

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 2008-2009:

Impact Aid:	
Basic Support Payments – Regular Education	\$54,047,120
Disabilities Payment-Special Education	\$ 1,468,823
Total	\$55,515,943
U.S. DoD Funds	\$ 2,312,305
Financial Assistance Payment for Children with Severe Disabilities	\$ 288,227
Federal Indirect Overhead Reimbursements	\$ 1,083,650

ANALYSIS OF THE DATA:

The Impact Aid amount received in FY 2008-09 of \$55.5 million was an increase when compared to the \$45.1 million received in 2007-08. After the charter schools' \$2.2 million pro-rata share (based on enrollment) of the FY 2008-09 collections was allocated, the department's remaining Impact Aid balance of \$53.3 million was above the appropriation level of \$45.4 million and the average of the three previous years' collections of \$45.3 million. Impact Aid funds in excess of the appropriation were utilized to address the Student Transportation shortfall.

The DoD FY 2008-09 collections dropped by \$367,028 due largely to the FY2007-08 one time special appropriation for enrollment changes due to base closures that brought in \$325,899. This base closure 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.