



# SECTION 7002 OVERVIEW

Impact Aid Program



# TOPICS

Section 7002 Eligibility Requirements

Completing the Application

Documenting Eligibility

Calculating Payments

Consolidations/Annexations





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# SECTION 7002 ELIGIBILITY REQUIREMENTS

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# SECTION 7002 OVERVIEW: FEDERAL ACQUISITION OF REAL PROPERTY

**Reimburses** local educational agencies (LEAs) for **tax revenue lost** by the removal from the tax rolls of land acquired by the Federal government since 1938 (207 applicants for FY 2023)

Value of Federal property must **equal at least 10 percent of the LEA's total assessed value** at time or times of acquisition



# EXAMPLES OF FEDERAL PROPERTY CLAIMED

Dams, Reservoirs & Lakes

National Wildlife Refuges &  
Military Installations

National Forests, Grasslands  
& Scenic River Ways





# COMPLETING THE APPLICATION



# SECTION 7002 OVERVIEW: COMPLETING THE APPLICATION

- Total eligible Federal acres in the LEA
- Report revenue received from Federal activities on those lands (if any)
- Total acres in the LEA (to include federal acres)
- Total taxable (assessed) value of **real property** in the LEA
- Tax rate for current operating expenditures



# SECTION 7002 APPLICATION – ELIGIBLE ACRES

Section 7002 Eligible Federal Property in the Local Educational Agency

Applicant Name:

Application Number:  
--2024-

School Year:  
2022-2023

Instructions: List all Section 7002-eligible Federal property in the LEA. When the eligible federal property is located in more than one jurisdiction, enter the total number of acres in each jurisdiction. In column 1, enter the name of the Section 7002-eligible Federal property. In column 2, enter the name of the corresponding taxing jurisdiction. In column 3, enter the number of acres associated with and approved as eligible federal acres for the purposes of the Impact Aid Program.

Column 1	Column 2	Column 3
Name of Section 7002-Eligible Federal Property (Generally, real property to which the Federal Government acquired ownership in or after 1938)	Taxing Jurisdiction	Number of Section 7002-eligible acres
Mark Twain National Forest	Johnson County	2,000
	TOTAL:	2,000

If the federal Impact Aid Program Section 7002-eligible acres total has changed from the FY 2020 application, you must provide an explanation and upload official documentation for the change in IAGS.





# SECTION 7002 APPLICATION – REVENUE

## Revenue from Eligible Federal Property

Applicant Name:		Application Number:		School Year:	
		--2024-		2022-2023	

Instructions: List all revenue from Federal and non-Federal sources **during the second preceding** fiscal year (e.g., 2021-2022 for the FY 2024 application) from activities associated with section 7002-eligible Federal property. If revenue is from Federal programs, provide the name of each Federal program and the name of the Federal agency responsible for administering that program. If only a portion of the Federal property generating the revenue is eligible under section 7002, prorate the revenue to reflect the share attributable to the section 7002-eligible property. For example, if the LEA has 10,000 acres of U.S. Forest Service property that generated \$20,000 in timber revenues, but only 2,000 acres are eligible under section 7002, the LEA should report one-fifth (20 percent) of the total, or \$4,000, as revenue associated with section 7002-eligible Federal property. Do not report Impact Aid revenue or receipts from other U.S. Department of Education programs on this table. If you receive no other revenue for the Section 7002-eligible acreage, enter \$0.00 in column 2.

Column 1 Source of Revenue (If Federal, also list Federal agency and program.)	Column 2 Funds Received During Fiscal Year 2018-2019
Timber Revenues	\$4,000
TOTAL:	\$4,000

All applicants must complete this table.



