"IMPACT AID: ENSURING ALL CHILDREN RECEIVE A QUALITY EDUCATION"

HEARING

BEFORE THE

SUBCOMMITTEE ON EDUCATION REFORM

OF THE

COMMITTEE ON EDUCATION AND THE WORKFORCE

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, NOVEMBER 8, 2001

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HEARING ON "IMPACT AID: ENSURING ALL

CHILDREN RECEIVE A QUALITY EDUCATION"

THURSDAY, NOVEMBER 8, 2001

HOUSE OF REPRESENTATIVES,

SUBCOMMITTEE ON EDUCATION REFORM,

COMMITTEE ON EDUCATION AND THE WORKFORCE

WASHINGTON, D.C.

The subcommittee met, pursuant to call, at 10:30 a.m., in Room 2175, Rayburn House Office Building, Hon. Mike Castle [chairman of the subcommittee] presiding.

Present: Representatives Castle, Schaffer, Petri, Ehlers, Tancredo, Fletcher, Biggert, Keller, Osborne, Kildee, Scott, Woolsey, McCarthy, Solis, Davis, Owens, Roemer, and Kucinich.

Also Present: Representative Kirk.

Staff Present: George Conant, Professional Staff Member; Pam Davidson, Professional Staff Member; Patrick Lyden, Professional Staff Member; Deborah L. Samantar, Committee Clerk/Intern Coordinator; Jo-Marie St. Martin, General Counsel; Holli Traud, Legislative Assistant; Heather Valentine, Press Secretary; Denise Forte, Minority Legislative Associate/Education; Maggie McDow, Minority Legislative Associate/Education; Alex Nock, Minority Legislative Associate/Education; and Joe Novotny, Minority Staff Assistant/Education.

OPENING STATEMENT OF CHAIRMAN MICHAEL N. CASTLE, SUBCOMMITTEE ON EDUCATION REFORM, COMMIITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPESENTATIVES, WASHINGTON, D.C.

Chairman Castle. The hearing before the Subcommittee on Education Reform will come to order. We are meeting today to hear testimony ensuring that children on Impact Aid receive the quality education.

Under committee rule (12)(b), opening statements are limited to the chairman and the ranking minority member of the subcommittee. Therefore, if other members have statements

they may be included in the hearing record. With that, I ask unanimous consent for the hearing record to remain open 14 days to allow members' statements and other extraneous material referenced during the hearing to be submitted in the official hearing record. Without objection, so ordered.

I am pleased to welcome our guests here today, witnesses and members, to the Education Reform Subcommittee hearing on Impact Aid. General Clark will be here at 11:00, I understand.

As many of you know, the operating funds for most school districts are generated by state and local taxes. Yet certain activities of the federal government such as the designation of federal or Indian lands deprive our school districts of the major source of revenue for their elementary and secondary schools. For this reason, the federal government has an obligation to compensate local school districts for the costs of educating federally connected students and ensure quality education for all, the children who reside on federal property and the other children attending school in that district.

The Impact Aid program supports schools serving children whose parents live and/or work on federal land, military and Indian families, for instance. And since most Impact Aid funds are considered general aid funds at the school district level, they can be used for a wide variety of school-related expenses, including teacher salaries, capital expenses and tutoring or remedial education services.

In my state of Delaware, Dover Air Force Base increases the enrollment of students in the Caesar Rodney School District while it reduces the tax base by removing this property from our tax rolls. In addition, the realignment of military forces can lead to major or unexpected influxes of military children into our school district and can strain school resources. Other states and school districts also miss sales tax revenues when military families shop in commissaries and exchanges.

Consistent with our commitment to provide all children with a quality education, Congress has provided the Impact Aid program a substantial increase in funding. In fact, the House-passed version of the education-spending bill for fiscal year 2002 provides $1.1 billion for the Impact Aid program, an increase of $223 million over the last five years and a testament to the bipartisan support this program has enjoyed.

Since its creation in 1950, the Impact Aid program has seen many changes. Today's hearing is designed to learn how well this program has responded to the changing needs in school districts impacted by federally connected children. To that end we are fortunate to have a distinguished panel of witnesses, and I look forward to hearing their testimony.

In closing, I would like to thank my colleague, Representative Mark Kirk, for requesting this hearing and focusing our attention on this important issue. As a Lieutenant Commander in the Naval Reserves, Representative Kirk is all too familiar with the needs of military families, and his experience has enabled him to be an effective and untiring advocate for Impact Aid not only to improve the quality of life for our military families, but also to improve the quality of

education for all students who benefit from the program.

I also would like to thank Representatives Judy Biggert and Susan Davis as well as my ranking member, Dale Kildee, for their continuing interest and leadership on this issue.

In a few minutes, we will proceed with introductions but at this time, I will yield to the gentleman from Michigan, Mr. Kildee for any statement he may wish to make.

WRITTEN OPENING STATEMENT OF CHAIRMAN MICHAEL N. CASTLE, SUBCOMMITTEE ON EDUCATION REFORM, COMMIITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPESENTATIVES, WASHINGTON, D.C. – SEE APPENDIX A

OPENING STATEMENT OF RANKING MINORITY MEMBER DALE E. KILDEE, SUBCOMMITTEE ON EDUCATION REFORM, COMMIITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPESENTATIVES, WASHINGTON, D.C.

Mr. Kildee. Thank you, Mr. Chairman. I want to thank Governor Castle for holding today's hearing and the witnesses for their testimony. I have seen one of the witnesses; actually it has been 24 years since I have seen you as a freshman member of this committee. Good to see you again, Mr. Vought.

Impact Aid provides valuable resources to school districts, which have lost their ability to tax local real estate due to the federal government's responsibility, presence and ownership. Without the ability of certain local property taxes available for taxation, school districts have their ability to provide for quality education for their children greatly lessened. Impact Aid since 1950 has attempted to respond to this problem by making up part of the difference in local lost revenues.

Whether you consider the needs of a heavily impacted district with a large percentage of Indian or military children or a district impacted to a lesser degree, one thing remains constant, lost revenue does impact the education of children. In this case, with this program, conservative or liberal, Republican or Democrat, money does matter in helping those children.

I look forward to learning from all of you about the importance of Impact Aid in your districts. As Governor Castle knows, our conference committee on the Elementary and Secondary Education Act has completed its work on Impact Aid and turned this matter to other attention. Our conference committee has agreed upon important technical changes necessary to keep Impact Aid functioning as smoothly as possible, and Governor Castle played a major role in doing that.

Now is the time to continue the push for additional funding for this important program. The President recognized the importance of Impact Aid construction by proposing $150 million in his fiscal year 2002 budget. As the appropriations process finishes, we need to be mindful to

ensure that Impact Aid is not left shortchanged.

In closing, I want to thank you, Mr. Chairman, for holding this hearing and hope we can use this discussion today to push for additional resources for this program. Thank you, Mr. Chairman. And I will run over and cast my vote and run right back. Thank you.

Chairman Castle. Thank you, Mr. Kildee. We appreciate that. And let me announce to the witnesses and others who are here that we are going to continue this hearing through this vote. There is one vote on the Journal. And Mrs. Biggert has gone to vote and she will take over the Chair and I will run to vote in the 15-minute period if all goes well. That is so we don't have to discontinue the hearing, which unfortunately can usually lead to about a 30-minute loss of time.

We will now go to our witness introductions. We have a lot of people who are going to introduce witnesses, but I will turn first to Representative Kirk. He will introduce General Clark when he arrives. But he is also going to introduce Dr. Pickles. So we will start with that introduction. We will go through all the introductions and then we will go through all of your statements to us.

OPENING STATEMENT OF REPRESENTATIVE MARK STEVEN KIRK (R-IL), U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, D.C.

Mr. Kirk. Thank you governor, for the extraordinary courtesy you give me as a noncommittee member to be here. And I want to introduce Dr. Pickles. I also want to particularly thank you and my other bipartisan colleagues on the Impact Aid issue, Rick Larsen, Tim Roemer and Susan Davis who have helped me out with this. I also want to thank Sage Lansing from my staff for putting our effort together.

Dr. Pickles, you are one of the country's leading experts on Impact Aid, having run one of the most heavily impacted school districts in the nation. Over 35 percent of your students are federally impacted children. And you also went through one of the nightmare scenarios of the Impact Aid world, having faced bankruptcy with over a $4 million shortfall in the Impact Aid program. And thanks to the work of my predecessor and office, John Porter and the governor, we were able to rescue the North Chicago School District with a reform of the Impact Aid program.

I have to hand it to you; you have done a fantastic job. You are one of the most popular leaders in our community and delivering for the kids of North Chicago as it was your priority and is your priority and is now my priority. And so I look forward to your testimony and thank you so much for coming to share your thoughts with us.

Thank you, governor.

OPENING STATEMENT OF REPRESENTATIVE MARK STEVEN KIRK (R-IL), U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, D.C. – SEE APPENDIX B

Chairman Castle. Thank you, Representative Kirk. And Representative Scott will introduce Mr. Jarrett.

Mr. Scott. Thank you, Mr. Chairman. It is my pleasure to introduce Mr. Dennis Jarrett, distinguished member of our panel. He is the Chief Financial Officer for the York County school system in Virginia. York County school system is almost 12,000 students, and almost half of them are federally impacted students. York County receives $6.8 million a year in Impact Aid.

Mr. Jarrett has worked with federally impacted school districts since 1984. He is a licensed public accountant and currently serves as the Virginia Chair of the National Association of Federally Impacted Schools. Last year he was awarded the Administrator of the Year for the 1999-2000 fiscal year by York County Association of Education Office of Professionals.

Mr. Chairman, the students and schools in Tidewater, Virginia are well represented by Mr. Jarrett. Many of them are impacted. While York County is technically not in my district, it is one of numerous localities in the Hampton Roads, Tidewater area represented by Congressman Jo Ann Davis, Congressman Ed Schrock, Congressman Randy Forbes and myself, all of which are heavily impacted by the presence of numerous military bases and other federal facilities.

So I appreciate Mr. Jarrett joining us today and look forward to his testimony as well as the testimony of others.

Chairman Castle. Thank you, Representative Scott. We appreciate that. And I will introduce Mr. Vought, who is the Superintendent of Lac du Flambeau School District in the heart of north central Wisconsin. Lac du Flambeau is located on the Indian reservation, and he will be testifying on the importance of Impact Aid funding for a school district where the population is 96 percent native American.

I apologize if my introduction is not as flowery as some of the others who were introducing their constituents, but we are very pleased to have you here and look forward to hearing your testimony.

Dr. Madden will be introduced by Mrs. Biggert when she gets back, and Mr. Kirk will introduce General Clark. So we will hold those introductions until they get back.

We are ready, Dr. Pickles, to start with your testimony. The basic rules, as you know, are that you have five minutes. There is a green light for four minutes, yellow light for one minute and the red light for thereafter, and we hope that by the time you see the yellow you are thinking about winding up, by the time you see the red you start bringing it to closure.

Dr. Pickles.

STATEMENT OF DR. PATRICIA PICKLES, SUPERINTENDENT OF SCHOOLS, NORTH CHICAGO PUBLIC SCHOOLS, NORTH CHICAGO,

ILLINOIS

Dr. Pickles. I would like to thank the subcommittee for taking time to hear me this morning. First of all, where is the light? Again, I would like to thank the subcommittee for taking time to hear me this morning.

I would like to reiterate what Congressman Kirk said and that is that 10 years ago, North Chicago Public Schools was on the verge of dissolving as a school district because they did not have the funds to actually continue to provide quality education for the students. Today, that scenario has turned around. And if you can kind of display the charts that I have to illustrate.

Impact Aid has actually increased over the years, which is illustrated by the charts you see. And because of that increase, we have actually had an opportunity to address the needs in our strategic plan and that is virtually building a new school and adding on to six others classrooms and multi-purpose rooms, adding a new TV, radio studio, adding new science labs. Due to the increase, we have also been able to address academic needs of our students, expanding reading programs, adding more advanced placement programs.

I want you to understand that I am talking about a district where at least 70 percent of the students qualify for free and reduced meals. I am talking about a district where 17 percent of the students actually qualify for special education and at least five percent are served through our bilingual program.

When we consider the goals of our President George Bush and in his reprint, No Child Left Behind, he has seven goals that he outlines, and included in those goals is providing quality education for disadvantaged students, providing safe schools, and it talks about Impact Aid, increasing Impact Aid. And I think if we increase Impact Aid, then we can actually have the opportunity to address the other goals that are listed in No Child Left Behind.

As we talk about Impact Aid, under the current formula for North Chicago Public Schools, we are currently funded under the current formula. However, all districts don't have that opportunity. So I am here to speak not just for North Chicago but all of the children across the district. And as we look at Impact Aid, as we think about even at this very time that Congress is considering increasing the funds for students with disabilities, the promise that they made 25 years ago, I would think that Impact Aid, particularly at this time, would be of utmost importance. And it was a promise that Congress made more than 50 years ago. I would think that that would be a non-negotiable.

As individuals go off and fight for our country, I would think that we would also be at home fighting for quality of life for the children that they leave behind. I truly believe that all children can learn, that all children will learn if they are taught and if we care enough to provide the resources and the support that is needed to make them successful.

STATEMENT OF DR. PATRICIA PICKLES, SUPERINTENDENT OF SCHOOLS, NORTH CHICAGO PUBLIC SCHOOLS, NORTH CHICAGO, ILLINOIS – SEE APPENDIX C

Mrs. Biggert. [Presiding.] Thank you very much. I would like to take this opportunity to introduce another witness, and I would like to thank Mr. Castle for holding today's hearings on the successes and challenges of the Federal Impact Aid program.

I think, as my colleagues are aware, the federal government provides payments to the Impact Aid program to local school districts adversely impacted because of the federal presence. And in my congressional district, three school districts receive Impact Aid dollars, Lemont, Cass and Palisades. And this funding results from the presence of the Department of Energy's Argonne National Laboratory. And when Argonne was established in the mid-1940s, approximately 4,800 acres were taken over by the federal government and removed from the tax rolls. So this means that the school districts have fewer tax dollars to educate the same number of students that other school districts would have.

So Dr. Thomas J. Madden serves as the superintendent of one of those school districts, the Lemont Township High School District 210, and he has firsthand experience in meeting the challenges of fewer tax dollars to educate more than 1,000 students. So I worked closely with Dr. Madden for many years on Impact Aid and other education matters, and he is certainly recognized in the community as an education leader and even within the state of Illinois. So he knows the difference that Impact Aid funds can make.

So I am happy to welcome Dr. Madden and introduce him to the subcommittee.

I think we will continue until we have more of our members here and continue with the testimony so that we can introduce General Clark. I would like to welcome here now, but we will hold off just a minute if we might and have Mr. Richard Vought, if you want to give your testimony.

STATEMENT OF RICHARD VOUGHT, SUPERINTENDENT, LAC DU FLAMBEAU SCHOOL DISTRICT, LAC DU FLAMBEAU, WISCONSIN

Mr. Vought. I have submitted a copy of all this. I submitted a copy of my testimony here, so you can read that and I won't be redundant and read it to you, but I concur with Dr. Pickles on the importance of Impact Aid to military districts. These students in these districts are highly mobile, and there is an extra cost of educating students that are highly mobile.

