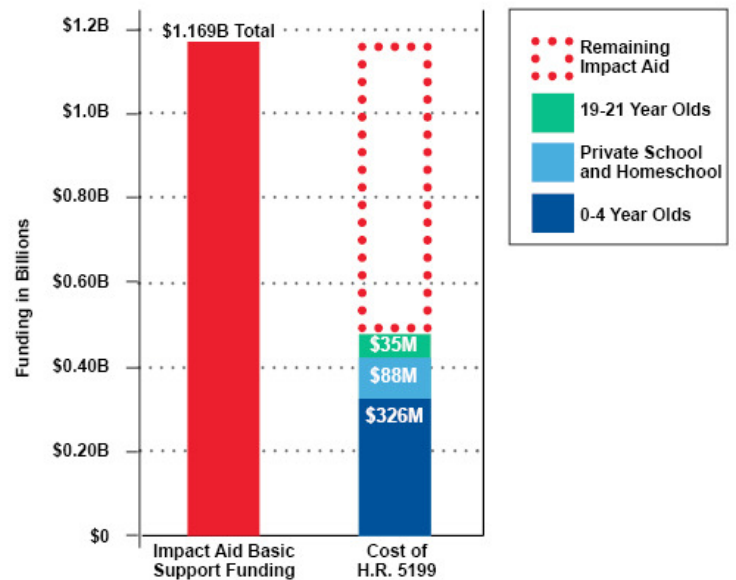




Voucher Bill Could Cost \$450 million, Cut Impact Aid by 39 Percent

H.R. 5199, the Education Savings Accounts for Military Families Act, repurposes Impact Aid funding into a form of private school voucher, called an education savings account (ESA), for some active duty military dependent students. **The proposal could redirect as much as \$450 million from the Impact Aid program.** This bill ignores and undermines the purpose of Impact Aid, which is to replace the loss of local revenue when a school district is on or near nontaxable Federal properties, including military installations, Native American reservations, or national parks. Impact Aid funding is targeted based on where the presence of Federal property has the most significant impact on a school district’s budget.

The proposal would create unprecedented uncertainty for federally impacted school districts because it could drain significant resources, an estimated \$450 million, from the Impact Aid program. The potential for such a significant funding reduction would severely hinder a school district’s ability to maintain the staff, programs, services, and infrastructure necessary to support military connected students, a vast majority of whom are educated in public school districts. As a result of this legislation, Impact Aid funds could be reduced in more than 1,100 school districts, educating more than ten million students, by approximately 39 percent. That includes school districts that educate a majority of American Indian and Alaska Native students as well as military connected students. By comparison, the sequestration cut of five percent to Impact Aid in FY 2013 contributed to staff eliminations, increased class sizes, cuts to professional development, academic programs, extracurricular activities, and bus routes, deferred maintenance, and even school closures.ⁱ



The bill’s definition of an “eligible military dependent child” for an ESA extends well beyond school-aged (and public-school enrolled) federally connected children who generate funding through Impact Aid. Any active duty dependent residing within the boundary of a heavily impacted school district or military installation, including those ages 0-4 and ages 19-21, as well as students already enrolled in private schools or being homeschooled, would be eligible for an ESA.

Because these categories of students are either already opting out of the public school system or not in the public school system (an eligibility requirement in the bill), it is likely that most of these families would choose to receive an ESA.

THE NAFIS FAMILY

MISA

Military Impacted Schools Association

NIISA

National Indian Impacted Schools Association

FLISA

Federal Lands Impacted Schools Association

MTLLS

Mid-to-Low-LOT Schools

Active Duty Military Dependents in Private School & Homeschool Programs

Cost to Impact Aid: \$88 million

Approximately 16 percent of school-aged children with parents on active duty are either in private school or are homeschooled.ⁱⁱ Based on this assumption and the number of military connected children enrolled in eligible Impact Aid school districts, an estimated 26,653 eligible children are currently enrolled in private school or are being home schooled. These students would be eligible for ESAs totaling an estimated \$88 million.

Active Duty Military Dependents Ages 0-4

Cost to Impact Aid: \$326 million

According to the U.S. Department of Defense, approximately 36 percent of active duty dependents are ages 0-4.ⁱⁱⁱ Based on this assumption and the number of military connected school-aged children enrolled in eligible Impact Aid school districts, an estimated 98,759 active duty military dependents ages 0-4 would be eligible for ESAs totaling an estimated \$326 million.

Active Duty Military Dependents Ages 19-21

Cost to Impact Aid: \$35 million

According to the U.S. Department of Defense, approximately four percent of active duty dependents are ages 19-21.^{iv} Based on this assumption and the number of military connected school-aged children enrolled in eligible Impact Aid school districts, an estimated 10,726 active duty military dependents ages 19-21 would be eligible for ESAs totaling an estimated \$35 million.

These estimated effects on federally impacted school districts do not include additional costs such as:

- The five percent administrative set aside for the U.S. Department of Education to administer the ESA program.
- The tens of thousands of active duty dependents enrolled in domestic U.S. Department of Defense schools who would be eligible for an ESA if they live on an installation -- because they are not enrolled in a public school.
- Any students (ages 5-18) who elect to leave public schools in Impact Aid districts in order to receive an ESA.
- Any eligible active duty military dependents living on installations attending public school districts that do not apply for or are ineligible to receive Impact Aid.

Therefore, it is likely that the cost of this bill to the Impact Aid program could be well beyond the estimated \$450 million.

These calculations are based upon the following data and assumptions:

- Fiscal Year 2016 U.S. Department of Education Impact Aid Basic Support program (Section 7003) data, the most recent year for which payments have been finalized.
- Average daily attendance was converted into total enrollment.
- Military family composition and schooling options in heavily impacted school districts and for those living on military installations are generally reflective of military family composition and schooling options overall across the military.

ⁱ Bissonnette, J. (2013). *Shortchanging Our Future: Sequestration's Damage to Impact Aid Schools*. NAFIS: https://docs.wixstatic.com/ugd/423d5a_f996f29a8805445387c0af1b965a2d06.pdf

ⁱⁱ *MIC3 2016 Annual Report* (2016). Military Interstate Children's Compact Commission, 3: http://www.mic3.net/assets/mic3_annual_report---final.pdf

ⁱⁱⁱ *2016 Demographics: Profile of the Military Community* (2016). US Department of Defense, 138: <http://download.militaryonesource.mil/12038/MOS/Reports/2016-Demographics-Report.pdf>

^{iv} Ibid.