

## LEGISLATIVE REPORT

**SUBJECT:** Cost of Educating Federally Connected Students

**REFERENCE:** SCR 120, SD1  
Senate Concurrent Resolution Requesting the Department of Education and Board of Education to Identify the Full Cost of Educating Federally Connected Children With Disabilities as Allowed by the Federal Impact Aid Formulas

**ACTION REQUESTED:**

- Provide a report on the history of federal impact aid in Hawaii
- Identify the cost of educating federally connected students as allowed by federal impact aid formulas
- Determine if students are making progress toward predetermined goals
- Report on the use of funds for special education programs, teacher salaries, equipment including assistive devices and other educational issues.

**DOE REPORT:**

- Refer to Attachment I, History of Impact Aid in Hawaii,
- Refer to Attachment A, Impact Aid Summary, Funds Received During the Budget Fiscal Year
- Impact Aid Funds are treated as a means of finance adjustment for teacher salaries.
- Refer to Attachment II, Summary of Impact Aid Allocations, BFY 2001 and Summary of Impact Aid Allocations, BFY 2002

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Hawaii has participated in the Impact Aid Program from its inception in 1950. The Impact Aid Program, Section 3 of Public Law 81-874, was enacted to establish official federal policy to provide financial assistance to school districts impacted by federal activities. The Impact Aid Program is currently re-authorized under Public Law 103-382.

Hawaii is unique from many other states in the nation in that it has a single statewide school system that falls under the responsibility of the state government. Thus, the funds for education are derived from state taxes such as the state income tax and general excise tax rather than county funding. Further, public schools are State of Hawaii Department of Education schools and Department of Defense schools are non-existent.

There are two major categories of impact aid students defined in Public Law 103-382, as amended. Category "A" includes children of families who live AND work on federal property, while Category "B" includes children of families who live OR work on federal property. On September 11, 2000, federal count date, 12,689 pupils were identified as Category "A" and 17,562 were Category "B" students, a total of 30,251 federally connected students. (Refer to Attachment A for longitudinal data since BFY 1993-94 to present)

Traditionally, impact aid funds have been used to fund salaries and fringe benefits of teachers in regular instruction and special education. The impact aid funds serve as a means of finance adjustment to the Department of Education's Operating Budget. In the recent past, Act 234 was enacted on June 19, 2000 that allows the Department of Education to increase federal fund expenditure ceiling by the amount in excess of the authorized appropriation of \$22,601,312 for EDN 100 and \$3,377,208 for EDN 150 or a total of \$25,978,520 without the Governor's approval. Previously, amount in excess of the previous means of finance appropriation amount, \$19,000,000, was generally reverted to the state treasury. Again, since Act 234, although appropriation has increased by \$6,978,520, the Department is able to retain amounts in excess of \$25.9M.

The amount of funds received from the Impact Aid Program varies depending upon the level of appropriations and the method of distribution set forth in the congressional appropriations act. In addition, all funds appropriated are not received in the same fiscal year, thereby complicating the estimation of impact aid payments for subsequent years. (Refer to Attachment B.)

Department of education  
Summary of Impact Aid Allocations  
BFY 2001

BFY	APRN	PROG ID	DESCRIPTION	ALLOC	DEFERRED	TOTAL
2001	210	15901	INSTRUCTIONAL MATERIALS -IMPACT AID	2,000,000		
2001	210	15902	READING IMPROVEMENT PROJECTS	2,000,000	0	
2001	210	15903	SCHL BASED TECH SVCS ASSISTANCE-FELIX	3,657,161	0	
2001	210	15904	AUTISM SERVICES-IMPACT AID	276,690	0	
2001	210	15905	OFC OF HAWAIIAN STUDIES/LANGUAGE/CULTURE	500,000	0	
2001	210	15906	COMPUTER EUDCATION-IMPACT AID	200,000	0	
2001	210	15907	SAFETY MANAGERS-IMPACT AID	600,000	0	
2001	210	15908	STUDENT TRANSPORTATION-IMPACT AID	1,500,000	0	
2001	210	15909	IMPACT AID CONTINGENCY FUND	0	1,000,000	
2001	210	15910	COMPUTER AND ARCHIVE COST	144,135		
2001	210	15911	EDUCATION COMMISSION OF STATES	15,934		
2001	210	15912	PROJECT SWAT-IMPACT AID	9,000	0	
2001	210	15913	LITIGATION SETTLEMENTS	186,723	43,278	
2001	210	15914	MASTER OF EDUCATION IN TEACHING PROGRAM	290,000	0	
2001	210	15915	GENDER EQUITY ATHLETICS-IMPACT AID	20,000	0	
				11,399,643	1,043,278	12,442,921