Equally true is education for Indian youth on Indian reservations. In our district, 96 percent of our students are of Native American ancestry and approximately the same amount live on nontaxable land. From the Impact Aid program, we derive 40 percent of our budget to run the school district, and the needs of the youth are many. 80 percent of our clientele receive free or reduced lunches. Our special education population is over 20 percent and growing every year, as is everyone's throughout the country, as there is more and more categories of disabilities being identified.

Additional costs that we are incurring lately, health insurance has been going up at an alarming rate, over 20 percent the last two years. And if this continues it will double within four

or five years. So these are costs that come out of the general coffers and we need Impact Aid to keep the coffers to pay our staff.

I read some time ago that every dollar that is spent on education saves four dollars later on in the student's life on social programs and prisons. I think Impact Aid is the means by which many, many school districts throughout this country are able to offer educational programs for their youth, and it not only needs to continue, but also needs to expand and we need to be guaranteed that this money will be there. If it is not there, the local property taxpayer has to make up the difference. And the local property taxpayer, the property taxes is the most tangible of all taxes. They know what they are spending to educate a child in the country. They don't know what they are spending to keep a prisoner in jail, but they know what they are spending in their district to educate a child.

I urge your support for the Impact Aid program and I urge your support in making it an entitlement.

STATEMENT OF RICHARD VOUGHT, SUPERINTENDENT, LAC DU FLAMBEAU SCHOOL DISTRICT, LAC DU FLAMBEAU, WISCONSIN – SEE APPENDIX D

Mrs. Biggert. Thank you very much for your testimony, and we will get to all the questions after all the testimony, as I am sure Mr. Castle mentioned. Now that Representative Kirk is back, if you would like to introduce General Clark.

Mr. Kirk. Thank you, Chairman Biggert. General Clark and I used to work together during the Operation Display Determination, an Allied Force. I was very low on the totem pole there. And he also visited our squadron when we were conducting Operation Northern Watch at Incirlik, and we were able to serve, over the engine repair facilities, some very bad scrambled eggs for you, general. I don't think anyone has gained a reputation as a commander of the modern 21st century environment, coalition warfare, making sure that the United States achieves both its political and military objectives better than General Clark, who is one of the most thoughtful members of the military service we have ever had, one of the most successful with the Allied Force being able to take out one of the largest militaries that we have ever taken on without a single combat casualty. And I could think of no one who could better speak on behalf of the greater military family and dependents than someone who has so honorably served this nation for so long and who can advise as to how to back up the men and women of the armed forces with the quality of life that keeps their head in the cockpit and focused on the mission ahead.

So, general, we welcome you and thank you for coming.

Mrs. Biggert. Thank you. And I am going to yield 30 seconds to the ranking member, Mr. Kildee.

Mr. Kildee. General Clark, my son, Captain Paul Kildee, had the good fortune to serve under your command both in Stuttgart, Germany and in Bosnia and I personally salute you.

Mrs. Biggert. I think we will proceed then, General Clark, with our testimony.

STATEMENT OF GENERAL WESLEY CLARK, U.S. ARMY (RET.), MANAGING DIRECTOR-MERCHANT BANKING, STEPHENS GROUP, WASHINGTON, D.C.

General Clark. Thank you very much. I never had the opportunity to testify before this subcommittee before and I am very pleased and honored to have the opportunity to do so, and I did submit a written statement. And what I would like to say just in amplification for that is, I think the case for Impact Aid for the military students is self-evident. Our military personnel are moved from location to location. They are frequently transferred even during a school year, and particularly now at a time of what is a national emergency for this country. I think we want to do everything we can to attract and retain the very top quality people in the armed forces today, both in the officer corps and in the enlisted noncommissioned officer corps.

One of the things I found throughout my service is that the quality of their children's education matters a very great deal to the members of the armed forces. They worry about it. They plan on it. They try to save money for it, but ultimately they are victims. They are victims of the assignment process, and particularly in overseas commands, but also in the United States when, on 3-year cycles, they come in and they are caught up with their own duties in a very all-encompassing way.

Their children are put into public schools on the basis of trust. They don't know their neighbors. They don't have siblings that have been to the schools. The schools don't know them. And by the time the service members recover from the shock of transfer, they are usually two-thirds of the way through the school year. They haven't had a chance to become personally involved in the schools that are normal for parents in most of their communities. Then in the last year, they are worried about their reassignments. So they often aren't as involved in the schools as they should be.

We have to help those school districts, I believe, by giving them full and adequate resources they require to provide a quality education for these children. It is a matter of money in part because the constant turnover of people means that it is much more difficult to take curricula and bring them through a school system. These children are coming in from other schools. They have other needs. They have catch-up needs. They have acculturation needs.

And it does put an added burden on a school system, and that added burden is met in most of these communities with a reduced tax base as a result of federal installations in the area. So it is sort of a double whammy on a school district.

I just think that there is probably nothing we can do that is more important in the long-term health of the armed forces than assure the members in the services that their children will receive a very high quality public education.

Thank you for the opportunity to testify.

STATEMENT OF GENERAL WESLEY CLARK, U.S. ARMY (RET.), MANAGING DIRECTOR-MERCHANT BANKING, STEPHENS GROUP, WASHINGTON, D.C. – SEE APPENDIX E

Mrs. Biggert. I forget to turn on my mike. Thank you very much for your testimony and now Dr. Madden, if you would proceed.

STATEMENT OF DR. THOMAS J. MADDEN, SUPERINTENDENT, LEMONT TOWNSHIP HIGH SCHOOL DISTRICT #210, LEMONT, ILLINOIS

Dr. Madden. Thank you. There are times when the presence of the federal government has a negative financial impact on local school districts. This impact gives the Impact Aid program its name.

In the case of federal properties school districts, the negative financial impact is the marked reduction of local tax revenues needed to operate schools. As mentioned by Congresswoman Biggert, when Argonne National Laboratory was established, approximately 4,800 acres were taken over by the federal government and taken off the tax rolls of my school district. That is 4,800 acres for which we are not receiving tax revenue. My school district must educate over a thousand students and our local residents through their local property taxes shoulder the greatest portion of the financial burden for doing so. The burden on these local taxpayers became much, much greater when the federal government took over ownership of about 25 percent of the total acreage of our school district. It still costs just as much to operate our district, but our ability to raise local taxes to do so is greatly curtailed because of the presence of the federal government; hence, federal Impact Aid.

The problem, however, is that federal properties school districts have been receiving about eight cents on the dollar for this lost tax revenue. There is an analogy, the renter's analogy; I have used to illustrate the impact I am referring to. Instead of a public school district, let us use a three-unit apartment building as our example. This building has three renters, each paying $1,000 per month. The total monthly rent of $3,000 allows the owner to pay all necessary expenses and make a modest profit. Then one day, one of the three renters goes to work for the federal government and for that reason and that reason alone is no longer required to pay the $1,000 monthly rate, but the owner still needs $3,000 per month to operate. So the other two renters must make up the difference and their monthly rent increases to $1,500, well, almost. The federal government does realize its impact and provides aid in the amount of $80, that is eight cents on the dollar for the loss of that $1,000. So the remaining two renters must now pay $1,460 a month instead of a thousand.

If we substitute remaining local taxpayers for remaining renters, we see that the analogy does serve to illustrate the real world of federal Impact Aid and the importance to local school districts. The lost dollars could be used to buy books, hire teachers, and improve facilities and a host of other basic needs and improvement efforts and projects. Lost revenues deny local communities such basic educational necessities.

Finally, I would like to comment on what can be an overused term; namely, "entitlement." I am sure that the elected officials of Congress face a continual stream of constituents asking for funds of one type or another in the name of entitlement. Here is what I know. As a school superintendent, I realize we receive federal funds for a number of challenges we face. We receive funds to help with reading, science and math instruction, vocational instruction, and drug education. Make no mistake about it; we very much appreciate the financial assistance of the federal government with these challenges. But I cannot help recognize that these problems are not caused by the federal government. They exist across the country, but they are local problems.

With Federal Impact Aid, however, the federal government has actually caused the problem. Because of the federal presence, local school districts are required to spend additional dollars to educate more students than it would otherwise have to or, as is the case with federal properties districts, they are required to educate the same number of students with many fewer dollars. Since this negative financial impact is actually caused by the presence of the federal government, I don't think any better case for entitlement can be made.

The federal Impact Aid program is one of the most popular, most bipartisan programs existing today. It provides important funding that goes directly to school districts to be used to help students and to operate schools. The Impact Aid community is deeply grateful to the members of Congress for supporting us and supporting such funding. We are grateful to these members for understanding that the funding levels have been inadequate for years, and we are grateful for their continuing efforts to maintain the program and increase such funding, especially over the past few years.

Thank you very much for this opportunity to address you.

STATEMENT OF DR. THOMAS J. MADDEN, SUPERINTENDENT, LEMONT TOWNSHIP HIGH SCHOOL DISTRICT #210, LEMONT, ILLINOIS – SEE APPENDIX F

Chairman Castle. [Presiding.] Thank you very much, Dr. Madden. And Mr. Jarrett is next.

STATEMENT OF DENNIS JARRETT, DIRECTOR OF FINANCE, YORK COUNTY PUBLIC SCHOOLS, YORKTOWN, VIRGINIA

Mr. Jarrett. Well, many of the remarks that I had on my sheets to make have already been made. I am basically left with thank you, but I will add a few more remarks that I have specific to our school division. First, I would like to thank you for your support of the Impact Aid

program, and I would like to particularly thank Congressman Mark Kirk and Congresswoman Susan Davis for their sponsorship for the Grade-A Impact Aid Bill, which would have made Impact Aid an entitlement program. This bill was not successful. However, it did raise a level of awareness for Impact Aid for school districts across the nation.

York County School Division is a heavily impacted school district. We have 44 percent of our 12,000 students are federally connected. Of that 44 percent, half of those are connected to the military and the federal government owns 40 percent of the land in York County. Some of the federal installations in York County include United States Coast Guard Training Station in Yorktown, the Naval Weapons Station in Yorktown, Camp Perry Armed forces Training Facility, the Bethel Manor Housing Annex for families stationed at Langley Air Force Base and the Colonial National Historical Park.

York County's fiscal year 2002 budget includes $6.8 million for Impact Aid. This equates to nine percent of our budget. Impact Aid is vital to the operations of the school division's budget. $6.8 million is equivalent to 180 teachers. In York County, we employ approximately 820 teachers. So that is approximately 22 percent of our teacher workforce. If we did not have Impact Aid and we had to eliminate 22 percent of our teachers, it would be devastating on the education program in York County.

In addition to teachers' salaries, we use Impact Aid to provide textbooks, instructional supplies, and equipment to the classroom. We use it to maintain our facilities, including heating, ventilation, and maintenance of equipment. If York County were to receive additional Impact Aid money over what we are receiving right now, we would direct those funds towards at-risk programs, special education programs for students with disabilities. We would be looking at student assessment and student accountability.

I would like to thank you for the opportunity to come before you today, and if you have any questions, I will try to answer those for you.

STATEMENT OF DENNIS JARRETT, DIRECTOR OF FINANCE, YORK COUNTY PUBLIC SCHOOLS, YORKTOWN, VIRGINIA – SEE APPENDIX G

Chairman Castle. I believe everybody has had a chance to testify. We will now go to questions. I know General Clark has a time limit. The basic thrust here is it is also five minutes. The clock should work as well. What we would like to do is to get the questions and answers in during the five-minute period. But if the red light does go on and three people want to answer the questions, if you could sort of move quickly, that would be helpful, because we really want to give everybody a chance and everybody has busy schedules. I will yield to myself for five-minutes to start the questions.

I want to ask you, General Clark, a question, and that is, do military children, since they move more often than civilian children, have more unique educational needs? Are they able to keep up with the normal educational career? Do they need remedial education in order to keep up with their peers?

Before you answer that, I have had sort of the reverse experience. I saw an article recently saying that actually military children are advantaged in education; used to a greater discipline, parental interest. I also have a nephew who is a major in the Army whose two kids are sharp as tacks. So it is hard for me to ask that question. But I have visited our schools at Dover Air Force Base, and obviously it is different. If you could argue better or worse, I would be interested in your views.

General Clark. For any particular school or any particular family, it is very much a function of the parents themselves and what value they put on education and what opportunities they have to put value on education. But in general, there is an adverse impact for moving around that we have seen, and that adverse impact is that you learn one year of math in one curriculum. You then move to another school district, they don't use that math program. So the concepts that the third grader learned in the second grade, when he comes to the new school district, they are not there. He becomes a problem for the teacher. And there has to be some transition for that.

In Europe, for example, for a long time we were using a math system that had been thrown out by the state of California, but it was obsolete. Kids that went from Europe back to the states were in a different curriculum of instruction. And I think that is just a small example of how when you move from place to place, you pick up knowledge that is taught in a way that it doesn't dovetail into the next year's study. Sometimes you are making the transfer in the middle of the year. So it is even more difficult for the children.

So on balance, despite the advantages of moving around, despite parents who for the most part very much care for education, despite a program I put in at Fort Hood, Texas, where there was student counseling with the teacher, I required the service member to leave his place of employment and go and be with his or her child and the teacher. So it was a teacher-parent-child conference and all those things help.

But it is still the stress of the move, the making new friends, the fitting into a new community, the new learning course of instruction. It is, I believe, a disadvantage for the children on balance.

Chairman Castle. I wasn't going to ask this, but if you have a career military person, and there probably aren't any statistics on this, are there any statistics how many moves they are likely to make in the course of a 12-year, K through 12 if you will, part of their lives?

General Clark. There are those statistics. I don't have them available right now. We could provide them. I will contact someone in the Pentagon to get them for you. But on the average, the Army and the other services will tell you they try three to four years on each duty station. But the actual practice is that it is impossible, for various reasons. And so it is on an average, my experience has been, about every two years.

Chairman Castle. That is good to know. Let me ask of Mr. Vought and Dr. Madden and Mr. Jarrett, when federal property is transferred back to non-federal status, which obviously happens for a lot of reasons, but we are looking at potential base closings, as you know, and for other reasons that it happens, how much time in your opinion would a school district need to have that

property back on the tax rolls before Impact Aid funding ceased? Obviously, there is a transition in a situation such as that. Dr. Madden.

Dr. Madden. I believe for years the transition period has been one year, and that has been taken care of through the law. I believe the reauthorization changes that language to make it a 2-year phase-in period, and that is what the Impact Aid community believes it would take to get the properties back on the tax rolls.

Chairman Castle. Do you concur in that roughly or you are not expert enough?

Mr. Jarrett. That is correct.

Chairman Castle. Thank you. The Impact Aid program was revised and reauthorized during the 106th Congress. In your view have these changes been beneficial to your school district and the students you serve?

Mr. Vought. Impact Aid has increased for our school district. However, the other costs have also increased with special education, health insurance.

Chairman Castle. So you are saying it is a race, in other words? This has increased, but the other costs have increased, too?

