LEGISLATIVE REPORT

SUBJECT: Federal and Trust Funds

REFERENCE: Section 29-25, Hawaii Revised Statutes
Department of Education; federal funds; general fund offset.

ACTION
REQUESTED: The department of education shall submit a report to the legislature, not fewer than twenty days prior to the convening of each regular session, concerning the exact amount and specific nature of federal impact aid, U.S. Department of Defense funds, and federal indirect overhead reimbursements received.

DOE REPORT: The Department of Education received the following amounts during BFY 2005-2006:

Impact Aid
Basic Support Payments-Regular Education $42,851,173
Disabilities Payment-Special Education $ 1,413,381
Total $44,264,554

U.S. Department of Defense funds $ 2,101,495
Financial Assistance Payment for Children With Severe Disabilities $    289,347
Total $ 2,390,842

Federal Indirect Overhead Reimbursements $    213,399

ANALYSIS OF THE DATA: The Impact Aid amount received has significantly declined by $11.3 million from $55.6 million in 2004-05 to $44.3 million in 2005-06.

FINDINGS: The level of Impact Aid appropriated by the Federal Government is volatile and cannot be assumed as guaranteed on an annual basis.

RECOMMENDATIONS: The Board of Education and Department should continue participating in organizations such as the National Association of Federally Impacted Schools (NAFIS) and Military Impacted Schools Association (MISA), and should encourage Congress to support maintaining and increasing Impact Aid appropriations to provide supplementary funding for our public school system.