BFY 2000 Receipts						
Regular and Disabilities				31,442,921		
BFY 2000 Appropriation						
Regular and Disabilities				19,000,000		
Difference				12,442,921	Allocated in BFY 01	

Attach II

Department of Education  
 Summary of Impact Aid Allocations  
 BFY 2002

BFY	APRN	BPC	PROG ID	DESCRIPTION	ALLOC	DEFERRED	TOTAL
2002	210	1003221600	15916	COLLECTIVE BARGAINING MODEL O	0	11,439,000	
2002	210	1003221700	15917	CONTINGENCY FUND-IMPACT AID	0	2,319,325	
					0	13,758,325	13,758,325

BFY 2001 Receipts		
Regular		36,499,845
BFY 2001 Appropriation		
Regular		22,741,520
Difference		13,758,325 Allocated in BFY 02

State of Hawaii  
 Department of Education  
 Impact Aid Summary  
 Funds Received During the Budget Fiscal Year

	Fiscal Year 1993-94	Fiscal Year 1994-95	Fiscal Year 1995-96	Fiscal Year 1996-97	Fiscal Year 1997-98	Fiscal Year 1998-99	Fiscal Year 1999-2000	Fiscal Year 2000-2001	Fiscal Year 2001-2002
Total Average Daily Enrollment	181,212	182,691	184,408	186,743	187,010	185,052	183,635	Available 1/2002	
Per Pupil Cost Based on Average Enrollment	\$ 5,739	\$ 5,794	\$ 5,781	\$ 5,792	\$ 6,099	\$ 6,299	\$ 6,773	Available 1/2002	
Total School Budget	\$ 1,040,108,578	\$ 1,058,601,305	\$ 1,074,546,332	\$ 1,090,394,970	\$ 1,149,224,855	\$ 1,174,416,101	\$ 1,243,697,431	Available 1/2002	
Federally Connected Students	35,306	33,650	33,343	32,554	32,122	30,905	31,438	30,337	30,251
Category A	16,378	15,935	15,668	14,863	14,741	14,343	13,628	12,969	12,689
Category B	18,928	17,715	17,675	17,691	17,381	16,562	17,810	17,368	17,562
	October 2, 1992	October 4, 1993	October 3, 1994	October 2, 1995	October 1, 1996	October 1, 1997	October 1, 1998	October 4, 1999	September 11, 2000
Cost to Educate Federally Connected Students	\$ 202,621,134	\$ 194,968,100	\$ 192,755,883	\$ 188,555,047	\$ 195,910,472	\$ 194,670,595	\$ 212,918,885	Available 1/2002	
*Federal Impact Aid	\$ 23,994,289	\$ 18,624,312	\$ 17,414,263	\$ 22,638,535	\$ 24,995,446	\$ 41,994,811	\$ 31,442,921	\$ 37,953,371	
Basic Support Payment-Reg Ed.	\$ 20,883,751	\$ 17,589,419	\$ 16,031,762	\$ 22,180,876	\$ 23,254,762	\$ 40,078,649	\$ 30,320,943	\$ 36,499,845	
Disabilities Payment-Sp. Ed.	\$ 3,110,538	\$ 1,034,893	\$ 1,382,501	\$ 457,659	\$ 1,740,684	\$ 1,916,162	\$ 1,121,978	\$ 1,453,526	
Difference Between Cost of Educating Federally Connected Students and Impact Aid	\$ 178,626,845	\$ 176,343,788	\$ 175,341,620	\$ 165,916,512	\$ 170,915,026	\$ 152,675,785	\$ 181,475,964	Available 1/2002	
Impact Aid Contribution Per Pupil	680 11.84%	553 9.55%	522 9.03%	695 12.01%	778 12.76%	1,359 21.57%	1,000 14.77%		

