



# TORCHBEARER ALERT

ASSOCIATION OF THE UNITED STATES ARMY



## IMPACT AID—PROVIDING FOR THE EDUCATIONAL NEEDS OF MILITARY CHILDREN

### DID YOU KNOW . . . ?

The majority of soldiers rely on local school districts to provide quality education and counseling for their children; approximately 80 percent of military children attend local public schools.

Impact Aid is a federal program that provides funding for a portion of the educational costs of federally-connected students (e.g., one category is military children).



FEDERALLY-CONNECTED CHILDREN BY CATEGORY



Impact Aid is the federal government paying its “tax bill” to local school districts as a result of the presence of a military installation. The funds go directly from the Department of Education (DoEd) into the school district’s general fund for purchase of textbooks, computers and utilities, and for payment of staff salaries. **The Fiscal Year (FY) 2003 appropriation for Impact Aid was \$1.18 billion, or only 60 percent of need as defined in law.**

There is also another funding stream for local school districts with a large concentration of military children. This Department of Defense (DoD) Supplement (not Supplemental) to Impact Aid funding is designed to provide needed support to those districts that are very heavily impacted with the presence of military dependent children. Recent history indicates that these districts most often use these additional funds to improve facilities and provide increased security measures. The FY 2003 DoD Supplement to Impact Aid was \$35 million—some \$15 million short of the goal.

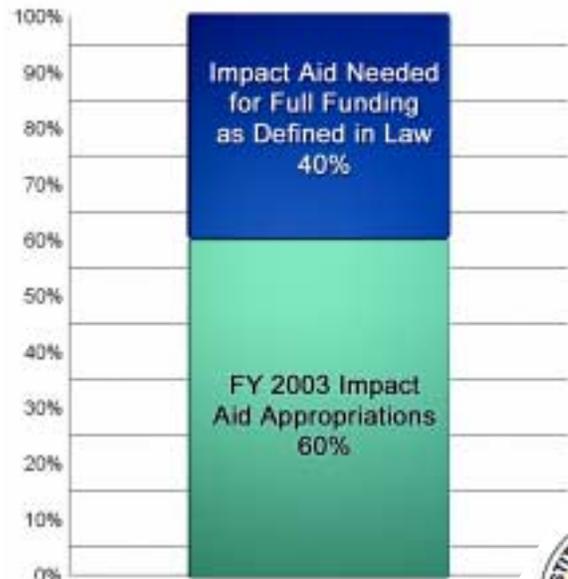
### How does a school district qualify for Impact Aid?

- At least 400 children are “federally connected” or
- At least 3 percent of the school district’s average daily attendance is “federally connected.”

### How is a typical school district financed?

- 50 percent of the funding comes from property taxes and taxes on automobiles.
- 50 percent of the funding comes from business and business personal property and taxes.

FY 2003 IMPACT AID APPROPRIATION VS. FULL FUNDING



## How are school districts that serve military installations funded?

For children whose parents are military and live on base:

- The intent of this program is to totally match the local tax effort.
- If Impact Aid were fully funded, the rate for a military student living on base would be \$3,200; the current actual rate is approximately \$2,200.

For children whose parents are military and live off base:

- The family pays the property tax on the home, but more than likely (under the Soldiers' and Sailors' Relief Act) they pay their automobile taxes in their home state and shop at the main exchange and commissary, which are not taxed.
- There are no taxes collected on the business (military installation) or the business personal property (planes, tanks, computers, etc.).
- Funding for these children is supposed to be 50 percent of the "on base" military student rate. However, current funding is only 20 percent of the "on base" rate.



- If Impact Aid were fully funded, the rate for a military student living "off base" would be \$1,600; the current actual rate is approximately \$450.

## CURRENT STATUS

The President's budget submission to Congress for FY 2004 contains a \$172.7 million funding cut to Impact Aid—a program currently funded at only 60 percent of need. The Department of Defense Supplement to Impact Aid Funding appropriation is

\$35 million, down from a goal of \$50 million. Impact Aid is the only education program not forward-funded—any delays in funding decisions and/or continuing resolutions affect the current school year's funding.

## WHAT IS NEEDED

**What is needed is for Congress to fully fund all sections of the Impact Aid program.** The DoD Supplement came about because Congress had not fully funded the program, and specific needs of military children were not being met. When all sections of the Impact Aid program are fully funded, the DoD Supplement should not be necessary. Currently, it is needed.

**What is also needed is a consistent application of benefits to soldiers to prevent "unintended consequences."** The Social Security Administration finally issued a rule clarifying how a soldier's basic allowance for housing (BAH) is recorded when privatization of military housing occurs at the soldier's installation. The ruling states that BAH is counted as in-kind support and maintenance (ISM), not as cash unearned income. Income-driven programs such as school lunch, supplemental security income, Head-Start and child care are also impacted by the manner in which BAH is counted.

## WHAT YOU CAN DO

Only Congress can fix this problem, and AUSA has been a strong voice for action to:

- a. fully fund all sections of the Impact Aid Program; and
- b. protect the benefits provided to soldiers and their families prior to privatization of military housing and avoid "unintended consequences."

To get the latest information on Impact Aid funding, click on the [Legislative Action Center](#) icon on the AUSA homepage at [www.ausa.org](http://www.ausa.org). Should you wish to contact your elected officials, just follow the instructions.

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*Voice for the Army—Support for the Soldier*

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