentage of federally connected students and the percentage that Impact Aid funding comprises of a school district's budget.
- The Impact Aid formula establishes a minimum threshold below which school districts are not eligible for funds. To receive Impact Aid funding, a school district's average daily attendance must be at least 400 or three percent federally connected students. School districts that educate federally connected students below this threshold do not receive Impact Aid funding.
- School districts that receive Heavily Impacted funds must meet additional criteria that includes significant local tax effort.