Category A: Parents who live and work on federal property.  
 Category B: Parents who live on or work on federal property.

\*Federal Impact Aid Payments reflect total annual receipts from prior federal fiscal years. For example, receipts reflected in 1998-99 are from federal payment years 1993, 1996, 1998, and the current year, 1999.

Attachment A

State of Hawaii  
 Department of Education  
 Impact Aid Summary of Receipts by Fiscal Years

	TOTAL	FY01	Federal Payment Years										
			FY 00	FY 99	FY 98	FY 97	FY 96	FY 95	FY94	FY 93	FY 92	FY 91	
DOE BFY 01	\$ 37,953,371.31	30,645,691.71			3,034,530.29		4,273,149.31						
DOE BFY 00	\$ 31,442,921.29		29,820,415.00			1,624,506.29							
DOE BFY 99	\$ 41,994,810.19			28,101,638.47	10,562,229.63		2,666,084.00			664,858.09			
DOE BFY 98	\$ 24,995,446.12				19,356,131.00	5,064,116.00					575,199.12		
DOE BFY 97	\$ 24,611,821.00					22,638,535.00	1,973,286.00						
DOE BFY 96	\$ 18,137,994.82						17,414,263.00		1,616,803.98				723,731.82
DOE BFY 95	\$ 18,624,312.00							18,624,312.00					
Grand Totals by Federal FY		\$ 30,645,691.71	\$ 29,820,415.00	\$ 28,101,638.47	\$ 29,918,360.63	\$ 27,702,651.00	\$ 22,053,633.00	\$ 18,624,312.00	\$ 1,616,803.98	\$ 664,858.09	\$ 575,199.12	723,731.82	
Date of Federal Survey Data		10/4/99	10/1/98	10/1/97	10/1/96	10/2/95	10/3/94	10/4/93					

Attachment B

State of Hawaii  
Department of Education  
Impact Aid Summary of Receipts by Fiscal Years

	TOTAL	FY01	Federal Payment Years										
			FY 00	FY 99	FY 98	FY 97	FY 96	FY 95	FY94	FY 93	FY 92	FY 91	
DOE BFY 01	\$ 37,953,371.31	30,645,691.71			3,034,530.29		4,273,149.31						
DOE BFY 00	\$ 31,442,921.29		29,820,415.00			1,624,506.29							
DOE BFY 99	\$ 41,994,810.19			28,101,638.47	10,562,229.63		2,666,084.00			664,858.09			
DOE BFY 98	\$ 24,995,446.12				19,356,131.00	5,064,116.00					575,199.12		
DOE BFY 97	\$ 24,611,821.00					22,638,535.00	1,973,286.00						
DOE BFY 96	\$ 18,137,994.82						17,414,263.00		1,616,803.98				723,731.82
DOE BFY 95	\$ 18,624,312.00							18,624,312.00					
Grand Totals by Federal FY		\$ 30,645,691.71	\$ 29,820,415.00	\$ 28,101,638.47	\$ 29,918,360.63	\$ 27,702,651.00	\$ 22,053,633.00	\$ 18,624,312.00	\$ 1,616,803.98	\$ 664,858.09	\$ 575,199.12	723,731.82	
Date of Federal Survey Data		10/4/99	10/1/98	10/1/97	10/1/96	10/2/95	10/3/94	10/4/93					

Attachment B