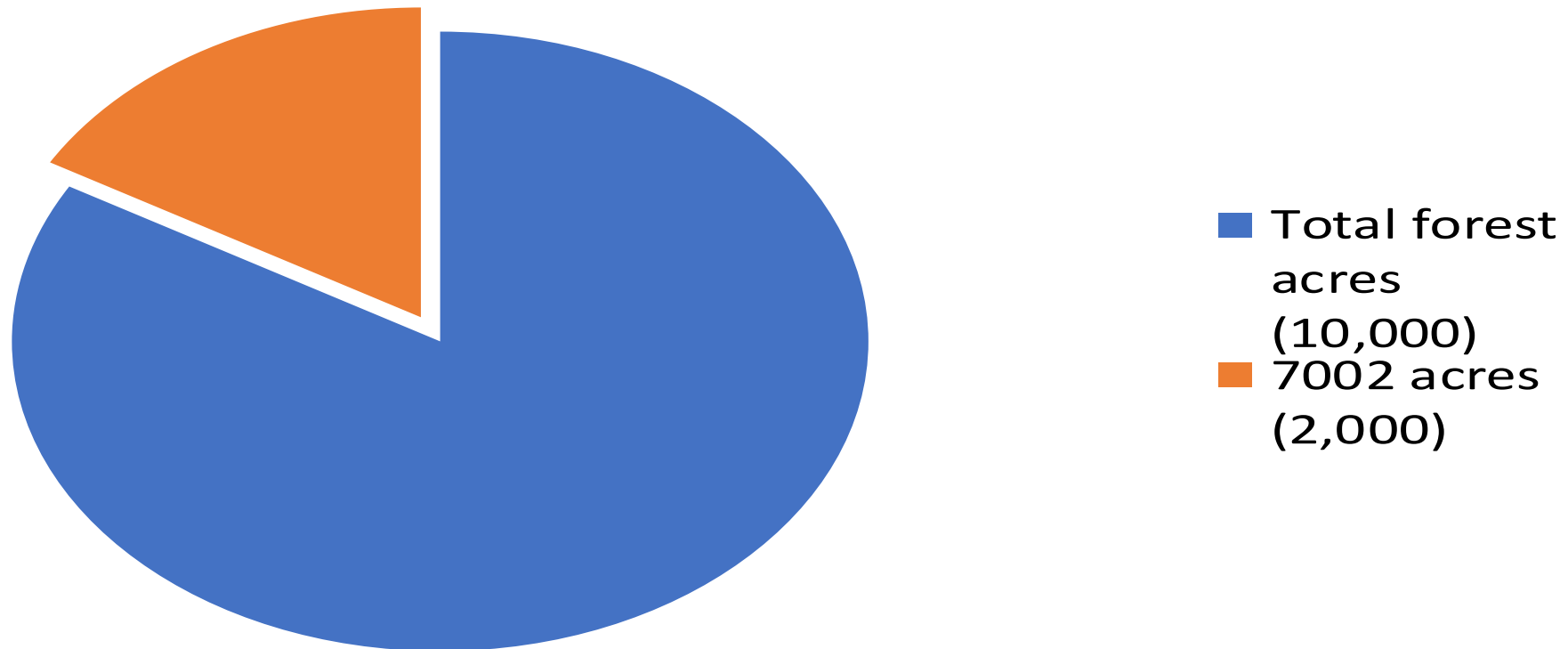
# PRORATING REVENUE

- If revenue exceeds maximum payment, LEA is ineligible for any payment
- Prorate amount to reduce reportable amount
- Enter prorated amount of revenue on application



# SECTION 7002 APPLICATION – PRORATING REVENUE

## Mark Twain National Forest



**$\$20,000$  timber revenue  $\times$  20% =  $\$4,000$  of revenue needs to be reported**



# SECTION 7002 APPLICATION – TOTAL ACREAGE AND TAXABLE VALUE

Total Acreage and Taxable Value in the Local Educational Agency

Applicant Name:	Application Number:	School Year:
	--2024-	2022-2023

Instructions: Enter the total acreage located in the local educational agency (LEA) and the total taxable value for the purpose of levying property tax for school purposes for current expenditures of real property located within the boundaries of the local educational agency (LEA). In column 1, enter the name of the taxing jurisdiction. In column 2, enter the total acres located in the LEA boundaries or taxing jurisdiction (including the Section 7002-eligible acres, other non-taxable acres, and water acreage). In column 3, enter the total taxable value, for the purposes of levying property tax for school purposes for current expenditures, of the acres listed in column 2, for the prior fiscal year (e.g., use fiscal year 2022-2023 for the FY 2024 application or the specific taxable value as of January 2023). If the LEA is located in more than one taxing jurisdiction (e.g., two counties) or contains more than one taxing jurisdiction (e.g., two townships), enter the information for each jurisdiction separately.

Column 1	Column 2	Column 3
Name of Taxing Jurisdiction (e.g., township name, city name, county name, etc.)	Total Acres located in LEA boundaries (or taxing jurisdiction)	Total Taxable Value of Real Property in the LEA
TOTAL	-	\$0.00

UPLOAD REQUIRED in G5 e-Application - PDF format

- 1. Upload the source of the official data, such as a document from your State's website, or website URL; or
- 2. If the documentation was obtained directly from a local official (e.g., local tax assessor), you must submit a certification by that official that includes the person's name, title, email address, and telephone number.