Mr. Vought. That is true. And we are also dealing with different problems now. We are becoming the nurse in many cases, passing out prescriptions to students, and safety concerns since the Columbine thing. There are additional costs with that, and safety plans. That costs people money and time. So Impact Aid has increased; it is a losing battle almost.

Mr. Jarrett. I would like to add, for York County, Langley Air Force Base is the compassionate assignment, and we typically get quite a few students with disabilities there. We have five students right now in York County School Division that we have to pay $100,000 a year for private residential treatment. I am not saying those are military students but those could be potential military students because of the compassionate assignment. Impact Aid doesn't come anywhere close to covering that.

Chairman Castle. Mr. Kildee.

Mr. Kildee. Thank you, Mr. Chairman. General Clark, I am a former teacher, so when I interview people for various things, particularly a job, I always ask where they went to school. And of course, they always tell first the university. But being a high school teacher, I say, which high school, which elementary school? And pretty often, they will say five or six or more schools, my father was in the military. So I recognize that there is a big difference and it does present challenges. I think the fact that the parents are keeping involved helps offset some of those challenges. And I want to make sure that we keep our responsibility.

I have worked very closely with General Shinseki's wife and some other officers' wives on addressing both DOD schools and Impact Aid schools, and I think we have at all times a

need, an obligation, a moral responsibility to take care of our military and particularly at this time. And I really appreciate the testimony you gave indicating the particular needs and particular situations they have. No siblings in that school, no friends in the area, the school doesn't know them, and I appreciate you personalizing that for us.

Let me ask, Mr. Vought, what percentage of students do you have in your school district that qualify for Impact Aid?

Mr. Vought. About 96 percent of our students live on nontaxable land. 96 percent. And it has nothing to do with nationality. It is where the child lives.

Mr. Kildee. What is your average expenditure per student in that school district?

Mr. Vought. Approximately $12,000.

Mr. Kildee. Do you know what the average cost of schools around the area, non-Impact Aid schools, what it might be?

Mr. Vought. They are comparable in the area. We are higher than the state average. We are a lot higher than the state average.

Mr. Kildee. What particular problems do you have in hiring and maintaining staff at the schools?

Mr. Vought. None whatsoever.

Mr. Kildee. You are able to attract staff?

Mr. Vought. We spend a lot of time on staff development. We offer our staff a graduate program that is taught right at school in quality schools. It is based on the work of Deming, who was an industrialist, and on quality interactions. I never lost a staff member last year.

Mr. Kildee. Without Impact Aid, however, you could not maintain that record?

Mr. Vought. We could not do many things that we do dealing with non-educational things that are important to a quality school. Dealing with attitude, with peoples' attitude, with children's attitude and parents' attitude is sometimes time consuming. A lot of counselors are needed.

Mr. Kildee. You know, many, many years ago, back in 1981, when we were cutting the budget, cutting even school lunch and various education programs, I remember I made a statement, and I was kind of sitting down in that level and I didn't have much seniority, saying that if we were to stop all federal aid to education, which I would never want to do. I am a strong advocate of federal aid to education, if we were, we could not stop it for the Indians because in all the treaties I have read, including the treaty of Detroit, which I read extensively, we promised education. We took millions of acres of land from Indians and promised in return education. So we have I

think a constitutional, legal and moral responsibility to our Indian children.

Mr. Vought. And Impact Aid is the only means by which this treaty obligation is being met in many cases.

Mr. Kildee. Well, I have traveled to Indian Country for 25 years now and visited both BIA schools and Impact Aid schools and appreciate what you are doing. Very often they are under great difficulties. You are doing a great job in your school district, and we appreciate that.

Thank you very much.

Chairman Castle. Thank you, Mr. Kildee. Mrs. Biggert.

Mrs. Biggert. Thank you, Mr. Chairman. I think that with the Impact Aid schools, like other school districts, you are really having to face the 21st century and all of the challenges that that embodies with the new technology for teaching and the advanced courses that are being taught and the programs and certainly the more specialized curriculum to prepare students for the new economy, and certainly these all cost money, and with the Impact Aid, as Dr. Madden talked about, and how the gap in the funding is on the dollars. I would like first of all for Dr. Madden, if you could share with the subcommittee your thoughts on the gap in a little more detail and how your district has worked to overcome that gap and to be able to provide the quality education to students. And do you think that with this gap that the children are being left behind further and further in that there could be, you know, less skill being able to be delivered, you know, if the gap isn't fixed?

Dr. Madden. Yes. As was mentioned earlier, sometimes it is a race just to stay even at best and not fall much farther behind at worst. We are a high school district. And the kinds of challenges facing us, as you mentioned, increased technology, increased sophistication of technology, the expenses of science laboratories, educating a high school student costs more than educating a public school student at any other level. We are a high school district but compared to other high school districts in the state of Illinois, we are spending $900 less per pupil. And it would cost our district approximately $1 million additional per year just to be average in the state of Illinois.

That is why Impact Aid is so important to us. We are $900 below the state average. But if it weren't for Impact Aid, we would be $1,300 below the state average. What is ironic is that we have a gem in our school district, and it is called Argonne National Laboratory. But because of the reduced funding that we have and the reduced expenditure per pupil, it is less likely that our own graduates will be able to eventually go to work at Argonne National Laboratory as it is for some of our surrounding high school districts.

Make no mistake about it; we appreciate the support the program has received over the years. We appreciate the funding. We appreciate the increased funding, and I think we all need to recognize that even though we are on the right track, a lot more work needs to be accomplished.

Mrs. Biggert. Thank you. Maybe Dr. Pickles. Impact Aid has a remarkably flexible program and school districts have been able to use it for many purposes and I guess most importantly is that the local school districts can decide how to use it. Could you talk about the flexibility and how you have used the Impact Aid in your district?

Dr. Pickles. Impact Aid in my district has been used as matching funds for construction, as I mentioned previously, to virtually build a new school and add classrooms to six other schools. It has been used to upgrade instruction, the new facilities, new TV and radio, more advanced placement classes, extending the reading program. It has been used to do even innovative things; such as we have a performance-based pay plan for teachers.

So the focus is always on smaller teacher-pupil ratios, quality teaching and how can we encourage and motivate teachers to meet those standards. So it is always focused on improved student performance and quality education.

Mrs. Biggert. Thank you. I see my time is just about up.

Chairman Castle. General Clark has to leave in about 14 minutes. I am going to Ms. Davis next. And unless anyone objects, I would like to go to Mr. Kirk, who is not officially a member of the subcommittee, but who is significant in having this hearing and having General Clark here. So let us go to Mrs. Davis.

Mrs. Davis. Thank you very much, Mr. Chairman, and I want to thank Congressman Kirk for bringing this forward. This is, I think, a real common sense measure, and I appreciate you all being here today. Thank you, General Clark, as well for your important testimony.

Representing San Diego, you can be assured that this is an issue very dear to our hearts. I served on the San Diego Unified School Board for nine years, and I always felt I was running around talking to people about Impact Aid all the time.

But I wanted to very briefly, I think Dr. Madden and others have spoken about lost revenue. And just as an example, just lost revenue alone in terms of property at Miramar Air Station and Murphy Canyon would be generating well over $100 million today at market rate in the community and we get about $7 million for that. And on the funding side for students, we are entitled to over $30 million of support and we receive about 7 million; 6 million. So certainly in terms of a gap in what you would expect for that funding, San Diego as well as any other community certainly recognizes the difference. But what I wanted to really focus on is the bill itself and the change in language and what that would mean, the real impact of moving from eligibility to entitlement.

One of the problems that we have in San Diego, and I am sure that you all share, is receiving the money when we need it. And I wondered if you could speak to that, because I think the importance of planning and implementation is so key. There have been years when we are probably about four years in terms of what we really should be getting. And as you can well imagine, not only are we not getting the funding for that year, but it compounds because it hasn't

been there and available for students and for the school from years past.

Could you please speak to that and what specifically, if you can, as an entitlement, why this is so critical and so important to school districts as it affects our military families?

Mr. Jarrett. Well, I think it is important to realize first off, Impact Aid, it is not a forward funding program. Many of the other education programs like Title I is forward funded. So the funds that go out to school districts in this program, for example, the fiscal year 2002 federal budget, they have not been released and will not be released until the budget is approved.

Our applications will be due in to the Department of Education most likely the February time frame this year. So those funds probably are not going to be released from the school districts until the latter part of the spring, maybe first part of the summer. That is with section 8003 funding. And those funds will also pay out over several years. The problem is amplified in the section 8802 area because those funds tend to have a further lag with them, as Congresswoman Davis indicated. In fact, we just recently received our fiscal year 1996 payment or partial payment for section 8802. And we have received some payments, but some of the payments have not been released, and we just recently received the final payment for fiscal year 1996. So over time, the payments do tend to lag, and I think part of the problem is because it is not a forward-funded program.

Dr. Madden. If I may add to that, I think what you are getting at is how do you budget, how do you maintain consistency in programs? There are years when we didn't receive payments, payments lagged behind, and for many of us we had to cut programs only to restore them later. Consistency of programming, we need a steady, consistent, reliable flow of impact aid funding, which we haven't had.

Ms. Davis. And in your opinion, then, if it were an entitlement, that changes the way we see it here, would you be able to plan better if that were the case?

Dr. Madden. I think we would absolutely be able to plan.

Ms. Davis. Thank you very much.

Chairman Castle. Thank you, Ms. Davis. Mr. Kirk.

Mr. Kirk. Governor, thank you for your extraordinary courtesy to me as a non-subcommittee member. General Clark, naval aviation, as you go into combat to do three things: aviate, navigate, communicate. But if we mess up on impact aid, then we have to educate as well. We dramatically complicate military family lives. This is a program that involves a million kids, but there are 13 million children involved in the impact aid school districts. So it has an enormous impact on the country.

I wanted to ask you two things. One, we know from recruitment that it is the children of military families that are most likely to join the military. And so making sure that they are properly educated is key. We used to fully fund this program up through fiscal year 1969. Now

it is only 46 percent. So making sure that we meet that is critical. So I wonder if could you first talk about how kids in military families are the ones joining the military. And secondly, without naming any names, Army officers know bases with good school districts and bad school districts. And how does that influence the process of being assigned to a new base? And when you hear you are going to one of those other bases, what does that mean in your career in the military?

General Clark. Well, with respect to the first question, and they are both excellent questions, there is no doubt that children in military families, because they have a connection with the military, are more likely to enlist or become officers. This is a fact. And so the educational value that the country puts on these children is repaid more directly in terms of their service.

I don't think that is necessarily a good thing, if I could editorialize. I would like to see all Americans participate in the burdens of national defense as well as enjoying the benefits from it. But it is simply a sociological fact that when you grown up in a military family, the prospect of joining the military is less intimidating, so you are more likely to find it a resource and avenue of opportunity.

We all know as officers where there are schools, and not good schools, off base. Military personnel are dragged kicking and screaming to those locations that have poor schools that their children have to attend. I mean, that is just a simple fact, and it is not something that you can make up for by the quality of life on the post itself. It is not transferable into the child's education.

And I don't know if I need to name some examples, but I have had my own examples in my career where it was an extraordinarily difficult decision to take my son from the northern Virginia school system, which is a very, very fine school system, out to another school system where, which is an assignment I volunteered for and it was simply a substandard school system. It desperately needed resources, and it was starved of those resources. Had impact aid been fully funded, that would have made a great deal of difference.

I think just about every parent in the service can tell you the same kind of story. There are great posts and great communities that really help the kids from the post to the schools, and they have great schools, and there are others where there aren't. And a lot of it is the fact whether the school district can really afford to take care of the military kids the way they need to be taken care of.

Mr. Kirk. Just one last question. We have a situation, many in my district there, the Highland Park system, where it costs $10,000 to educate a kid, and impact aid pays $616 of it. It is quite a heavy burden on the Highland Park School System. And this quality, though, and I think the Chairman has heard of this as well, the Army is losing captains, a critical officer that fields a key unit that will be important in the coming conflict.

Have you seen a case where we have lost captains and majors, rather than go on to that next post where you have heard about a bad quality of life in school district?

General Clark. Yes, I have.

Mr. Kirk. Thank you. Thank you, Mr. Chairman.

Chairman Castle. Thank you, Mr. Kirk. And Mr. Scott will be recognized next. I suggest if you want to ask General Clark, you should do that so he can be on his way shortly.

Mr. Scott. I don't. Most of my questions will be to Mr. Jarrett. So, if someone has a question for General Clark.

Chairman Castle. Does anyone here have a question for, and obviously you can't make them all for General Clark. He has about two or three more minutes.

Mr. Scott. Thank you. I want to express my appreciation.

Chairman Castle. We thank you for all you are doing for the country. We thank you for being here today, too. We know your time is valuable.

General Clark. Thank you very much for the opportunity to testify, Mr. Chairman.

Mr. Kirk. You are in some ways representing the customer here. And thank you for coming, General Clark.

Chairman Castle. Mr. Scott.

Mr. Scott. Thank you, Mr. Chairman. Mr. Chairman, Mr. Madden's testimony went into the issue of the fact that you have the same costs for children, and their parents aren't contributing the same amount towards those expenses. I would like Mr. Jarrett to give us a little bit of background on how you fund your school system. In Virginia it is about half state, about half local; is that right?

Mr. Jarrett. Yes, sir, it is. And in your county it is a little bit different than the other school divisions in the state because we are simply impacted by the military.

Mr. Scott. Where do you get your local share?

Mr. Jarrett. It comes from the local governing body, which in our case is the county board of supervisors. School divisions in Virginia do not have taxing authority, so we have to submit a budget to the governing body and they will approve that budget.

Mr. Scott. Let's talk about where the local government gets its money. Most of it will be from the local property taxes. Do people in the military pay property taxes?

Mr. Jarrett. No, sir.

Mr. Scott. People who work for the military, do you have business, BPOs, the business and professional occupations?

Mr. Jarrett. Yes, sir, we do.

Mr. Scott. Do they pay that tax?

Mr. Jarrett. No, sir.

Mr. Scott. If you shop at the commissary you get a percentage of all the sales tax generated in your county, is that right?

Mr. Jarrett. Yes.

Mr. Scott. Do you get a tax, sales tax at the commissary?

Mr. Jarrett. No, sir.

Mr. Scott. If they worked at a local business, the business would be paying, or do you have property tax for the business machinery tax?

Mr. Jarrett. Yes, as well as business license tax.

Mr. Scott. Business license tax. Do people that work for the military pay that?

Mr. Jarrett. No, sir.

Mr. Scott. Are there other taxes that they don't pay?

Mr. Jarrett. Personal property tax is another one in Virginia that some states do not have.

Mr. Scott. The car tax.

Mr. Jarrett. Yes, sir.

Mr. Scott. Paid a little bit of that. Do you expect a certain percentage of people to be working in businesses that are paying the business taxes, so even if they are living off base and paying property tax, the other taxes they are not paying; is that right?

Mr. Jarrett. That is correct.

Mr. Scott. And the general percentage that you lose because they work, many live and work on base, the loss that you incur because of the impact of the base, is that entire loss covered by impact aid?

