

FEDERAL PROGRAMS: IMPACT AID AND OTHER ISSUES

What you need to know and why!



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How do you answer?

- ▣ 1) Your board president believes that the local tax payers are paying too much on the local general obligation bonds. Another board member recommends that they go ahead and use some of the district's Impact Aid dollars to make some of the bond payment.

- ▣ Is this legal? Why or why not?



How do you answer? (cont.)

- ▣ 2) The new superintendent is a big supporter of the high school football team. The team doesn't have enough money to buy new helmets, but it does have special education students on the team. The Superintendent sees some extra funds in the IDEA-B funds and buys \$25,000 worth of helmets; five percent of their total allocation for the year.
- ▣ Has the superintendent done anything wrong, and if so, what?



How do you answer? (cont.)

- ▣ 3) The special education department would like to establish an area for their related service providers to do their paperwork and have meetings when necessary. The Impact Aid – Special Education fund has a large cash balance, so the Director decides to buy a portable building which will be owned by the LEA.
- ▣ The purchase order comes to your desk to approve. Is it OK or not, and justify why it is or is not proper to do?



How do you answer? (cont.)

- ▣ 4) You're the Title Coordinator for your district. Funds are tight, but the Superintendent would like some help with the new literature class the high school will be teaching, which includes the need to buy the new literature books and a collection of Shakespeare's plays.
- ▣ Is there anything you can do to help the Superintendent out? Explain why you can't help, or if you can help, what can you do in the above situation?



How do you answer? (cont.)

- ▣ 5) Your district generates a significant amount of revenue through Impact Aid as a large portion of your student base lives on a local reservation. Local tribal leaders have demanded that the “funds generated through Impact Aid be spent on the students who live on the reservation as the dollars are supposed to follow the students.”
- ▣ Now that the tribe has demanded the funds be spent on the students who generated them, what must the district do?



How do you answer? (cont.)

- ▣ 6) The Special Education Director has promised to have all IEPs completed by January 31st prior to you sending off your Impact Aid application.
- ▣ If she completes this task as promised, do you have any issues you must worry about regarding your funding for Impact Aid – Special Education? If so, what are those issues, and are they really important?



How do you answer? (cont.)

- ▣ 7) Your district has not had luck in getting its parents to return their survey forms for Impact Aid. What options do you have that may allow you to get better coverage?



How do you answer? (cont.)

- ▣ 8) Money is tight in your district, as it is in every district in New Mexico. Your Superintendent asks you to review your Impact Aid application to identify if there are other things the district could do to legally increase the funding level.
- ▣ What are some issues you need to look at, and how will they affect your funding?



How do you answer? (cont.)

- ▣ 9) You're a small district where people do multiple jobs almost every single day. You've done your best to allocate those salaries to the various funds based on the history of the last three years.
- ▣ As long as you are able to document the care you took in estimating the work done by each of those employees, have you met the requirements?



How do you answer? (cont.)

- ▣ 10) You're doing a large construction project at your district. However, after the bids come in it looks like you will be a little bit short of completing the project with the general obligation bond funds you have. You do have some Impact Aid – Construction dollars that could make up the \$500,000 difference.
- ▣ May you use the Impact Aid – Construction dollars in this manner? If so, are there any issues you need to consider?



What is Impact Aid?

- ▣ Impact Aid law (now Title VIII of the Elementary and Secondary Education Act of 1965 (EASA)) provides assistance to local school districts with concentrations of children residing on:
 - Indian lands
 - Military bases
 - Low-rent housing properties
 - Other Federal properties



Sequestration?

- ▣ How does sequestration affect Impact Aid?
- ▣ “You'll recall that all but one federal K-12 education funding program will be cut in July [2013], not January [2013]; the one program facing mid-year cuts is Impact Aid.”
- ▣ “Because Impact Aid is not forward-funded, schools receiving it would start to feel Sequestration cuts in January.”



Sequestration? (cont.)

- ▣ “The Gallup-McKinley County Public Schools in Gallup, New Mexico, receives about \$35 million from the Impact Aid program, or about 35 percent of the district’s total budget, to help meet the needs of 7,500 federally connected children, including 6,700 students who live on Indian lands. Sequestration would result in a mid-year cut of more than \$3 million to Gallup-McKinley's Impact Aid payment.” Arne Duncan, Secretary of Education.



Sequestration? (cont.)

