

Congress of the United States
Washington, DC 20515

February 18, 2015

The Honorable Lamar Alexander
Chairman
Senate HELP Committee
428 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Patty Murray
Ranking Member
Senate HELP Committee
428 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Alexander and Ranking Member Murray:

Thank you for your efforts to update the Elementary and Secondary Education Act (ESEA) this year, and for requesting input from Senators, Representatives, and the public on the discussion draft proposal, the “Every Child Ready for College or Career Act of 2015.” We would like to comment on how this draft proposal affects Impact Aid, which is currently Title VIII of ESEA, and express our serious concerns about the devastating impact the proposal would have on funding for certain districts.

Originally enacted in 1950, federal Impact Aid reimburses our local school districts for hosting non-taxable federal property, and for educating federally-connected children such as children in military families, children on Indian land, children in federal low-rent housing, and children whose parents live or work on federal property such as national parks.

The discussion draft proposes changes to Impact Aid funding that would cause severe cuts and dramatically harm our local school districts’ ability to educate federally-connected children. Impact Aid is a complicated formula program that addresses the unique circumstances of many school districts’ long and continually changing relationship with military bases, Indian land, and other federal property. The draft would eliminate several provisions that address these unique needs, many of which have been in law for decades. Specifically, the draft bill eliminates the following provisions of current law:

- **Section 8002(f) – Federal Property District Eligibility** – This provision maintains eligibility for Impact Aid federal property districts for Wheatland, Missouri; Island, California; and South Dakota’s Wall and Hill City school districts. This provision is necessary to ensure that the South Dakota and Missouri districts maintain eligibility for the program because county land records were inadvertently destroyed. The California district was previously eligible, but changes in state law’s property valuation process reduced their value. Thus the 2001 ESEA reauthorization included a formula to include them.
- **Section 8003(a)(i)(C) – “Large School Adjustment” Provision** – This provision affects large school districts that serve over 5,000 military-connected children, with over 100,000 children total. The 1994 Impact Aid reauthorization added the new Learning Opportunity Threshold (LOT) formula to ration limited funding based in part on school districts’ *percentage* of federally-connected children. San Diego Unified School District and the Hawaii Department of Education each have very large

military installations hosting thousands of our brave men and women in uniform, and thus educate thousands of military-connected children. However, because they also serve large numbers of other children, the new formula in 1994 would have slashed millions of dollars from these districts. Thus the “large school adjustment” was added to prevent a massive loss of funding for these districts.

- **Sec. 8003(b)(3)(B)(iii) – High School-Only Provision** – This provision recognizes the unique circumstances of Hanscom Air Force Base in Massachusetts. Under an agreement in place since 1960, the Department of Defense (DOD) provides tuition for military-connected children to attend grades pre-K through 8 on-base, in schools operated by Lincoln Public Schools. However, the students attend high school off-base for grades 9-12 in Bedford Public Schools, with transportation costs paid by DOD. Thus current Impact Aid law allows Bedford to use enrollment and expenditure data for military-connected children in the high school grades only.
- **Sec. 8003(b)(4) – Single Statewide School District Provision**—Hawaii is the only state in the nation with a single statewide school district. Some of Hawaii’s administrative sub-districts have major military installations, and its schools have some of the highest rates of federally-connected children in the country. Hawaii’s single statewide district structure saves taxpayer dollars and reduces bureaucracy and waste. If Hawaii were to establish seven separate districts, it would create inefficient and duplicative school boards, administrative staff, contracting, and federal grant proposals. Recognizing Hawaii’s efficiencies by continuing to operate as one district, for decades the U.S. Department of Education was authorized to count each of Hawaii’s seven administrative sub-districts as separate districts for the purposes of Impact Aid. This more accurately accounts for the high concentrations of federally-connected children in sub-districts with large military installations, such as Joint Base Pearl Harbor-Hickam, Schofield Barracks, Kaneohe Marine Base, and many others. The Improving America’s Schools Act of 1994 inadvertently ended the U.S. Department of Education’s decades-long accounting practice and cut Hawaii’s Impact Aid payments by nearly half, causing a devastating blow to its school budget. Thus to correct this inadvertent error, in 1996 Subcommittee Chairman Randy Cunningham (R-CA) introduced the Impact Aid Technical Corrections Act, which passed the House by voice vote and became P.L. 104-195. Among other provisions, the bill codified the U.S. Department of Education’s practice of counting Hawaii’s administrative sub-districts separately for Impact Aid purposes. Today, eliminating the Single Statewide Provision would have a devastating effect on Hawaii’s education system, slashing tens of millions of dollars from Hawaii.

We urge that you maintain current law’s formulas that address unique needs in certain districts. We note that while the draft bill proposes cutting funding for these districts, it proposes adding completely new formulas to address specific needs in other school districts across several states. There appears to be no principled reason for disregarding unique circumstances in some districts, while proposing adjustments to address the unique circumstances in others.

Finally, we are concerned that under current funding, federal payments come nowhere near making up for the lost revenue due to federal property, or the funding to serve federally-connected children.

While we object to these changes to Impact Aid funding, we appreciate that the draft proposal seeks to make permanent several Impact Aid improvements that Congress passed on a temporary basis in the Fiscal Year 2013 National Defense Authorization Act (NDAA) that were again included in the FY 2015 NDAA. These updates require the U.S. Department of Education to expedite Impact Aid payments, eliminate the subjectivity in estimating federal property values, and help our school districts count military-connected children more easily while their on-base housing is undergoing renovation.

In addition, the draft bill directs the U.S. Department of Education to share more information with school districts about their eligibility for Impact Aid, so they can more easily apply. The draft would also let school districts count federally-connected students in the current year when there is a sudden influx of children, such as when military force structure realignment brings a large number of new servicemembers and their families to a local community. Similarly, when troops and families are suddenly realigned away from a military base, the draft would allow school districts a "hold harmless" provision so their Impact Aid funding is reduced gradually, preventing a sudden drop in needed funds. These provisions provide districts with more stability when they have sudden changes in enrollment, while still using taxpayer resources wisely and fairly. We urge you to maintain these improvements to Impact Aid as you continue to work on an ESEA reauthorization bill.

Thank you again for the opportunity to provide feedback on this legislative proposal. We look forward to working with you to ensure Impact Aid continues its historic role in helping our local school districts serve federally-connected children and address the impact of federal property.

Sincerely,



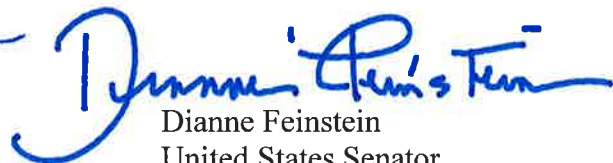
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United States Senator
Co-Chair, Senate Impact Aid Coalition



John Thune
United States Senator



Mike Crapo
Co-Chair, Senate Impact Aid Coalition



Dianne Feinstein
United States Senator



Ed Markey
United States Senator



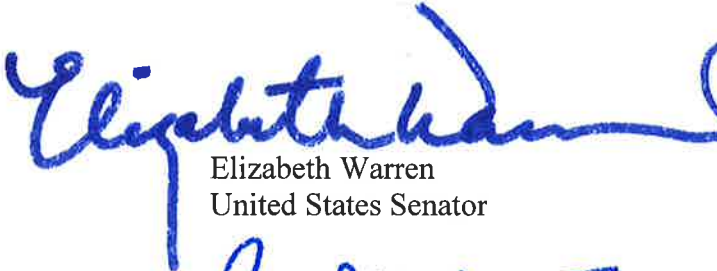
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Brian Schatz
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