Mr. Jarrett. No, sir, it is not.

Mr. Scott. Approximately what portion is covered?

Mr. Jarrett. We estimated that the total cost is around $10.3 million, and we receive about $6.8 million in impact aid.

Mr. Scott. Do the children of the military have special problems? You mentioned that some with special problems elect the peninsula area because of some of the special services we provide. Are there special problems that occur with military students particularly, because they travel and are not as stable as other students?

Mr. Jarrett. Yes, sir. Well there are two issues that your county deals with related to those students. And the first of those is the fact that Langley Air Force Base is a compassion assignment, so we tend to get children with special needs into the school district. Also, the fact that when conflicts occur there are usually counseling and guidance services that is provided to the military students as well.

Mr. Scott. You mean military conflicts?

Mr. Jarrett. Yes, sir, because one or both the parents may be gone. We have had situations where both the parents are in the military and both of them are sent out, so the children are left with someone there in the community, and we provide additional services in the school division for those students.

Mr. Scott. If you have students who need counseling and they fail to get the counseling, what happens?

Mr. Jarrett. Typically, I am not on the educational side of the house, but I will tell you from my experience that typically what happens is their academic performance will drop.

Mr. Scott. Discipline problems.

Mr. Jarrett. Yes, sir.

Mr. Scott. Thank you, Mr. Chairman.

Mrs. Biggert. [Presiding.] Thank you, Mr. Scott. The gentleman from Colorado, Mr. Tancredo.

Mr. Tancredo. Thank you, madam chairman. The problem I see here with impact aid is one that I think has come to our attention before in a different vein, but I am speaking specifically of IDEA where we attempted originally to do something good for somebody.

Absolutely appropriate, Mr. Scott's observations about the discrepancies in tax revenues that come to school districts as a result of having children whose parents are in the military.

Totally appropriate for the federal government then to step in and try to make some sort of adjustment. But just like in IDEA, where we start out with a very good idea and a completely understandable and appropriate response to a particular problem, then things start to grow and other people try to get into the act. And we end up with in IDEA over-identifying kids, for whatever reason, to place them into special services, therefore diluting the amount of money available for the children who really and truly are in need of that particular service.

In this program, there is this peculiar category of civilian B kids where we have had them in, and we have had them out. Congress has taken them out at one point, put them back there at another. But there they are, they are not the children of people who serve in the military. They are not people who serve on any particular military base. They are just children of people who work for the federal government.

And because of that, and I don't know the numbers anymore, but it seems to me because of that addition, we are diluting the pool of resources that are available for the children who really and truly are supposed to get the money.

And I just wonder if anybody on the panel can give me a justification for civilian B kids or, if in your case, in anybody's case here, how many of them may in fact be in your school district? Do any of you have kids who are identified in that category, civilian B? Can anybody justify this category to us, why we still have it? I would be fascinated to know.

Mr. Jarrett. Well, we have civilian Bs in our district. Some of the examples of those are people that are not in the military that may be working on military installations or on federal property. The Colonial National Historical Park; that is an example. And they are working on federal property. We are not receiving tax revenue for that property.

Mr. Tancredo. Well, postmen are working sometimes in post offices, and you are not receiving aid for that. Should we compensate for that? It just seems odd to me that we have expanded this program to include these kids where in fact it has never really been that way or should be that way, I guess.

Mr. Jarrett. Yes, sir. Not to be argumentative, but post offices are eligible if the federal government owns the land.

Mr. Tancredo. Right. I don't get it. I mean, what am I missing here? Is that the purpose? Was that the purpose of impact aid? And I will certainly yield to Mr. Scott.

Mr. Scott. I would ask, Mr. Jarrett, you assume that everybody is going to have a certain amount of public property post offices and things, but the purpose of impact aid is when that impact is overwhelming. If your entire jurisdiction were post offices, you wouldn't be getting any real estate tax from those businesses at all. And it is a disproportionate impact that we are talking about. Is that right?

Mr. Jarrett. Yes, sir.

Mr. Scott. I thank the gentleman for yielding.

Mr. Tancredo. I thank the gentleman for his comments. I have no other questions.

Mrs. Biggert. The gentleman yields back. The gentlewoman from California, Mrs. Woolsey.

Ms. Woolsey. Thank you. I apologize. I had a hearing earlier and so then I attended the first half of one hearing, then the second half of another. And I don't know anything about either one when I am finished, so I am sorry about that. I am sorry General Clark has left, because I wanted to ask him, was he a military brat? So I am going to ask all of you because it was going to be this, you know, the beginning of some important thoughts I have here. Were any of you children of military families? How about up here, any of us? Back here. There we go.

My observation of military kids has been that they have come out worldlier, very self-assured, because they had to survive moving. They learned to survive, as compared to the kid who lived in the same house his entire life or her entire life, went to school, moved out of town maybe to go to college, and then had to learn how to take care of themselves any way whatsoever. But I know in this busy world we are in now, there is a gap that has to be filled. I mean, I am not saying we shouldn't have impact aid. I am just saying I think we have come up with some great adults that were raised in military families.

One of the things in any district is that we don't have military bases, but we have national parks. So we have competition between the park and the school board saying no more national park, don't expand that; we can't afford it because our school loses. One of their major complaints has been, and Congresswoman Davis talked about it, was the lack of forward funding for 1996, Mr. Jarrett?

Mr. Jarrett. Yes, ma'am. I don't want to mislead you. We received payments prior to this year for 1996. But there is a payout period; they call it the lag time, in terms of paying out all the money that was appropriated in that year. So there was a final payment for 1996 this past year.

Ms. Woolsey. I hear you, but that is still nothing you can count on. Is the system any better, because the concerns my school superintendents that get impact aid talk to me about is that the application is not very straightforward. You can make one mistake, can sit in a pile for months on end, and then when you are supposed to be hearing back, what you hear is, whoops, there was a mistake; you have to start over. Is anything better in this regard?

Mr. Vought. I don't have a complaint with the Department of Ed. And I have been doing this for a number of years. I think they have been highly efficient. They have a lot of schools that they serve. But any mistakes I have made, they have contacted me right away. They have been very efficient.

Ms. Woolsey. I don't think I represent a bunch of whiners, but who knows?

Mr. Vought. I don't know.

Ms. Woolsey. That is good to hear. And do you want to respond to that, either of you?

Dr. Madden. For federal properties districts, there are approximately 260 such districts across the country. And because of one problem with an application or another, with approximately 20 school districts, payments to the remaining districts are being held up. And that is where we find ourselves right now. What we would like to see is a way to go ahead and make the payments, pay out whatever had been appropriate for a given year. If in a subsequent year a mistake is discovered and it has is to be made up for, make that up out of a subsequent appropriation that would help with the timeliness of payments.

Ms. Woolsey. So, would you like to tell us why we don't forward fund these payments? What is it going to cost the federal government up front to get this started? I mean, it is all about money; it is not about punishing impact aid.

Mr. Jarrett. Well, the appropriation that is on the table for fiscal year 2002 is about 1.3 billion, $1.1 billion. So you would be looking at possibly two years of payments there to forward fund that, the first year; and then the second year you would be working on in the budget. So you are really talking about roughly $2 million.

Mr. Kildee. Would the gentle lady yield? We did that for BIA schools several years ago. I got aid to forward fund. They were not forward funded. So it took really two years of payment but it was the right thing to do, do the forward funding. It gives you a chance to plan and really to do much better educationally. But we did that for BIA schools when Sid Yates was chairman of the Appropriation subcommittee.

Ms. Woolsey. So would you yield back to me to ask you a question?

Mr. Kildee. It is your time.

Ms. Woolsey. I don't have any time. Is there enough money in appropriations for this?

Mr. Kildee. I believe there is enough money for education. Education dollars are an investment. I believe there is, yes.

Ms. Woolsey. I don't mean in the world; I mean for impact aid.

Mr. Kildee. Yes, there is enough money.

Ms. Woolsey. Thank you. We will work on that.

Mrs. Biggert. Thank you. The gentleman from Nebraska is recognized for five minutes.

Mr. Osborne. Thank you for being here today and the first question I have is for Mr. Vought. I have a public school located on Native American land in the state of Nebraska, and I just wondered if you had any thoughts on, in your experience, what ways has impact aid helped you to serve the population of Native American children in your area and in what ways could

Congress improve the program in this regard?

Mr. Vought. I will go back to what Ms. Woolsey was saying about the funding. Here it is November. I am not really certain what I am going to get in impact aid this year. My fiscal year started July 1st. I have a pretty good guess; I can look at the numbers. Most of the impact aid monies that come into our district, or any of these districts, is used for salaries and fringe benefits; 88 percent of the average school district's costs are salaries and fringe. Okay.

But expanding the program for students on military bases and Indian reservations, there are unique needs. The military students are highly mobile. There are counseling programs needed. Indian reservations, you are looking at working on disenfranchisement that has occurred. In 1917, 1918 there was the Miriam report issued on the state of Indian education. In 1993, the White House Conference on Indian Education basically said the same thing. So not much has changed in order to make a difference there, what is to be a quality program offered to the youth. And attitude needs to be taught. Education is attitude. It is not a test score. That is my theory.

Mr. Osborne. So would you say that the lateness of impact aid payments have been a problem for you? I have heard sometimes that it is difficult to establish a budget because they are not arriving on time, or has this been corrected?

Mr. Vought. We do short-term borrow, in our district, a little bit of cost because of the lateness of the payments. However, each district is a little bit unique. And throughout the country, the funding for each district is a little bit different.

Mr. Osborne. Even though you may be able to borrow, do you know what amount you are going to receive? Is that something that is up in the air until you actually get it?

Mr. Vought. We have estimates through the program. You can look at what the House numbers are and the Senate numbers and make a guess on what you are going to receive, but you don't know until the end of the year.

Mr. Osborne. So, in other words, is this a major problem for you or not, any of you, in regard to the fact that you don't get the payments till you are into the school year?

Dr. Madden. Yes, it is a problem for us. The kinds of student, that is, you may be referring to on Indian reservations, certainly have needs as other student populations do, and in certain classrooms a teacher may need an aid to assist in helping those youngsters. And we may have an idea of what might be appropriate, but what we don't have an idea on is what we are going to receive in any given year through appropriations.

That is what makes it so difficult. We may be able to provide aid one year, then have to release that aid in the following year, not knowing what kind of funding we are going to have. That is what takes away the consistency that a quality program needs. It needs that kind of consistency in order to provide that. You need a reliable funding source. And again, we appreciate what we are receiving, but it is a problem that we can't rely on a given amount for any

given year.

Mr. Osborne. I have one last question for you. And I guess this is true of the federal government everywhere, there is a lot of paperwork. And I can imagine that probably applying for impact aid is sometimes time consuming. Do you see this as a process that has been streamlined, or do you feel it is overly cumbersome and burdensome at the present time?

Mr. Jarrett. The county receives impact funding both for students and for land. And for the students you do account, and I personally don't feel like that is an onerous task to do. I think it probably needs to be done to get an accurate count of students you have that qualify. And the application for section 8803 is not that difficult to do. Section 8802, to qualify for section 8802 as a first-year district is a pretty substantial burden. But once you are qualified and you have your records set up, ongoing applications are not that difficult to do. I don't know if the other panels feel differently.

Mr. Vought. The computer has made things a lot easier for keeping track of students. So it is not over burdensome.

Mr. Osborne. So what I hear you saying is the paperwork is not terribly onerous but the lateness of the payments are a problem to you.

Mr. Vought. Yes, sir.

Mr. Osborne. I don't know how we fix that, but maybe it is something this committee could look at. Thank you, Madam Chairman.

Mrs. Biggert. Thank you. The gentleman from New York, Mr. Owens.

Mr. Owens. I am always concerned about the very important item of school construction and infrastructure maintenance. I wonder if the dependence on impact aid for portions of your budget has been a great disadvantage to you in terms of funding, so that you have been forced to neglect physical maintenance and upkeep of your facilities and matters like that.

I notice in Dr. Pickles' statement, there was sort of a positive picture painted of it being increased and you being able to do some things, including billing a new school. Am I correct? And I wondered is that true of your situation because you primarily serve a military facility, and is the delay in funding lessened by the fact that the military facility is there, or do you get some help from military personnel in high places to make sure things move? I am asking two or three questions, I guess.

Dr. Pickles. I think I have a very unique situation, and I don't think that most school districts that serve dependents of the military have had some of the opportunities that I have had in North Chicago; I will say that. But through the governor's, Illinois first program, we had 10.2 million seed money to begin construction, and I utilized impact aid funds, 8007, to match some of those funds.

Mr. Owens. You could do that; you have the flexibility?

Dr. Pickles. That's correct. That made it very meaningful. That flexibility was there. We do have a school on federal property, so some of the Department of Defense funds kicked in there. We also had some of the funds to upgrade our science labs through particular bills. So I think my district was unique in that aspect, and we are extremely fortunate. But yes, that is a positive, definitely a positive, something that we couldn't have done without impact aid funds.

And we have overcrowded classrooms right now. Even though our district is only a 10-mile radius, we spend more than 55 million on transportation, because there is no neighborhood school concept. We have to send them wherever there is an empty seat. So this is very critical, very critical for our district.

Mr. Owens. Is the treatment of other schools, other categories like Indian schools different? Do we have a different set of standards being applied in the way impact aid is administered?

Mr. Vought. In the law, there is a little bit of difference in the formula. It varies a little bit. But the program is written and it is equal for all the school districts. In the construction, though, there is a lot more need than there is funding. You know, as you look throughout the program, not only in the school districts in Wisconsin and Chicago, but in the Southwest there is need for construction dollars, and there is more need than there is money.

Mr. Owens. You don't find any decrease in impact aid? In my area, we had a situation where certain areas have had decreases.

Mr. Vought. We have had an increase, too.

Mr. Owens. An increase. So where you have impact aid that comes primarily from the military, one could expect the extra kind of help that they talked about. She talked about the Defense Department having additional funds. What are primarily government employees who are not on the defense, do you get some kind of liaison arrangement and ongoing relationship with the federal government that helps to move these things, so that you are never put in a situation where you have to wait inordinately long periods without receiving the full funding?

Mr. Vought. No.

Mr. Owens. No liaisons.

Mr. Vought. No. We have the NAFES organization that communicates for us. But the funding comes out of the same office in the Department of Education. It is all written in law.

Mr. Owens. I understand that.

Mr. Vought. I think that sometimes there are inserts into each law that benefit certain districts. If you go back in history, some districts have been put in there for political reasons or for reasons

that there is a great need for them. But I see no problem.

Mr. Owens. Thank you, madam chairman.

Mrs. Biggert. Thank you, Mr. Owen. I think we have time for one more question from Mr. Kirk. You are recognized.

Mr. Kirk. I want to thank Mr. Kildee for helping out in this hearing and also Pam Davidson for all her work on this. Dr. Pickles, you are responsible for the education of over 4,000 students. A third of them are military. But if we fail in our obligations in their impact aid it is not just the one-third military kids that are impacted, it is all 4,000. It is not just the 1 million federally impacted kids; it is all 13 million in this country that are impacted.