# SECTION 7002 APPLICATION – TAX LEVY

Tax Levy Information					
Applicant Name:		Application Number:		School Year:	
		--2024-		2022-2023	

Instructions: Enter the local real property tax levy, in mills or dollars, that was used to raise funds for current operating expenditures for the local educational agency (LEA) for the prior fiscal year (e.g., FY 2022-2023 data for the FY 2024 application). Enter a single tax rate for school operations expenditures for all types of real property in the jurisdiction. When funds for current operating expenditures for the LEA are raised by more than one taxing jurisdiction or property classifications are taxed at different rates, calculate a single tax rate per instructions.

Column 1		Column 2			
Name of taxing jurisdiction (e.g., school district name, township name, city name, county name, etc.)		Tax Rate for Current Operating Expenditures for This LEA for Fiscal Year 2019-2020 (e.g., 2.5 mills per \$1)			
		Number	Units	Per \$	Rate
ABC School District		2.75	dollars	\$100	0.0275



# SINGLE TAX RATE CALCULATION

01 Determine the total assessed value of all property in the LEA.

02 Determine the LEA's total revenues derived from local property taxes for current expenditures.

03 Divide 1 by 2

Use the assessed value of all property for tax purposes and aggregate the results.

Derive the revenues from local real property taxes for current expenditures.

Division!



# SINGLE TAX RATE COLLECTION EXAMPLE

01 Determine the total assessed value of all property in the LEA.

**Commercial** (tax rate .005): AV = \$3,112,500  
**Residential** (tax rate .002): AV = \$3,052,631  
**Agricultural** (tax rate .001): AV = \$2,500,000  
**Total = \$8,665,131**

02 Determine the LEA's total revenues.

Total revenues = \$50,000

03 Divide 1 by 2

$\$50,000 / \$8,665,131 = 0.0057$   
Single tax rate = **0.0057**



# CURRENT EXPENDITURES DEFINED

## Included

Expenditures for **free public education**, including administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities

## Not Included

Expenditures for **community services, capital outlay, and debt service**

All determined in accordance with **State accounting principles**





# OPTING OUT OF REMAINING FUNDS

## Who is eligible?

- LEAs that **only want foundation payment** and wish to forego remaining payment
  - LEAs that might feel data collection necessary to receive the remaining funds is a large burden to obtain a relatively small amount of funds
- New LEAs and LEAs that report revenue **cannot chose this option**

## Procedures

Opt-out form **must be uploaded in IAGs**

LEAs **don't need** to provide taxable value and tax rate information



# COMPLETING THE APPLICATION: REVIEW

- Total eligible federal acres in the LEA
- Revenue received from Federal activities on those lands (if any)
- Total acres in the LEA (to include federal acres)
- Total taxable (assessed) value of real property in the LEA
- Tax rate for current operating expenditures



# DOCUMENTING ELIGIBILITY



# SECTION 7002 OVERVIEW DOCUMENTATION FOR ELIGIBILITY DETERMINATION

**Acquisition records (commonly deeds) showing transfer of property to the United States**

Individual acquisitions listed in chronological order on Exhibit A

Must be summarized by year on Exhibit B

Must include value of acquisition(s) and LEA for years of acquisition



# SECTION 7002 NEW APPLICANT REQUIREMENTS (SAMPLE EXHIBIT A)

U.S. Department of Education

Title VII—Impact Aid

## Section 7002 Exhibit A: Property Acquisition Data

Applicant Name (Local Educational Agency)	Applicant Impact Aid Number	Federal Fiscal Year Of Application	School Year Of Application
Sample School District	11-XXXX	FY 2023	2021-2022

