

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 (DoD) funds, and federal indirect overhead reimbursements received.

DOE REPORT: The Department of Education received the following amounts during BFY 2007-2008:

Impact Aid:	
Basic Support Payments – Regular Education	\$43,600,553
Disabilities Payment-Special Education	\$ 1,467,650
Total	\$45,068,203
U.S. DoD Funds	\$ 2,679,333
Financial Assistance Payment for Children with Severe Disabilities	\$ 601,634
Federal Indirect Overhead Reimbursements	\$ 2,558,324

ANALYSIS OF THE DATA:

The Impact Aid amount received in FY 2007-08 of \$45 million was a slight decrease of \$1.6 million when compared to the \$46.7 million received in 2006-07. After the charter schools' \$1.6 million pro-rata share (based on enrollment) of the FY 2007-08 collections was allocated, the department's remaining Impact Aid balance of \$43.4 million was well below the appropriation level of \$45.4 million.

The DoD FY 2007-08 collections saw a one-time increase of \$325,899 due to a special appropriation for enrollment changes due to base closures. This DoD program was not funded for FY 2008-09.

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 and DoD appropriations to provide supplementary funding for our public school system.