I think we need to guarantee the impact aid payments. That is why we introduced 1716. We have begun the long battle of making sure that we guarantee the payments. I want to thank Mrs. Davis and people like Mr. McHugh and Mr. Saxton and Mr. Filner for helping out with the grade-A bill. I want to ask you to comment on three things: the effect of late payments on you, like which fiscal year books are still open at District 187; the number of people, full time, that you have just working on impact aid paperwork, because I would like to move to a system where the base commander simply certifies how many military kids you have and the payment is made, and if grade A passed, you would get an additional $4.5 million. What would you do with that money if you could spend on those three things?

Dr. Pickles. In terms of the late payments, it does affect my district in particular but what we do is guesstimate. And that means that as we prepare for the upcoming year and as we prepare the budget, we are plugging in numbers that we don't really know whether they are the correct numbers or not. So we guesstimate and move on.

In terms of the paperwork and just having someone from the military installation endorse it and say that this is the number of students, in all honesty that is what we have been doing, and that has not been effective enough. So we are going back, rather than just the verification process, we are going back to the actual, what is it called survey process. We are going back to the survey process so that each and every student is accounted for. What we are finding is that the military really wants to see our records now because we are so efficient. With the 35 percent mobility rate, I guess they are facing the same thing in terms of, oh, I didn't know they moved out. So I appreciate that. We have been doing it that way, but we had to step up in terms of our efficiency.

In terms of the additional dollars in the 21st century I think we have to begin to change our mindset and move away by what I call the two by four by six by nine by 12 system; and that is understanding that learning doesn't just take place between the front and the back of the textbook and in the four walls of the classroom. You just can't begin teaching a child at the age of six. They go to school for nine months and for 12 years. We have to begin at the extended learning opportunities. And by that I mean after school, extended day opportunities, Saturday school, and year-round schooling. If we are serious about closing that gap and improving student performance, then we have to be serious about keeping standards but then allowing

students the opportunity to reach that standard by extended learning opportunities. That is what I would focus on with those additional dollars.

Mr. Kirk. Any other member of the panel comment?

Dr. Madden. I think those special programs Dr. Pickles just mentioned are ways to do a better job at schooling, and that costs money. The additional funding that any of us could receive could go toward sponsoring those kinds of programs. The gap exists and it exists in all schools, and we are all interested in closing that gap but not by moving the two ends toward the middle; by keeping our high performing students performing at a high level and raising all other students to that level. That calls for expertise, that calls for recruiting the best teachers available, having the most up-to-date technology and science labs. And I think it is in those kinds of programs, that were we receiving full funding for impact aid, that is what would make the difference. That is what would allow the Lemont Township's high school graduates to eventually go to work at Argonne National Laboratory.

Mr. Kirk. I am going to be dedicated to moving 1716 or any successor along the models of IDEA and what we have done. I want to thank the National Association of Federally Impacted Schools, my partner in this battle. We have got a long way to go. I want to thank you and Chairman Biggert, I want to thank you and Mr. Kildee for all you have done to help us out. We will keep at it. Thank you.

Mrs. Biggert. Thank you, Mr. Kirk. Are there any other questions? All right. I wish to thank the witnesses for their valuable time and testimony, and the members for their participation. If there is no further business, this subcommittee stands adjourned.

[Whereupon, at 12:10 p.m., the subcommittee was adjourned.]

APPENDIX A -- OPENING STATEMENT OF CHAIRMAN MICHAEL N. CASTLE, SUBCOMMITTEE ON EDUCATION REFORM, COMMIITTEE ON EDUCATION AND THE WORKFORCE, U.S. HOUSE OF REPESENTATIVES, WASHINGTON, D.C.

THE HONORABLE MICHAEL N. CASTLE

"IMPACT AID: ENSURING ALL CHILDREN RECEIVE A QUALITY EDUCATION"
NOVEMBER 8, 2001

I am pleased to welcome our guests, witnesses and members to the Education Reform Subcommittee hearing on Impact Aid.

As many of you know, the operating funds for most school districts are generated by state and local taxes. Yet, certain activities of the federal government, such as the designation of federal or Indian lands, deprive our school districts of the major source of revenue for their elementary and secondary schools.

For this reason, the federal government has an obligation to compensate local school districts for the cost of educating federally connected students and ensure a quality education for all -- the children who reside on federal property and the other children attending school in that district.

The Impact Aid program supports schools serving children whose parents work and/or live on federal land -- military and Indian families, for instance. And, since most Impact Aid funds are considered general aid funds at the school district level, they can be used for a wide variety

of school-related expenses, including teacher salaries, capital expenses and tutoring or remedial education services.

In my state of Delaware, Dover Air Force Base increases the enrollment of students in the Caesar Rodney School District while it reduces the tax base by removing this property from our tax rolls. In addition, the realignment of military forces can lead to major or unexpected influxes of military children into our school district and can strain school resources. Other states and school districts also miss sales tax revenues when military families shop in commissaries and exchanges.

Consistent with our commitment to provide all children with a quality education, Congress has provided the Impact Aid program a substantial increase in funding. In fact, the House-passed version of the education spending bill for FY2002 provides $1.1 billion for the Impact Aid program -- an increase of $223 million over the last five years and a testament to the bipartisan support this program has enjoyed.

Since its creation in 1950, the Impact Aid program has seen many changes. Today's hearing is designed to learn how well this program has responded to the changing needs of school districts impacted by federally connected children. In addition, the Subcommittee is eager to learn more about the role Impact Aid has played in improving the education of our nation's impacted children. To that end, we are fortunate to have a distinguished panel of witnesses, and I look forward to hearing their testimony.

In closing, I would like to thank my colleague, Representative Mark Kirk, for requesting this hearing and focusing our attention on this important issue. As a Lieutenant Commander in the Naval Reserves, Representative Kirk is all to familiar with the needs of military families, and his experience has enabled him to be an effective and untiring advocate for Impact Aid -- not only to improve the quality of life for our military families but also to improve the quality of education for all students who benefit from the program.

I would also like to thank Representatives Judy Biggert and Susan Davis as well as my ranking member, Dale Kildee, for their continuing interest and leadership on this issue.

In a few minutes we will proceed with introductions, but at this time I will yield to the gentleman from Michigan, Mr. Kildee, for any statement he may wish to make.

APPENDIX B -- OPENING STATEMENT OF REPRESENTATIVE MARK STEVEN KIRK (R-IL), U.S. HOUSE OF REPRESENTATIVES, WASHINGTON, D.C.

For the Record
Congressman Mark Steven Kirk
Before the House Committee on Education and the Workforce
Regarding the Impact Aid Program
November 8, 2001

Mr. Chairman and Members of the Subcommittee thank you for holding this hearing on this important issue of Impact Aid. This program is vital to the education of millions of children across the nation.

Impact Aid was created in 1950 when Congress recognized the obligation of the Federal Government to assist school districts and communities that experience a loss in their local property tax base due to the presence of the Federal government. Between 1950 and 1969, the Impact Aid Program was fully funded by Congress. Since that time the funding level has not kept pace with the amount required to cover the Federal Government's tax obligation. In Fiscal Year 2001, the program will pay approximately 46 percent of the total amount required to cover the cost of the two formula driven sections of the Impact Aid Program-Section 8002 (Federal Property) and 8003 (Federally Connected Children).

The result of this shortfall is that the education of our military children and other federally dependant students is suffering. Over 90 percent of funding for education comes from local funds such as property taxes. But what happens if that property is owned by the federal government and is off the tax rolls? Kids report to class with no property tax dollars needed for their school.

In the average $10 million American school district, $9.3 million are raised from state and local taxes. This system works well when the children attending the local school live on property subject to local tax.

This system does not work well when the federal government houses many children on land not subject to tax – such as a military base or Indian reservation. In these schools, the children report to class without financial backing -- too many of these kids and the school district can go bankrupt.

In my district, 36 percent of all students attending North Chicago's School District 187 are Impact Aid children. School District 187 spends an average of $6,500 per pupil on education, and herein lies the problem. The North Chicago school district receives only $3,250 per pupil from the federal government for their Impact Aid children. With over 1,400 Impact Aid students, District 187 finds itself over $4.5 million short in funding levels. This short fall creates a huge strain on the school district overall, decreasing the quality of education for every child in District 187.

While school administrators and teachers across the country appreciate Impact Aid payments, they are usually late and fail to cover the cost of all children attending school. For example, Highland Park's North Shore School District 112 spends approximately $11,000 a year to educate a student. The Impact Aid program provides just $500 per child. Local taxpayers living

on civilian property must then pay the extra $10,500 per year to educate that child. At this rate, many Impact Aid children entering a school can bankrupt an entire school district.

This nearly happened in North Chicago's School District 187. This community is home to Great Lakes Naval Training Center where 50,000 naval recruits are trained annually. Hundreds of children from military housing came into the local school district each year. Several years ago, District 187 nearly went bankrupt under the weight of children coming to school from property that cannot be taxed. Impact Aid payments had been late and inadequate. Thanks to the work of my predecessor, Congressman John Porter, this school system was saved through additional appropriations.

The quickest way to take a soldier or sailor's mind off their mission, is to have them worrying about their children's education. Kids from military families come from some of the hardest working, most patriotic families, but the schools they attend sometimes face bankruptcy. This is because of the way we fund our nation's schools. Impact Aid honors our commitment to military families, and especially Native American Indians. It guarantees that those families who serve to protect our freedom are in turn protected by the federal government.

Our constitution commands that the first job of the federal government is to "provide for the common defense." As we improve the pay and benefits of men and women in uniform, we must also support their kids and the local schools they attend. This may take many years to accomplish but the time is now to support schools that educate the children whose parents wear our nation's uniform.

Thank You.

North Shore School District 112

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Assistant Superintendent for Curriculum & Instruction

November 6, 2001

The Honorable Mark Kirk
Congressman
102 Wilmot Rd., Ste. 200
Deerfield, IL 60015

Re: Letter to be read into the Formal Record at Impact Aid Hearing on November 8, 2001

Dear Congressman Kirk:

Fort Sheridan Military Base, with approximately 300 housing units that primarily serve the Great Lakes Naval Training Center, is located within the attendance boundaries of North Shore School District 112 in Lake County, Illinois. In its eleven schools, District 112 serves 4,500 children from the Highwood and Highland Park, Illinois communities. The issue of adequate Impact Aid to educate the dependents of military personnel has long been a serious concern for our schools and an unreasonable tax burden for our local community. This was most clearly illustrated in 1993 when unsuccessful attempts to secure adequate Federal funding reimbursement for the education of military dependents residing on property tax-exempt land resulted in the reorganization of three neighboring school districts due to the pending bankruptcy of former District 111 where Fort Sheridan was located.

In the 2001-01 school year, 267 military dependents residing at Fort Sheridan were educated in our schools at an average cost of $10,867 per student. Considering that the per pupil reimbursement from federal impact aid was $616 and general state aid from Illinois was $220, our local property owners were forced to subsidize through increased taxes the $2.6 million shortfall. With local property taxes as the primary source of revenue to fund the education of our children in District 112, our local residents must annually subsidize the millions of dollars that it costs each year to educate children who live on federal tax-exempt property.

The mission of North Shore School District 112 is to provide a worldclass education so all children can participate and succeed in a changing global society.

This past year, this vitally important issue was recognized by a coalition of Republican and Democratic lawmakers in the General Assembly by their passage of Senate Bill 326 that would have provided much needed financial assistance to military impacted schools through a tax-equivalent grant. Unfortunately, Governor Ryan vetoed this legislation and in his letter to the Members of the 92nd General Assembly, he stated, "This legislation would set a bad precedent of using state resources to fulfill the financial responsibility of the Federal Government." Once again, District 112 officials along with those from other similarly impacted school districts are forced to advocate for the children in their schools whose voices cannot be heard by our policymakers.

For the record, North Shore School District 112 is proud and honored to educate dependents of the military who defend our country. In fact, District 112 recently completed construction of a beautiful new $14 million elementary school which serves Fort Sheridan residents and was funded by a successful tax referendum. Our military families deserve to know that their children are receiving a quality education so that they can perform their duties without reservation – for this we need your support. Please help us fund the education of military dependents whose mothers or fathers are entrusted with the responsibility to protect, not just the District 112 community, but the freedom of our entire nation.

Thank you.

Sincerely yours,

JoAnn Deamond

JoAnn Deamond, Ed.D.
Superintendent of Schools

lp

APPENDIX C -- STATEMENT OF DR. PATRICIA PICKLES, SUPERINTENDENT OF SCHOOLS, NORTH CHICAGO PUBLIC SCHOOLS, NORTH CHICAGO, ILLINOIS

Committee on Education and the Workforce
Testimony By
Patricia L. Pickles, Ph.D.

I would like to thank the Committee on Education and the Workforce for taking time to allow me to speak on the critical need for Impact Aid. (Tell story of North Chicago School District near bankruptcy). In No Child Left Behind a special reprint of President George W. Bush's Education Plan he outlined seven priorities including: improving the academic performance of disadvantaged students; moving limited English proficient students to English fluency; encouraging safe schools for the 21st Century; and increasing funding for Impact Aid. By fully funding Impact Aid, you are enabling us to achieve the other goals outlined by our President.

I represent North Chicago Public Schools where we serve students from the Great Lakes Naval Training Command. The only Command for Naval recruits in our country. In my district, approximately 70 percent of the student body qualify for free and reduced meals, 17 percent receive special education services, and approximately 5 percent are bilingual. You will notice on the charts, federal dollars make up a significant part of our overall budget. Impact Aid accounts for a little more than half of the federal funds we receive. Notice on the second chart that funding for Impact Aid has steadily increased over the years. Taxpayers in my district are doing all they can to finance the school district, but they can only do so much. Impact Aid is the glue that keeps us together.

According to the goals in our district's strategic plan, to address over crowded classrooms we are now undergoing the largest construction project in the history of our district, virtually building one new school and adding additional classrooms and multipurpose rooms to six others. We have built new science labs and a new Radio/TV studio. We have been able to raise the academic standards by offering more Advance Placement courses, adding an Academy of Finance and Technology, expanding our reading programs (Success For All, Waterford, Accelerated Reader. Reading Recovery). We are also able to offer our teachers a Performance Based Pay Plan. Impact Aid is vital to the success of our school district.

Tax payers view Impact Aid as Uncle Sam's tax bill and in recent years, thanks to Congress putting more money into the program, my district has been receiving the maximum amount we can receive under the Impact Aid formula. We appreciate that, but it is important to understand that not every district in our country is being fully funded. When it comes to educating the children of military personnel, the federal government should be expected to fully pay its bill. If military personnel are willing to put their life on the line for our country, shouldn't we be willing to ensure quality of life and equal educational opportunities for their children? I think we all want the best for our own children and our grandchildren, we must be willing to provide the same quality of life for all children. It would seem to me that in the wake of the Sept. 11 tragedy, a commitment made over 50 years ago to fully fund the government's financial obligation to federally connected students is of great importance.

All children can learn and all children will learn if they are taught and if we provide them with the necessary resources and support they need to be successful.

Thank you.