(A) Date or year of federal acquisition	(B) Previous owner	(C) Number of acres of federal acquisition	(D) Land description (section/township/range)	(E) Tax book and page	(F) Federal tract number (if any)	(G) Assessed value (for tax purposes at the time of federal acquisition)		(H) Classification of land at the time of federal acquisition	(I) Remarks
						I = Improvement L = Land	Total		
1938	Steve Carter	800		1.230	34	I	50%	\$1,000	AG
						L	50%		
1938	Joe Jackson	1,205.21		1.231	36	I	50%	\$7,190	AG
						L	50%		
1939	Martha Bloomfield	600		2.34	23	I	90%	\$1,500	AG
						L	10%		
1939	Blake Johnson	2,184.31		2.34	35	I		\$9,205	AG
						L	100%		
1940	Peter Newsome	300		4.6	40	I		\$600	AG
						L	100%		
1940	Candace Ellison	8,700.26		4.7	41	I		\$22,856	AG
						L	100%		



# SECTION 7002 NEW APPLICANT REQUIREMENTS (SAMPLE EXHIBIT B)

U.S. Department of Education

Title VII—Impact Aid


## Section 7002 Exhibit B: Detailed Property Acquisition Data by Year

Applicant Name (Local Educational Agency)	Applicant Impact Aid Number	County

(A) Date or year of federal acquisition of the property	(B) Number of acres of land acquired by the federal government since 1938 (eligible federal property only)	(C) Assessed valuation at the time of the acquisition of the property by the federal government	(D) Assessed valuation of all real property in the school district for the year in which the property was acquired	(E) Percentage that the acquired property was of all real property in the school district at the time the property was acquired [(C) divided by (D)]	(F) Remarks
1938	2,005.21	\$8,190	\$200,000	0.04095	
1939	2,784.31	\$10,705	\$205,000	0.05221	
1940	9,000.26	\$23,456	\$208,000	0.1127	
<b>TOTALS</b>	<b>13,789.78</b>			<b>0.2058 (20.58%)</b>	





