Section 29-25(d), Hawaii Revised Statutes, requires the Department of Education to annually report the exact amount and specific nature of Federal Impact Aid, United States Department of Defense Funds, and Federal Indirect Overhead Reimbursements received.
INTRODUCTION: Section 29-25(d), Hawaii Revised Statutes, requires the Department of Education (DOE) to annually report the exact amount and specific nature of Federal Impact Aid, United States Department of Defense (USDOD) Funds, and Federal Indirect Overhead Reimbursements received.

Federal Impact Aid is authorized by Title VII of the Elementary and Secondary Education Act and has been around since 1950. The purpose of federal impact aid is to provide formula grants to local school districts financially impacted by the presence of nontaxable federal land and installations, to help cover a portion of the additional costs associated with the federal presence.

The federal government provides aid to school districts that have (a) lost tax revenues (income, sales, property tax) due to a federal presence, and (b) incurred the cost of providing educational services for federally connected students. A federally connected student is a student whose parent(s) work on and/or live on federal property (i.e., low income housing, military installations, Native American lands, national parks, research facilities).

Federal Impact Aid Funds support approximately 3% of the DOE’s operating costs each year.

ANALYSIS OF THE DATA: The DOE received the following amounts during fiscal year (FY) 2016-17:

Federal Impact Aid:
Basic Support Payments – Regular Education $41,127,979
Disabilities Payment-Special Education 891,252
Total $42,019,231

USDOD Funds
Financial Assistance Payment for Children with Severe Disabilities $2,576,745
302,649
Total $2,879,394

Federal Indirect Overhead Reimbursements $2,329,764
The Federal Impact Aid amount received in FY 2016-17 was $42.0 million, an increase of $1.7 million compared to the $40.3 million received in FY 2015-16. The annual impact aid receipts fluctuate from year to year, as the award is subject to congressional appropriation, the total enrollment count of federally connected students in school districts nationwide that meet the eligibility requirement, the total number of survey cards filled out by parents of the DOE’s federally connected students, and the United States Department of Education’s ability to verify, audit, and compute awards for all eligible school districts in a timely manner.

The USDOD FY 2016-17 collections increased by $710,005 compared to FY 2015-16. The DOE’s USDOD allocation is subject to congressional appropriation, the total enrollment count of military connected students in school districts nationwide that meet the eligibility requirement, and the total number of military connected parents that submit response to impact aid survey.

The FY 2016-17 Federal Indirect Overhead Reimbursements increased by $609,042 compared to FY 2015-16. The level of reimbursements is determined by the rate that is negotiated with the federal government and the level of eligible expenditures.

**FINDINGS:**

The level of Impact Aid and USDOD Funds appropriated and allocated by the federal government is volatile and cannot be assumed as guaranteed on an annual basis. The high degree of uncertainty with the federal government’s commitment to maintain funding for the Federal Impact Aid and USDOD Supplement to Impact Aid programs has persisted, particularly as Congress and the federal executive branch continue to weigh across the board versus targeted budget cuts.

**RECOMMENDATIONS:**

The DOE will continue to serve on Boards and participate in organizations such as the National Association of Federally Impacted Schools and Military Impacted Schools Association, and will encourage Hawaii’s congressional delegation to continue their positive support of maintaining and increasing impact aid and USDOD appropriations to provide basic funding for our public school system due to federal impaction.

The DOE will also continue to do its part to increase education and awareness on the importance of our families to return the Impact Aid Cards through communication with military base commanders, legislator newsletters, press releases, etc.
Find current and past DOE Reports online at:
http://HawaiiPublicSchools.org