APPENDIX D -- STATEMENT OF RICHARD VOUGHT, SUPERINTENDENT, LAC DU FLAMBEAU SCHOOL DISTRICT, LAC DU FLAMBEAU, WISCONSIN

TO: COMMITTEE ON EDUCATION AND THE WORKFORCE

FROM: Richard Vought, District Administrator (Lac du Flambeau School District)

RE: **IMPACT AID**

DATE: November 7, 2001

It is essential to recognize education as a national priority and provide funding in accordance with its importance. We also need to recognize that every dollar spent on education will later save many times those dollars on social programs. Schools have to change to meet the changing needs of the society in which we live. We can no longer design our schools and our curriculum to meet the needs of Dave and Ricky Nelson. That era is gone. We have to recognize that the majority of our students do not live with both parents. We need to recognize the influences to which our students are being exposed. In order to meet the challenges we face, additional funding is needed. There should be time set aside for staff training, curriculum development, and summer and after school programs for youth. Achieving these objectives will require a commitment to sponsor and pass legislation at both the federal and state level.

Impact Aid is very important to our school as it is to many schools throughout the country. In essence, Impact Aid is "property tax" on federal property located in school districts; mainly military bases and Indian reservations. Often, it is the only means by which the Federal Government is meeting its treaty obligations with Indian people. When Impact Aid is not fully funded, the burden of taxation falls back on the local property tax payers. The role of the school has been and is constantly expanding. With this expansion comes the need for additional funding to pay for the extra counselors, nurses, and required special education programs.

What we have done at Lac du Flambeau Public School is create a different playing field. We didn't model our school after the schools in white suburbia and their stereotypical recipe for success. We designed a playing field that is perhaps better and is definitely different than the norm. We have spent a great deal of time to get the entire staff involved and have taken great care in choosing only the best qualified.

I am not impressed by a beautiful resume or by someone who interviews well with a committee of adults. What impresses me are candidates who can work with the youth and can communicate with them. In order to be able to motivate students, the teacher must understand their needs and be able to build positive relationships.

It is important that, once hired, an employee be given adequate training and mentoring. In fact, it is extremely important to have a staff development program that continuously allows for growth and is developed with staff input. At Lac du Flambeau Public School, we generally have three to four weeks of teacher camps during the summer to work on curriculum/culture, student discipline, and technology. In addition, we offer graduate level classes to our staff that are held on Friday nights and Saturdays. This innovative program is a reflection of our Board of Education's commitment to the concept of obtaining the best staff and training them. It is funded through our school budget. They have to be trained to serve the students with whom they will be working. These courses are modeled after the work of Deming and are based on the Quality School Philosophy. Staff enrolled can attain a Master's Degree within three years.

We have entered a new post-modern era. It is a technological era which involves change. We have to adopt a premise that recognizes that the current state of public education is not equal for all students. Minority students and students on military bases, who are highly mobile, are not exposed to the same quality education as students from middle class and upper middle class families. We have to recognize that the greatest correlation to student achievement and student test scores has been parental income. We have to recognize that we cannot design an educational environment for the minority student or military student who is highly mobile that is of the same quality as a successful public school in an upper middle class neighborhood. We have to create a different playing field, the rules of which have to recognize that many minority students and low-income students are disenfranchised from the educational system. Often this disenfranchisement is passed on from generation to generation. The means to break the pattern is to allow the learner to be successful and to develop a positive attitude.

In some cases, rules have to be different in order for the student to achieve success. At Lac du Flambeau Public School, where our population is 96% Native American, we are doing many many different things that a so-called normal public school wouldn't be doing. We have changed the paradigm. We have designed a facility to meet the needs of our students. By facility I don't mean just the physical plant, I also include staffing. We have staffing in grades K through 8 with a maximum class size of not more than 15 students per teacher. We have school open early in the morning and stay open late into the evening. There are many activities in which our students can become involved. We have created an arena designed for the needs of our students. It is a playing field that is equal with or better than most. The after-school activities are:

- Acrobatics and Dance
- After-School Tutoring Program
- All School Play
- Anishinabe Ways
- Art Club
- Football
- Basketball (Boys and Girls)
- Volleyball
- Track
- Cheerleading
- Distance Learning
- Drama Club
- Forensics
- Girl/Boy Scouts
- Native Roots
- Native Seeds

- Library
- Dance Class
- Drum Teaching
- Computer Lab
- 4 Year Old K Program (all day)
- Teacher Training Grant (by the summer of 2002, four tribal members will be certified teachers)
- Music
- VICA

As a nation, we tend to look at test scores as the measure of student achievement. This is a mistake. Would you rather have a student with a C average who is a nice person or a student with a 4.0 grade point who doesn't have moral character? We have to teach character and bear in mind that sometimes the root for character is culture. Some of the things we have to teach are not measurable. Test scores can't be the only measure of schools' and students' success. There are items that are intangible that cannot be measured. How do you measure integrity, respect, and kindness? There is a danger that as we enter the technological age and the post-modern era we will forfeit some things that are not measurable, yet equal in importance. We have to remember that education is an "attitude" and treat it as such.

You have to have a staff that is willing to work together, be creative, find the right solutions, and who are child advocates. Over the last couple of years, I have seen a lot of research directed toward our school and why we are successful. I can't say there is one reason for it because there are numerous factors. It takes commitment on the part of the Board of Education, the administration, teachers, and parents to become a team working together. The pseudo wars between these entities cannot be allowed to occur. This is often difficult because parents view the school as the enemy or an agent of assimilation.

We are given a mandate by the parents to become the educator and we have to have cooperation with them or we will not be successful. We must always recognize that the main educator of any child is the parent.

We must take action in order to get the message out that funding for Impact Aid and education is important and essential in order for schools to be successful. The importance of the Impact Aid Program to the Lac du Flambeau Public School and to all the recipient schools throughout the country cannot be over emphasized. In our district, approximately 95% of the students live on non-taxable land, and over 40% of our budget is derived from Impact Aid. With the high costs of special education and the staggering increase in health insurance (20% a year for the last two years) it will be difficult to keep programs in place without an increase in Impact Aid. It is a highly efficient program with most of the dollars appropriated going directly to the schools and ultimately to the youth of the communities. Without a commitment to maintain and in fact increase this funding, educational programs in Impact Aid districts will surely suffer.

I am always willing to discuss these issues with anyone. Please feel free to contact me with any questions or concerns.

(Lac du Flambeau Public School has been recognized by the Education Trust as a high achieving low-income school district)

Enclosure: Article, "Three Letters from Teddy"

THREE LETTERS FROM TEDDY

By: Elizabeth Silance Ballard

Teddy's letter came today and now that I've read it, I will place it in my cedar chest with the other things that are important in my life.

"I wanted you to be the first to know." I smiled as I read the words he had written and my heart swelled with a pride that I had no right to feel. I have not seen Teddy Stallard since he was a student in my 5th grade class, 15 years ago. It was early in my career, and I had only been teaching for two years.

From the first day he stepped into my classroom I disliked Teddy. Teachers (although everyone knows) are not supposed to have favorites in a class, but most especially they are not to show dislike for a child, any child.

I had thought myself quite capable of handling my personal feelings along that line until Teddy walked into my life. He was dirty. Not just occasionally, but all the time. His hair hung low over his ears, and he actually had to hold it out of his eyes as he wrote his papers in class. (And this was before it was fashionable to do so!) Too, he had a peculiar odor about him which I could never identify.

His physical faults were many, and his intellect left a lot to be desired, also. By the end of the first week I knew he was hopelessly behind the others. Not only was he behind; he was just plain slow. I began to withdraw from him immediately. But any teacher worth her credentials can channel work to the bright child, keeping him challenged and learning, while she puts her major effort in the slower ones. Any teacher can do this. Most teachers do it, but I didn't, not that year.

In fact, I concentrated on my best students and let the others follow along as best they could. Ashamed as I am to admit it, I took pleasure in using my red pen; and each time I came to Teddy's papers, the cross marks (and there were many), were always a little larger and a little redder than necessary.

While I did not actually ridicule the boy, my attitude was obviously quite apparent to the class, for he became the class "goat," the outcast, the unlovable, the unloved. He knew I didn't like him but he didn't know why. Nor did I know then or now why I felt such an intense dislike for him. All I know is that he was a little boy no one cared about, and I made no effort on his behalf.

The days rolled on. We made it through the Fall Festival and the Thanksgiving holidays, and I continued marking happily with my red pen. And as the Christmas holidays approached, I knew that Teddy would never catch up in time to be promoted to the sixth grade level. He would be a repeater. To justify myself I went to Teddy's folder from time to time. He had very low grades for the first four years, but no grade failure. How he had made it, I didn't know. I closed my mind to the personal remarks.

First Grade: *Teddy shows promise by work and attitude, but has poor home situation.*

Second Grade: *Teddy could do better. Mother terminally ill. He receives little help at home.*

Third Grade: *Teddy is a pleasant boy. Helpful, but too serious. Slow learner. Mother passed away end of the year.*

Fourth Grade: *Very slow, but well behaved. Father shows no interest.*

Well, they all passed him four times, but he will certainly repeat the fifth grade! Do him good! I said to myself.

And then the last day before the holiday arrived. Our little tree on the reading table sported paper and popcorn chains. Many gifts were heaped underneath, waiting for the big moment. Teachers always get several gifts at Christmas, but mine that year seemed bigger and more elaborate than ever. There was not a student who had not brought me one. Each unwrapping brought squeals of delight, and the proud giver would receive effusive thank you's. His gift wasn't the last one I picked up; in fact, it was in the middle of the pile. Its wrapping was a brown paper bag, and he had colored Christmas trees and red bells all over it. It was stuck together with masking tape. "For Miss Thompson from Teddy," it read.

The group was completely silent, and for the first time I felt conspicuous, embarrassed because they all stood watching me unwrap that gift. As I removed the last bit of masking tape, two items fell to my desk; a gaudy rhinestone bracelet with several stones missing and a small bottle of dime-store cologne, half empty. I could hear the snickers and whispers, and I wasn't sure I could look at Teddy.

"Isn't this lovely," I said as I tried to place the bracelet on my arm. "Would you help me fasten it?" He smiled shyly as he fixed the clasp, and I held up my wrist for all of them to admire. There were a few hesitant oohs and ahhs, but as I dabbed the cologne behind my ears, all the little girls lined up for a dab behind their ears.

I continued to open the gifts until I reached the bottom of the pile. We ate our refreshments, and the bell rang. The children filed out with shouts of "See you next year!" and "Merry Christmas!" but Teddy waited at his desk. When they had all left, he walked toward me, clutching his gift and books to his chest. "You smell just like Mom," he said softly. "Her bracelet looks real pretty on you, too. I'm glad you liked it."

He left quickly. I locked the door, sat down at my desk, and wept, resolving to give Teddy what I had deliberately deprived him of -- a teacher who cared -- a friend.

I stayed every afternoon with Teddy from the end of the Christmas holidays until the last day of school. Sometimes we worked together. Sometimes he worked alone while I drew up lesson plans or graded papers. Slowly, but surely he caught up with the rest of the class. Gradually, there was a definite upward curve in his grades.

He did not have to repeat the fifth grade. In fact, his final averages were among the highest in the class, and although I knew he would be moving out of state when school was out, I was not worried for him. Teddy had reached a level that would stand him in good stead the following year, no matter where he went. He had enjoyed a measure of success, and as we were taught in our teacher training courses, -- "Success builds success."

I did not hear from Teddy until seven years later, when his first letter appeared in my mailbox.

> Dear Miss Thompson:
>
> I just wanted you to be the first to know. I will be graduating second in my high school class next month.
>
> Very truly yours,
> Teddy Stallard

I sent him a card of congratulations and a small package - a pen and pencil gift set. I wondered what he would do after graduation. Four years later Teddy's second letter came.

> Dear Miss Thompson:
>
> I wanted you to be the first to know. I was just informed that I'll be graduating first in my class. The university has not been easy, but I liked it.
>
> Very truly yours,
> Teddy Stallard

I sent him a good pair of sterling silver monogrammed cuff links and a card, so proud of him I could burst!

And now today, Teddy's third letter.

> Dear Miss Thompson:
>
> I wanted you to be the first to know. As of today I am Theodore J. Stallard, M.D. How about that!!
>
> I'm going to be married in July, the 7th, to be exact. I wanted to ask if you could come and sit where Mom would sit if she was here. I'll have no family there as Dad died last year.
>
> Very truly yours,
> Teddy Stallard

I'm not sure what kind of gift one sends to a doctor on completion of medical school and state boards. Maybe I'll just wait and take a wedding gift, but my note can't wait.

Dear Ted:

Congratulations! You made it, and you did it yourself! In spite of those like me, and not because of us, this day has come for you.

God bless you. I'll be at the wedding with bells on!

Best wishes,
Miss Thompson

APPENDIX E -- STATEMENT OF GENERAL WESLEY CLARK, U.S. ARMY (RET.), MANAGING DIRECTOR-MERCHANT BANKING, STEPHENS GROUP, WASHINGTON, D.C.

Impact Aid: Making the Commitment to our Military Family

Hearing before the

Subcommittee on Education Reform
Committee on Education and the Workforce

United States House of Representatives

November 8, 2001

General Wesley K. Clark
United States Army, Retired

Good morning, Mr. Chairman and Members of the Subcommittee. Thank you for inviting me to testify today on the critically important subject of impact aid and the education of the young people in the military family. Let me commend you for holding this hearing, and for your willingness to address this issue.

Put simply, the quality of youth education remains a key factor in the retention and recruitment of personnel in the Armed Forces. Beyond mere expedience, our nation must assure that the children of its Armed Forces personnel are provided a top quality education. The United States' military force is highly educated and its members hold the same expectations for their children's education. More of our men and women are basing their decisions to enter or leave the military on perceptions of the quality of education their children will receive. It is significant that as the ranks of our Armed Services have fallen, funding for impact aid has fallen short of the level needed by our children's schools. If we want strong, educated, committed men and women in our Armed Services, then we must provide for their families well being.

Currently, there are approximately a half million military dependants who attend school in districts surrounding military bases. Less than 15% of military children are in DoD schools; the rest attend public and private schools off-post. In my home state of Arkansas, in the vicinity of Little Rock Air Force Base, there are approximately 2500 students who attend school off post. The three school districts are eligible to receive assistance under the federal impact aid program. However, the impact aid program is funded nationally at only around the 60% level. What does this mean for Little Rock? This means that the three school districts in Little Rock bear a great burden in meeting the educational requirements of each child, both military and civilian. Currently, the three districts receive $575,000 in federal impact aid. If the program were fully funded, the school districts would receive somewhere around $3.8 million. This significant shortfall translates into a decrease in the number and quality of academic and extracurricular programs the schools can provide to its military and civilian children. It also means a decrease in armed forces retention and recruitment, which is cause for great concern. We do not want to see our military children losing out on the quality education they deserve and their parents expect.