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# CALCULATING PAYMENTS

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# CALCULATING PAYMENTS

01

**Maximum  
Payment**

02

**Foundation  
Payment**

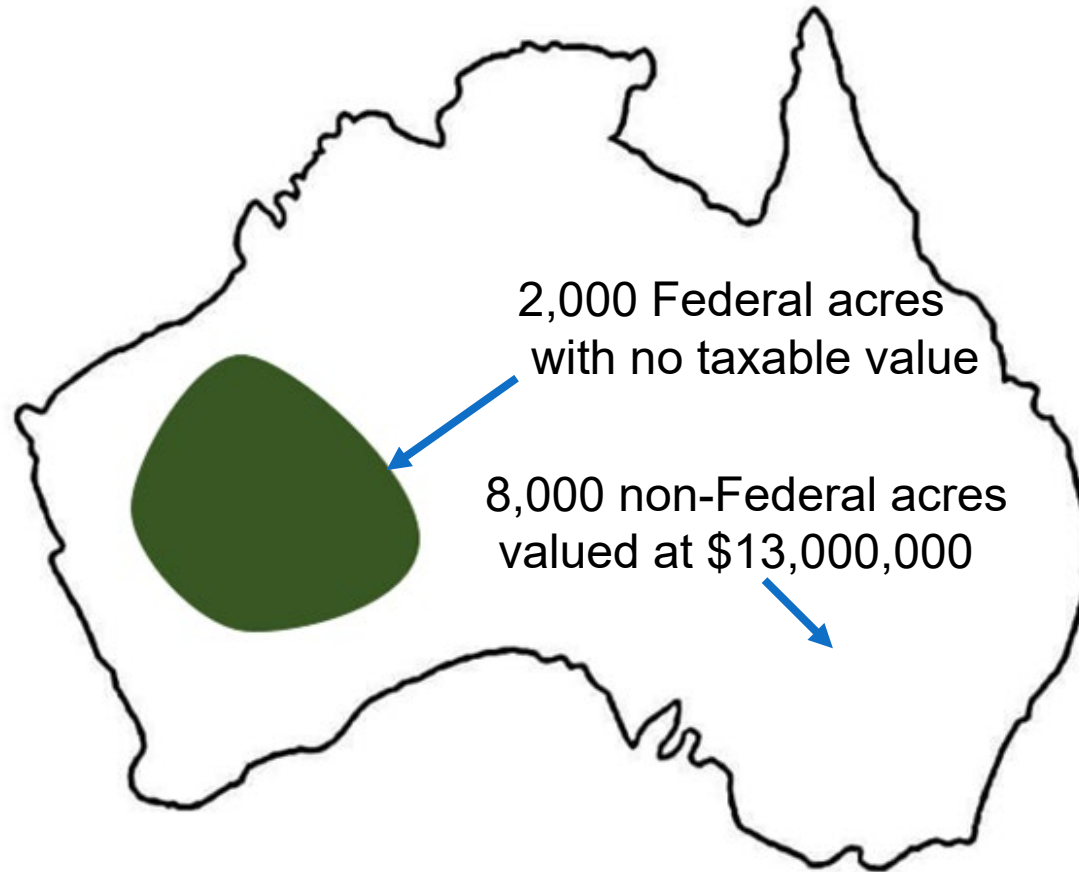
03

**Remaining  
Funds Payment**





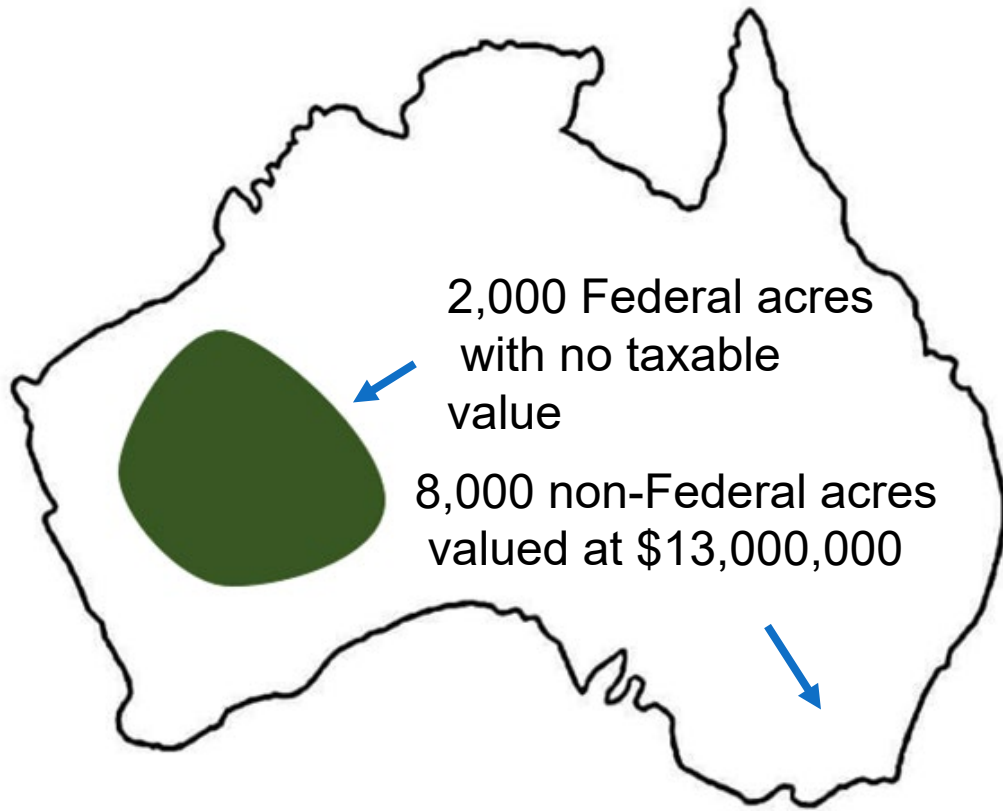
# DETERMINING MAXIMUM PAYMENT (SECTION 7002(B))



8,000 total non-Federal acres valued at \$13,000,000  
(\$1,625 per acre value)



# DETERMINING MAXIMUM PAYMENT (SECTION 7002(B))



8,000 total non-Federal acres valued at \$13,000,000 (\$1,625 per acre value)

**Estimated Taxable Value of Federal Acres = 2,000 Federal Acres x \$1,625 = \$3,250,000**

**Max Payment = \$3,250,000 \* 0.0275 = \$89,375**



# FOUNDATION PAYMENTS FOR PRE 2010 LEAS

## Foundation Payment Is:

- 1 Difference between pre 2010 LEAs and new LEAs
- 2 90% of foundation basis, which is the avg of 2006-2009 payments

**pre 2010 LEAs received a payment in 2009**



# FOUNDATION PAYMENTS FOR NEW APPLICANTS

<b>Section 7002 Total Appropriation</b>	<b>\$75,000,000</b>
	<b>÷</b>
<b>National Total of Maximum Payments</b>	<b>\$2,004,699,707</b>
	<hr/>
<b>Appropriation Percentage</b>	<b>3.74%</b>
	<b>x</b>
<b>Maximum Payment</b>	<b>\$89,375</b>
	<hr/>
<b>Foundation Basis</b>	<b>\$3,342</b>
	<b>x90%</b>
	<hr/>
<b>Foundation Payment</b>	<b>\$3,008</b>