- ▣ Would Gallup really see a drop of \$3 million?
 - No, but it would see a drop of \$750,000 in funding.
- ▣ If the state saw a reduction of funding for Impact Aid in 2012-2013 of \$10 million, what would be the total dollar impact on those districts?
 - \$2.5 million
- ▣ Would non-Impact Aid districts be affected?
 - Yes. In the above scenario, the State would have to make up \$7.5 million in funding to the Impact Aid districts, which will come out of the total funding available for SEG. The remaining districts will have funding cut by the \$7.5 million.



How do you qualify for Impact Aid?

- ▣ In New Mexico, the principal recipients of Impact Aid are those districts which have tribal lands or military bases within their district boundaries.
- ▣ School districts must demonstrate:
 - The district educates at least 400 students in average daily attendance; or
 - Federally connected children make up at least 3% of the district's total average daily attendance; or
 - Federal Government has acquired, since 1938, real property with an assessed valuation of at least 10% of all real property in the district at the time of acquisition.



How do you get funds?

- ▣ Annual application -
 - Begin work in the fall for identifying students
 - ▣ Survey forms
 - ▣ Source checks
 - Due January 31 (normally) of each year
 - ▣ On-line application
 - Funds for:
 - ▣ Regular students
 - ▣ Special education students
 - ▣ Construction



Things to remember in application.

- ▣ 10% penalty for late submission of application
- ▣ ADA – average daily attendance
 - New Mexico has an agreement for 92% ADA
 - Many schools have higher ADAs which can get you more money if you demonstrate higher ADA
 - ▣ Do an analysis of your ADA



What funds may be affected?

- ▣ 11000 – General Operational Fund
- ▣ 25145 – Impact Aid – Special Education
- ▣ 25147 – Impact Aid – Indian Education
- ▣ 31500 – Special Capital Outlay - Federal



Operational Funds – Impact Aid

Section 8003(b)

- ▣ Subject to 75% credit
 - State offsets 75% of Impact Aid revenue to the Operational Fund against SEG
 - ▣ For example, if the district receives \$1,000,000 of Impact Aid, the state reduces SEG distributions by \$750,000
- ▣ Only restrictions are those which exist for SEG funds
- ▣ Restrictions on expenditures:
 - Supplement vs. supplant
 - ▣ Impact Aid used as State or local funds; treated as non-Federal funds for purposes of compliance



Impact Aid – Special Education Section 8003(d)

- ▣ Funding based on number of special education students with current IEP at date of survey
- ▣ Any qualifications or restrictions on student count?
 - IEP out of date – student is not eligible
 - Gifted students – not counted for eligibility; only students with disabilities
- ▣ Any qualification or restrictions on expenditures?
 - Any valid expenditure for special education purposes, including program planning and evaluation costs
 - Equipment when title is held be LEA
 - Construction – not allowable
- ▣ May not supplant State funds



Impact Aid – Indian Education Section 8003(b)

- ▣ Funding based on number of students living on Federally affected lands
- ▣ How must funds be spent in relation to the students who generated these funds? Native vs. non-Native
- ▣ How must funds be spent in regards to locations which generated these funds? Federal lands vs. non-Federal lands
- ▣ What types of expenditures are allowable, and what types of expenditures are not allowable? Salaries? Legal expenses? Board expenses? Construction? Debt services?
- ▣ Any allowable expenditure with State funds is legal with Impact Aid funds



Impact Aid – Construction

Section 8007(a) or 8007(b)

- ▣ 8007(a) – formula grants based on the number of eligible Federally connected students
- ▣ 8007(b) – competitive grants for emergency repairs and modernization
- ▣ Funds must be used for construction, which includes:
 - Preparation of drawings and specifications for school facilities
 - Erecting, building, acquiring, altering, remodeling, repairing, or extending school facilities
 - Inspecting and supervising the construction of school facilities
 - Debt service for such activities



Impact Aid – Construction

Section 8007(a) or 8007(b) (cont.)

- ▣ Restrictions:
 - Must be construction related expenditure
 - All construction costs subject to Davis-Bacon Act



Title Programs

- ▣ What are your major issues to be aware of regarding the Title programs?
 - Consolidated application
 - Set asides
 - Time maintenance
 - Supplement vs. supplant
 - What schools are involved
 - Comparability report
 - Others



IDEA-B

- ▣ How much of the costs of special education students are the Federal Government supposed to cover?
 - 40%
- ▣ How much of the costs of special education students does the Federal Government actually cover?
 - 17-19%
- ▣ What are your major issues to be aware of regarding the IDEA-B programs?
 - Current IEP
 - Maintenance of effort – what to include or exclude
 - Supplement vs. supplant
 - Services



Questions?



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