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 2006-2007:

- Impact Aid
  - Basic Support Payments-Regular Education $45,299,234
  - Disabilities Payment-Special Education $1,349,868
  - Total $46,649,102

- U.S. Department of Defense funds $2,422,978
  - Financial Assistance Payment for Children With Severe Disabilities $335,111
  - Total $2,758,089

- Federal Indirect Overhead Reimbursements $156,954

ANALYSIS OF THE DATA: The Impact Aid amount received in FY 2006-07 of $46.6 million is a slight increase of $2.3 million when compared to the $44.3 million received in 2005-06, but is down significantly from the $55.6 million received in 2004-05.

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.