# REMAINING FUNDS PAYMENTS

<b>LEA Maximum Payment</b>	<b>\$1,000,000</b>
	<b>÷</b>
<b>National Total of Maximum Payments</b>	<b>\$2,004,699,707</b>
	<hr/>
<b>Remaining Funds Percentage</b>	<b>0.04%</b>
	<b>x</b>
<b>Section 7002 Remaining Balance</b>	<b>\$8,500,000</b>
	<hr/>
<b>Remaining Funds Payment</b>	<b>\$3,400</b>



# MAXIMUM PAYMENT CAP 1

pre 2010 LEAs

No remaining funds if revenue +  
foundation payment exceeds  
maximum payment

New LEAs

If revenue + foundation payment  
exceeds maximum payment, reduce  
payment to maximum level, and in  
future years the reduced funds  
would be reduced or eliminated as  
necessary, as with pre 2010 districts



# MAXIMUM PAYMENT CAP 2

- Total of 7002 and 7003 payments **cannot exceed** either of the 7002 or 7003 maximum payments
- If either maximum payment is exceeded, for pre 2010 districts, **the LEA would still get the foundation payment** but not the remaining funds payment
- For NEW districts, the foundation payment would be **reduced to the maximum level**, and in future years the remaining funds would be reduced or eliminated as necessary, as with pre 2010 districts



# SECTION 7002 ORDER OF PAYMENTS

01

Foundation payments for LEAs that were eligible for a payment for FY 2009 or a subsequent year

02

Payment to an LEA eligible under Section 7002(i), after their new maximum amount is determined

03

Foundation payments for New Applicants (eligible applicants that were first eligible after FY 2009 and have never received a foundation payment)

04

Remaining funds for all eligible LEAs





# INSUFFICIENT FUNDS

- If the amount of funds appropriated to Section 7002 is **insufficient** to pay the full amount of foundation payments calculated under 7002(h), the Secretary shall ratably **reduce the payments to each LEA**
- For FY 2022, there **were sufficient funds** to pay the full foundation payment to the pre 2010 LEAs and to the NEW LEAs
- FY 2023 **appropriation not yet received**, expect it this fall





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# CONSOLIDATIONS AND ANNEXATIONS

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# APPLICATION CONSOLIDATIONS AND ANNEXATIONS

- **At least one of the former districts** must have been eligible in the FY prior to consolidation or annexation
- **Must submit evidence** of the consolidation or annexation
- Foundation payment is 90% **of payment in FY prior to consolidation/annexation**
- Only receives foundation payment



# SECTION 7002 OVERVIEW WRAP-UP

- Acquired acres must be **at least 10%** of the LEA taxable value and be acquired since 1938
- Need **acquisition records, assessed value of the federal acres AND assessed value of LEA** for the year of acquisition
- **Eligible LEAs receive foundation payment and remaining funds payment** for application year
- Consolidated districts **may retain eligibility but only receive foundation payment**



# FY 2023 APPLICATION DEADLINE

Tuesday, Jan 31, 2023 (11:59 PM ET)

Impact Aid system will accept after 11:59 PM,  
but will send “late” notice

Late LEAs will be subject to a 10% penalty



# RESOURCES AVAILABLE

[IMPACTAID.ED.GOV](https://IMPACTAID.ED.GOV)

## Section 7002 Resources

States AL-MO & Oklahoma LEAs A-K

- Contact: Nanette Dunham
  - (202)-260-2206
  - [nanette.dunham@ed.gov](mailto:nanette.dunham@ed.gov)

States MS-WY & Oklahoma LEAs L-Z

- Contact: Melissa Torchon-Duke
  - (202)-260-0732
  - [melissa.torchon@ed.gov](mailto:melissa.torchon@ed.gov)





**IMPACT AID PROGRAM**  
202-260-3858  
[IMPACT.AID@ED.GOV](mailto:IMPACT.AID@ED.GOV)  
<https://impactaid.ed.gov>

# QUESTIONS?

Sign up for our listserv ([7002](#) & [7003](#)), get survey resources ([sample source check & PPS forms](#)), learn about [regulations](#), and see upcoming webinars!

[Email your analyst for more information](#)