Impact aid was designed to reimburse public school districts the full cost of educating the military child attending public or private school off post. In 1950, the Congress recognized that the loss of traditional revenue sources like property and personal income taxes negatively impacted the local school districts. Traditionally these types of taxes have accounted for a significant portion of the local school district's annual budget. However, military students can negatively impact the district's financial resources because their parents do not pay such things as income taxes, license fees, and property taxes. While the nominal cost of educating one student varies from district to district across the United States, one thing remains clear, the federal government must do more to fund the education of our military children. The federal government must live up to its promise to care for its military family by fully funding the impact aid program. If we want to retain and recruit the best men and women, we must provide for their families and this means making an extra effort.

In conclusion, Mr. Chairman, while much has been done in recent years to strengthen accountability and decentralize responsibility and authority in the DoD school system, off-post schools remain beyond the control of the military and DoD leadership. However well-meaning the off post school leadership and staff may be, these schools face particular challenges as I observed in my assignments at Ft. Irwin, Ft. Carson, CO and Ft. Hood, TX. Such schools tend to suffer from restricted funding and higher than average per pupil cost due to the turnover of students associated with military reassignments. In normal communities, the public schools draw on a diverse tax base and enjoy a relatively stable student population. This stability reduces school stress, disciplinary problems, and the general frictions that are inevitable at the beginning of each school year. Civilian schools with substantial population of military families often suffer from reduced tax base as well as extraordinarily high turn over of students even during the school year.

Federal impact aid was created to address these problems. It is a matter of money but it is not a hand out. These additional resources are very much needed. The federal government impacts school districts and our government should do its part. I know that the Committee has worked hard on behalf of our military family to provide the best possible education for our children. This is an important issue to me and I commend the Committee for it.

Thank you for the opportunity to testify before you today. I would be pleased to answer any questions you may have.

Committee on Education and the Workforce

Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)

Your Name:

	Yes	No
1. Will you be representing a federal, State, or local government entity? (If the answer is yes please contact the Committee).		✓

2. Please list any federal grants or contracts (including subgrants or subcontracts) which you have received since October 1, 1998:

	Yes	No
3. Will you be representing an entity other than a government entity?		✓

4. Other than yourself, please list what entity or entities you will be representing:

None

5. Please list any offices or elected positions held and/or briefly describe your representational capacity with each of the entities you listed in response to question 4:

None

6. Please list any federal grants or contracts (including subgrants or subcontracts) received by the entities you listed in response to question 4 since October 1, 1998, including the source and amount of each grant or contract:

None

	Yes	No
7. Are there parent organizations, subsidiaries, or partnerships to the entities you disclosed in response to question number 4 that you will not be representing? If so, please list:		✓

Signature: Ashley K Clark Date: 7 Jan 01

Please attach this sheet to your written testimony.

APPENDIX F -- STATEMENT OF DR. THOMAS J. MADDEN, SUPERINTENDENT, LEMONT TOWNSHIP HIGH SCHOOL DISTRICT #210, LEMONT, ILLINOIS

COMMITTEE ON EDUCATION AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES
Subcommittee on Education Reform
"Impact Aid: Ensuring all Children Receive a Quality Education"
November 8, 2001
2175 Rayburn House Office Building

Testimony by Dr. Thomas J. Madden
Superintendent of Lemont Township High School District 210
Lemont, Illinois

Thank you for the opportunity to present testimony on behalf of the Impact Aid program, an extremely important program for hundreds of school districts across the country and thousands of their students. My name is Tom Madden and I am the Superintendent of Lemont Township High School District 210 in Lemont, Illinois. We are a part of the Impact Aid community under the Federal Properties part of the program. Argonne National Laboratory is in our school district.

The education of youngsters costs money. That money comes from local, state and federal sources. There are times when the presence of the Federal Government has a negative financial impact on a local school district. This "impact" gives the Impact Aid Program its name. It is a program through which the Federal Government compensates these local school districts for at least some of that financial impact.

In the case of Federal Properties school districts, the negative financial impact is the marked reduction in local tax revenues needed to operate schools. When Argonne National Laboratory was established in the mid-1940's, approximately 4,800 acres were taken over by the Federal Government and taken off the tax rolls of my school district. That is 4,800 acres for which we are not receiving tax revenues. As is the case with all school districts, we need tax revenues to not only do at least an adequate job of educating our youngsters, but to simply survive. My school district must educate over 1,000 students. The greatest portion of the financial burden for doing so rests with our local residents through their local property taxes. The burden on these local tax payers became much, much greater when the Federal Government took over ownership of about twenty-five percent of the total acreage of our school district. It still costs just as much to operate our school district, but our ability to raise local taxes to do so is greatly curtailed because of the presence of the Federal Government. Hence, Federal Impact Aid. The problem, however, is that Federal Properties school districts are only receiving about eight cents on the dollar for their lost tax revenue.

There is an analogy, the Renter's Analogy, I have used to illustrate the impact referred to in the previous paragraph. Instead of a public school

district, let us use a three-unit apartment building as our example. This building has three renters, each paying the building owner $1,000 per month. The total monthly rent of $3,000 allows the owner to pay all the necessary expenses and realize a modest profit. Then one day, one of the three renters goes to work for the Federal Government, and for that reason and that reason alone, is no longer required to pay the $1,000 monthly rent. But the owner still needs $3,000 per month to operate. So, the other two renters must make up the difference and their monthly rent increases to $1,500. Well, not really because the Federal Government realizes the impact it now has on the two remaining renters and provides aid in the amount of $80 (eight cents on the dollar) for the loss of $1,000. So, the remaining two renters now must pay $1,460 per month, instead of the $1,000, because of the presence of the Federal Government. If we substitute "remaining local tax payers" for "remaining renters," we see that the analogy does serve to illustrate the real world of Federal Impact Aid and its importance to local school districts. The lost dollars could be used to buy books, hire teachers, improve facilities, and for a host of other school improvement efforts and projects. Lost revenues deny local communities such basic educational necessities.

Finally, I would like to comment on what can be an overused term; namely, "entitlement." I am sure that the elected officials of Congress are

faced with a continual stream of constituents asking for funds of one type or another and asking for those funds in the name of "entitlement." Here is what I know. As a school superintendent, I realize we receive federal funds for a variety of reasons. We receive funds to help with reading, science and math instruction, vocation education, drug education, etc. Make no mistake about it, we all certainly appreciate the financial assistance of the Federal Government with these challenges that face all of us as public school officials. But I cannot help recognizing that these problems were not "caused" by the Federal Government. They are "local" problems that exist across the country. Yet, the Federal Government has chosen to help and we all appreciate that help. **With Federal Impact Aid, however, the Federal Government has actually caused the problem.** Because of the Federal presence, local school districts are required to spend additional dollars to educate more students that it would otherwise have to, or, as is the case with Federal Properties school districts, they are required to educate the same number of students with many fewer dollars. Since this negative financial impact is actually caused by the presence of the Federal Government, I don't think any better case for "entitlement" can be made.

The Federal Impact Aid Program is one of the most popular, bipartisan programs existing today. It provides important funding that goes

directly to school districts to be used to operate schools. The Impact Aid community is deeply grateful to the members of Congress for providing such funding. We are grateful to these members for their realization that the funding levels have been inadequate for years. And we are grateful for their continuing efforts to increase such funding, especially over the past few years.

Thank you very much for this opportunity to address you.

APPENDIX G -- STATEMENT OF DENNIS JARRETT, DIRECTOR OF FINANCE, YORK COUNTY PUBLIC SCHOOLS, YORKTOWN, VIRGINIA

TESTIMONY BEFORE THE HOUSE EDUCATION AND WORKFORCE COMMITTEE

SUBCOMMITTEE ON EDUCATION REFORM

ON

IMPACT AID

SUBMITTED BY

DENNIS R. JARRETT, CHIEF FINANCIAL OFFICER
YORK COUNTY SCHOOL DIVISION, VIRGINIA

NOVEMBER 8, 2001

Good morning, my name is Dennis Jarrett. I am the Chief Financial Officer for the York County School Division in Virginia. The information I will be presenting to you relates to the importance of impact aid to the York County School Division.

First, I would like to thank Congressman Mark Kirk, Congresswoman Jo Ann Davis, Congresswoman Susan Davis, and Congressman Ed Schrock for their leadership in sponsoring the Grade-A Impact Aid bill that would have made impact aid an entitlement program. Even though the bill was not approved, it was instrumental in raising the level of awareness about impact aid and its importance to local school districts across the nation.

The York County School Division is heavily impacted by the presence of the federal government; 44% of our 11,950 students are federally connected. This means 5,200 (44%) of our students have parents or legal guardians that live and/or work on federal property. One-half of the 44% of federally connected students have a parent or legal guardian in the military.

In York County 40% of the land is owned by the federal government. Federal installations located in York County include the U.S. Coast Guard Training Station - Yorktown, Naval Weapons Station - Yorktown, Camp Peary Armed Forces Training Facility, and the Bethel Manor Housing Annex for families stationed at Langley Air Force Base. The Colonial National Historical Park also is located in York County.

The York County School Division receives payments under Section 8003 and Section 8002 of the impact aid law for federally connected students and the land owned by the federal government. These payments are reimbursement to the school division for lost tax revenues due to the presence of tax-exempt federal property.

The York County School Division's FY 2002 budget includes $6.8 million from federal impact aid. This equates to 9% of the total $77 million operating budget. If impact aid were fully funded based on the current law, York County would receive $10.3 million in impact aid or $3.8 million more than we currently receive. Because impact aid is not fully funded, the local taxpayer in York County is subsidizing the cost of educating federally connected students.

Even though impact aid is not fully funded, it is vital to the operations of the school division. If impact aid were eliminated the effects would be devastating to public education in York County. The $6.8 million budgeted in FY02 for impact aid equates to 180 teacher positions or 22% of the teacher work force. To eliminate 180 teacher positions would result in the elimination of core educational programs to all students. In fact, public education as we know it in York County would no longer exist.

In addition to teacher salaries, impact aid funds provide textbooks, instructional supplies and equipment for students in the classroom. Impact aid funds are important to keeping school buildings open, comfortable and safe for use. This includes heating, lighting, ventilation systems and maintenance of facility equipment.

If York County received additional impact aid, the funds would be directed to improving instructional services for at-risk students and students with disabilities, and significantly improving student assessment and accountability. Additional funds would also be used to maintain core instructional programs, lower student/teacher ratios, infuse instructional technology in the classroom and maintain safe and secure school facilities.

Thank you for the opportunity to come before you today and provide information regarding the importance of impact aid. I will be glad to try to answer any questions you might have regarding impact aid.

APPENDIX H -- WRITTEN TESTIMONY SUBMITTED FOR THE RECORD FROM THE NATIONAL MILITARY FAMILY ASSOCIATION, ALEXANDRIA, VIRIGINIA

NMFA
National Military Family Association
2500 North Van Dorn St., Suite 102
Alexandria, VA 22302-1601 • (703) 931-6632

The Voice for Military Families

Statement of

The National Military Family Association

For the record of the

SUBCOMMITTEE ON EDUCATION REFORM

of the

COMMITTEE ON EDUCATION AND THE WORKFORCE

of the

UNITED STATES HOUSE OF REPRESENTATIVES

November 8, 2001

The National Military Family Association (NMFA) is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies that will improve the lives of those family members. Our mission is to serve the families of the seven uniformed services through education, information, and advocacy.

Founded in 1969 as the Military Wives Association, NMFA is a non-profit 501(c)(3) primarily volunteer organization. NMFA today represents the interests of family members and the active duty, National Guard, Reserve, and retired personnel of the Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration.

NMFA volunteer Representatives in military communities worldwide provide a direct link between military families and NMFA's staff in the nation's capital. Representatives are the "eyes and ears" of NMFA, bringing shared local concerns to national attention.

NMFA receives no federal grants and has no federal contracts.

NMFA has been the recipient of the following awards:
Defense Commissary Agency Award for Outstanding Support as Customer Advocates (1993)
Department of the Army Commander Award for Public Service (1988)
Association of the United States Army Citation for Exceptional Service in Support of National Defense (1988)
Military Impacted Schools Association "Champion for Children" award (1998)

Various members of NMFA's staff have also received personal awards for their support of military families.

NMFA's web site is located at http://www.nmfa.org. The association can be contacted at:

National Military Family Association
2500 North Van Dorn St., Suite 102
Alexandria, VA. 22302
703-931-6632
703-931-4600 (fax)
families@nmfa.org

IMPACT AID AND THE MILITARY FAMILY

Mr. Chairman, NMFA and the families we represent are grateful to this Subcommittee for sponsoring this hearing to raise awareness of the importance of the federal responsibility embodied in the Impact Aid Program and its importance to military children. We thank all Congressional supporters of Impact Aid, especially the Members of the House and Senate Impact Aid Coalitions, for securing another increased appropriation for the program for FY 2001 and securing the program's reauthorization. Your continued support of this program translates into better education for approximately 550,000 military children and several million of their civilian classmates in school districts across the country.

THE MILITARY CHILD

NMFA presents this statement on behalf of military families, or more specifically on behalf of military children:

- Military families move an average of every 2.9 years, three times the rate of their civilian counterparts. Military children attend an average of six different schools during their K-12 education. Less than 20 percent of these children attend Department of Defense schools; the overwhelming majority of military children attend civilian schools dependent on Impact Aid.
- Military children bring a wealth of cultural experiences gained from living in many parts of the world to their new schools. They also frequently come with gaps in their education that their new teachers must quickly fill while moving the rest of the class ahead. Sometimes they are far ahead of their new classmates, adding boredom to the list of reasons why they hate moving to yet another new school.
- Because of varying course standards, school schedules, and state graduation requirements, military children sometimes lose credits needed for graduation. Currently 18 states have graduation requirements linked to performance on state exit exams; 6 more states are developing exit exams. With the rise of exit exams and increased graduation requirements, transfers in the last year or two of high school are becoming more problematic. A change of schools at any time is traumatic, but a change in the middle of the school year is especially so. A mid-year transfer can place some children so far behind that they cannot catch up the rest of the school year.
- Because of the high military operations' tempo of the past several years, military children often had to adjust to the new school, face that week of standardized tests, fight for the spot on the newspaper staff, play the basketball game before a crowd of strangers without the support of their military parent. The increased demands placed on the military force as a result of the homeland defense and war on terrorism missions of Operations Noble Eagle and Enduring Freedom have already caused additional stress on the military family, and especially on the military child. Worry about the safety of a parent in a place far from home where people are shooting at each other while also worrying about your own safety at home makes for powerful distractions from the business of education.

Today's military force is an educated force and military members have high expectations for their children's education. More are accepting or rejecting assignments, or even deciding to leave the military, based on perceptions about the quality of education their children will receive at prospective duty stations.

WHY IMPACT AID? THE FEDERAL RESPONSIBILITY

A well-funded Impact Aid program enables districts serving large numbers of military children to approach the level of educational opportunity available in neighboring, non-impacted school districts even though they do not have access to the same kind of tax base. Impact Aid dollars are targeted to districts where the Federal responsibility is the greatest under the law. The dollars go directly to school districts with no strings attached. The local community, the people with the greatest stake in the quality of education in their schools, decides how Impact Aid funds will best serve the basic education needs of all students.

Military families understand that the Impact Aid program supports basic education services provided by their local school districts. They understand the impact the federal presence has on the tax base of these local districts and their states. They know the impact their children and the transient military lifestyle can have on their local schools. What they do not understand is that Impact Aid funds fall short of the levels intended by the creators of the program or of the amount needed by their children's schools. They want to know why a program so important to the education of their children is not an entitlement and why it is not forward-funded so that their school districts can plan and budget properly.

Military families hold the government, and the citizens they have sworn to serve and protect, accountable for living up to their promise to provide a quality education for their children. School districts have accepted the responsibility to educate military children; the Federal government must provide the resources it has promised to support that education. The intent of the original Impact Aid legislation (P.L. 81-874) was "to provide financial assistance for those local educational agencies upon which the United States has placed financial burden." It originally provided an "in-lieu-of-tax" payment equal to the local per-pupil costs for students whose military parent both lived and worked on a federal installation (these students were termed "military A" students) and one-half of the local per-pupil cost for students whose military parent worked on a federal installation but lived in the civilian community (termed "military B" students).

NMFA thanks the Congress for its continued funding of Impact Aid for the military children who live off the installation and for the increased weighting given these students in last year's reauthorization. Two-thirds of military families live off-base. Although military families living in the civilian community pay property taxes to help support local schools, they often do not contribute to other sources of education funding. States provide an increasingly larger share of local districts' funding. Military members claiming another state as their official home of record often pay no tax on their military

income to the state currently educating their children. They also shop in military exchanges and commissaries, thus paying no sales tax. Under the provisions of the Soldiers' and Sailors' Civil Relief Act, they are often exempt from paying personal property taxes or license fees for automobiles if they are on military orders away from their home state. Military children, whether living on- or off-base, impose costs on the district as they move in and out: records must be prepared, evaluations and testing must be done for special programs, transition labs or remedial programs may be needed.

The increased weight from one- to two-tenths of the on-base payment included in last year's reauthorization of the Impact Aid program was an important step in providing districts with the funding necessary to meet their responsibility for educating military children. Funding for children living off the installation will become even more crucial for school districts as the military Services increasingly look to the civilian community to provide housing for military families. This funding will also be important to districts where the Services are building privatized military family housing in civilian communities off-base. Although developers of this housing may pay some taxes, these revenues could be inadequate, especially during the early years of the privatization contracts.

NMFA notes that the proposed increases in appropriations for basic support payments for FY 2002 are essential given the new weighting for off-base military children. Without these increases, the new weighting for off-base students could result in smaller payments for some districts. We would hate to see that a much-needed change to help districts educating many off-base children would be paid for by districts supporting large numbers of on-base military children.

FAMILY HOUSING PRIVATIZATION: A CAUTIONARY NOTE ON EDUCATION FUNDING

NMFA has supported the concept of privatization of military family housing as essential for increasing the amount of capital available to eliminate the backlog in substandard housing. However, we caution installation leaders, and wish to inform policymakers of privatization's unintended consequences on both family budgets and school district funding. The law requires that servicemembers living in privatized housing be paid Basic Allowance for Housing (BAH), which is then turned over to the developer as rent. Eligibility for safety net programs administered by the U.S. Department of Agriculture such as food stamps; the Women, Infants, and Children (WIC) nutrition program; and free and reduced price school lunches is based on a family's total income. When an installation's housing is privatized and servicemembers start receiving BAH—which is immediately passed to the developer via an allotment—the total income as indicated on the member's Leave and Earnings Statement (LES) seems to have increased. Many servicemembers then lose eligibility for safety net programs. Press reports state, for example, that two-thirds of the families receiving food stamps on Fort Carson, CO, lost their eligibility once the housing was privatized in late 1999.

When families lose eligibility for free and reduced school lunches, their local school can also lose funds. Federal Title 1 and E-rate technology funding as well as some state funding is based on a school's poverty rate, which in turn is based on the percentage of children receiving free and reduced lunches. Fountain-Fort Carson District 8, a district of approximately 4,900 children, reports that it would have received $400,000 less from these sources in the year after installation housing was privatized and servicemembers on Fort Carson began receiving BAH had not the state of Colorado provided some additional funding. Lackland Independent School District, educating children living on Lackland Air Force Base in Texas, estimates that state funding to support instructional programs will be reduced by approximately $630 per child per year and federal funding to support food service programs for students in the free or reduced price meal program will be reduced by $140 per year per child when the military housing in which these children live is privatized. In the Bellevue (NE) School District, which serves children living on and near Offutt Air Force Base, 2,300 children currently qualify for free and reduced meals and four of the district's elementary schools receive Title 1 funds. When housing on Offutt is privatized, the district estimates that 700 military children will lose their eligibility for free or reduced price meals and at least one elementary school on the installation will lose Title 1 eligibility.

A bill to address the loss of eligibility caused by the requirements of the military family housing privatization law, and the resulting hardship both to the budgets of individual military families and the school districts educating their children, H.R. 3082, has been introduced. NMFA urges the Congress to work with the Departments of Defense, Agriculture, and Education to examine how school funding can be protected during the implementation of privatization projects.

FIX THE SCHOOLHOUSE

For a newly-arrived family in a military community, the sight of a well-maintained, safe, child-friendly school building can calm many anxieties about the latest move. Unfortunately, too many military children must deal with those anxieties in a school facility that has seen better days. Their military parents see the deteriorating school building as perhaps a symbol of a deteriorating respect for their service to the country. Although Impact Aid provides much of a heavily-impacted district's working capital, a district's payment cannot usually be stretched to fund the facility maintenance and improvements old school buildings need. Construction funds available under the Impact Aid program also do not provide districts with the resources they need to compensate for inadequate tax bases and negligible bonding authority that hinder their ability to fund needed construction projects.

Military families at many installations voice concerns about the repairs needed for their school buildings and the lack of available funds. Obtaining funding to construct and renovate school buildings is a challenge for school districts across the country, not just districts receiving Impact Aid; many U.S. school buildings were built in the fifties and sixties and need major work to meet handicapped accessibility standards and to be able to

handle modern technology. However, the reduced tax base of districts dependent on Impact Aid make it even more difficult for these districts to float the necessary bond issues to construct new schools or renovate existing buildings. Military families look to the Members of Congress to ensure that construction funds are made available through the Impact Aid Program to all districts with significant federally-connected student populations. Districts charged with educating large numbers of military children must have access to the construction funding necessary not only to do emergency repairs, but also to improve accessibility for special needs children, upgrade classrooms and other facilities to meet the technological demands of the future, and ensure that school buildings provide a safe environment conducive to learning.

NMFA remains concerned about the long history of inadequate funding to upgrade and maintain buildings owned by the Department of Education. We are also concerned about what we perceive as a lack of accountability and effort by the Department to ensure that these buildings are maintained and renovated to acceptable standards. The co-terminous districts--those civilian districts whose boundaries are the same as the military installations they serve--have been forced to turn in recent years to the Defense Committees to obtain repair and renovation funds from the Department of Defense budget; some of these districts have school buildings owned by the Department of Education. Even with the DoD funding, these districts still face difficult prioritization decisions on how to address facility shortfalls. For example, Randolph Independent School District, serving Randolph Air Force Base in San Antonio, TX, estimates that it needs $14 million to meet the facility needs in its Department of Education-owned buildings. The district must address safety and structural needs before addressing a priority of many military families: renovating a room that is too small to accommodate the district's award-winning band (See Appendix 1). Other districts with a mix of schools owned by the district and by the Department of Education have not received the funding they need to take care of these buildings. They have been forced to use district funds to bring the Department of Education-owned buildings up to local standards so that the military children attending these schools will not fall behind their peers in district-owned buildings.

NMFA urges Congress to ensure that the legislative language governing the allocation of construction funds through the Impact Aid program provides access to these funds for districts educating all categories of federally-connected children, especially those districts that do not have other funding alternatives available. We also urge the Congress to work with the Department of Defense and the military Services to ensure that school districts experiencing changing enrollments or facility needs because of base closure legislation, compassionate assignment of members with special needs children, or housing privatization initiatives have access to adequate construction funding.

ONE CHILD, MANY SCHOOLS

The education of a military child is a continuum. As the military child moves from school district to district—from a school receiving Impact Aid in California, to another Impact Aid school in Texas, to a Department of Defense school in Japan, to an

Impact Aid school in Kansas—the quality of education she receives in one school will affect the education she and her classmates receive in the next. Children whose schools are unable to provide necessary educational services could easily fall behind their peers in other districts. Schools serving these children could face difficulties in maintaining accreditation as states implement tough new standards. A smooth transition into their next school, whether across the state or around the world, benefits military children, their classmates, and their communities. The Impact Aid Program enables districts affected by the presence of a military installation to offer not only a quality basic education program, but also the support services needed by military children as they transition from school to school.

The support services offered by their schools are especially important to military families caught up in the current missions of homeland defense and the war on terrorism. As servicemembers deploy to places unknown, they need to know that their family members will be well-cared for at home. The demands on school districts educating military children have increased since the inception of Operations Noble Eagle and Enduring Freedom. Because of the dangers at home and the secrecy surrounding many of the deployments, school personnel and military families face drastically different issues than they experienced with recent deployments to Bosnia and Kosovo, for example. Servicemembers want to know that their children's school buildings are secure, that school district leaders are working with installation leadership to ensure the safety of children at school and on the school buses. They want their children's schools to serve as extra eyes and ears, watching for changes in their children's behavior and academic performance and ensuring that adequate counseling resources are in place to assist children in dealing with not only the stress of the deployments, but also with the fears of unknown dangers at home. Mission secrecy in many cases as well as the open-ended nature of the mission timeline prevent teachers, counselors, and the parents left behind from getting out the map to point out where servicemembers are or counting down days on the calendar until the servicemember returns. Teachers and counselors now must help the remaining parent answer the children's questions of "Why did the military send Dad or Mom away when we could be in danger here?" Schools educating military children must be prepared to help teachers and other staff members who are also military family members as they deal with the emotions brought on by the combination of domestic threats and large-scale military deployments. They must often run programs with fewer volunteers, sometimes losing both the deployed servicemembers and their spouses who now have more demands on their time. They must also help "new" military children, the children of members of the National Guard and Reserves, who may be dealing with deployment for the first time.

NMFA is pleased that the military Services are displaying an increased recognition of the importance servicemembers place on quality education as a quality of life factor and a retention issue. We hope that the partnership programs begun by the Services and local schools, the hiring of school liaison officers, and initiatives to provide military families with better information about local schools and to study the problems faced by military children as they move will continue despite the greater demands placed on both the military and supporting school districts. Service initiatives to facilitate parent

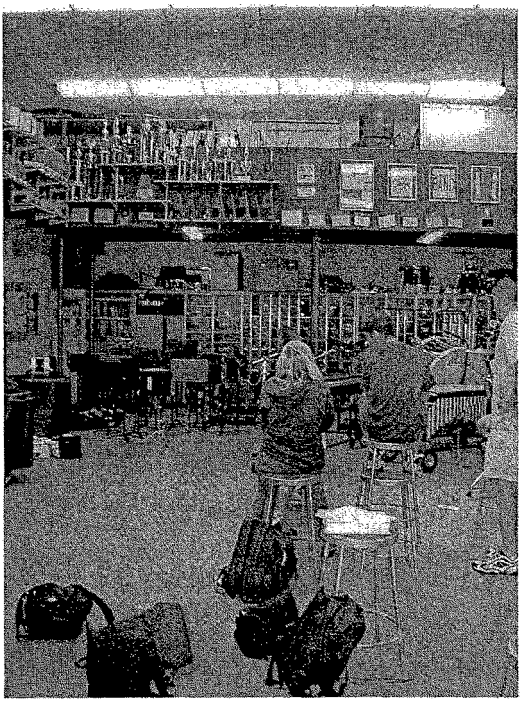
involvement in schools, such as the policy at Fort Hood, TX and other installations that states a servicemember's place of duty is the scheduled parent-teacher conference, should pay off during the difficult months ahead in a better working relationship on behalf of children. The Army has addressed the difficulties students' face when moving in their senior year by recently instituting a Senior Stabilization Policy that enables the soldier to request a delay in PCS orders so that a rising senior can finish high school at the current location. Personnel are working across the Services on common issues and are reaching out to military-related and education organizations. NMFA applauds DoD's creation of the Educational Opportunities Directorate to address the needs of all military children wherever they go to school. The Directorate has established a Special Needs Website (www.mfrc.calib.com/snn) as a resource for families as well as for schools and service providers. The Directorate is currently conducting a series of roundtables in states with high military populations to raise awareness of issues affecting the mobile child among parents, state and local education policymakers, and installation officials.

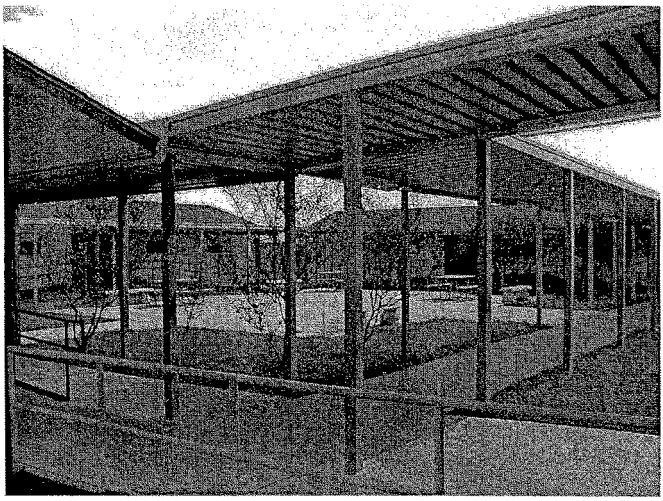
School districts are responding to military families' concerns about quality education and to the military Services' desire to develop partnerships by devoting resources to training their personnel on transition issues and to setting up more transition programs. They recognize their interdependence and their shared responsibility for the education of military children and are increasing their communication with each other to ease children's transition in and out of different school systems. NMFA has also been pleased to note that several districts that educate large numbers of military children have volunteered to serve as resources for other schools facing the task of educating National Guard and Reserve children experiencing their first taste of deployment.

Military parents view the partnerships between their schools and the military Services—from the unit adopting the local elementary school to their commander's offer of security assistance to the off-base school during the current crisis, to the presence of Service and DoD leadership at educational conferences on the military child—as progress toward relieving some of the anxieties about their children's education. The educational focus of these efforts is a legacy of a successful, well-funded Impact Aid program. When the Federal government fulfills its responsibility to provide funding for basic education to districts serving military children, the schools can concentrate on providing a high-quality education program for all students. We thank you, the Members of this Subcommittee, for your leadership in this partnership for the education of military children. We ask you to continue this role by meeting the Federal obligation to keep the Impact Aid program strong.

APPENDIX 1

The band room at Randolph High School in San Antonio, TX, is too small for the school's award-winning band to store equipment, much less practice. Parents also worry about the damage to students' ears from practicing in this small room. The band often practices before school in the open courtyard outside the school buildings (see picture, next page) as there is not enough room in the school. Other facility needs and inadequate funding have prevented the district from raising the band room higher on its priority list.





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