SECTION 7002 OVERVIEW

PAYMENTS FOR FEDERAL PROPERTY

Impact Aid Program

TODAY'S AGENDA

- Section 7002 Eligibility Requirements
- Completing the Application
- Documenting Eligibility
- Calculating Payments
- Consolidations/Annexations

SECTION 7002 ELIGIBILITY REQUIREMENTS

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 2027)

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

Eligible Federal Acres

Eligible Federal property listed by jurisdiction

Acreage ID	Existing Property	Property Name	Jurisdiction Type	Jurisdiction	Eligible Acres (17,973.17)
4881	Yes	Buffalo Gap National Grasslands	County	Custer	9,600.00
4882	Yes	Black Hills National Forest	County	Custer	8,373.17

SECTION 7002 APPLICATION – REVENUE

Revenue from Eligible Federal Property

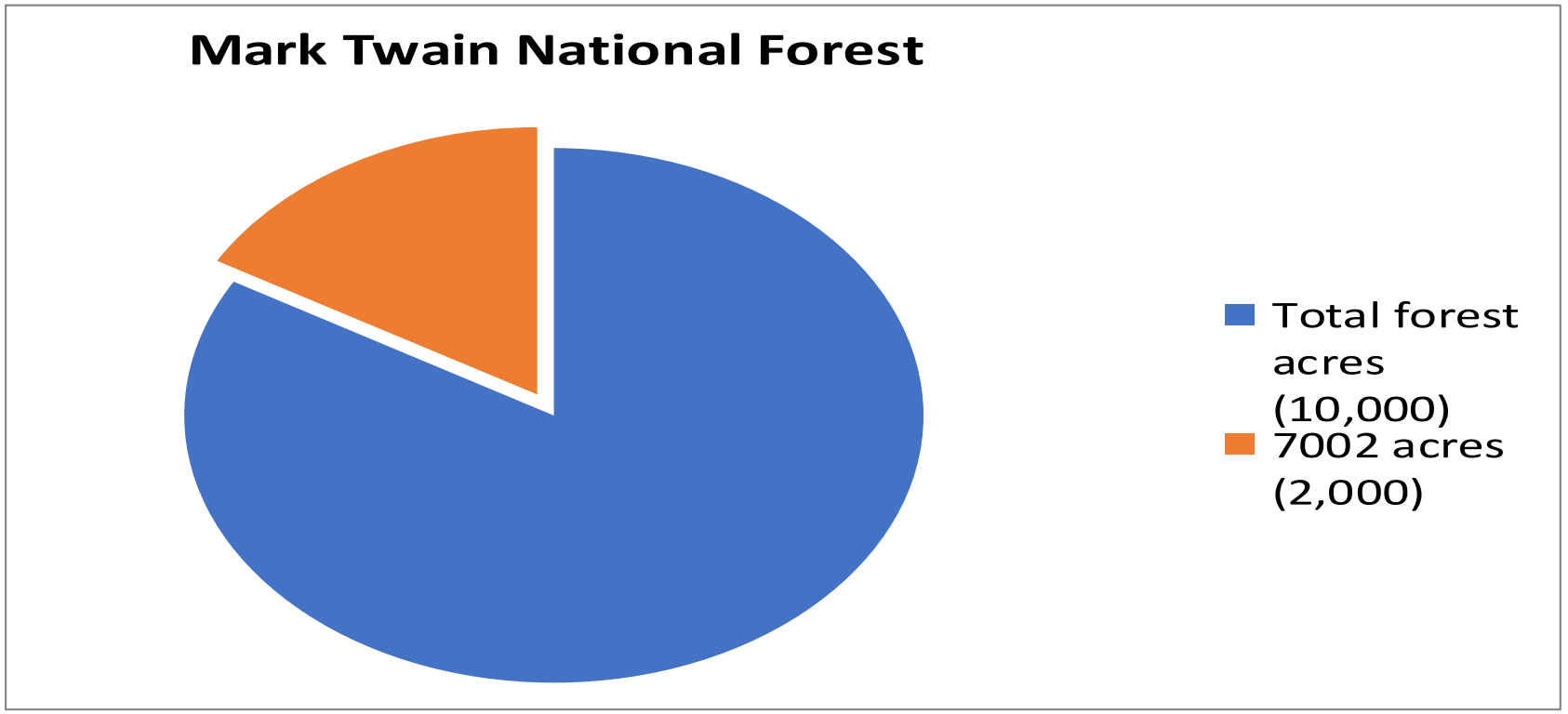
List all revenue from Federal sources from activities associated with property

Revenue ID	Source	Agency	Program or Description	Funds Received (Total: $6,042.03)
1675	Federal	Agriculture	Taylor Grazing Act	$4.39
1676	Federal	Agriculture	Stumpage monies	$5,124.00
1677	Federal	Interior	National Mineral Leasing	$878.92
1678	Federal	Agriculture	Bankhead-Jones Farm Tenant Act	$34.72

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



$20,000 timber revenue x 20% = $4,000 of revenue needs to be reported

SECTION 7002 APPLICATION – TOTAL ACREAGE AND TAXABLE VALUE & TAX RATE

Total Acreage and Taxable Value in LEA

Taxable Evaluation ID	Type	Jurisdiction	Total Acres (772,901.85)	Total Taxable Value ($1,464,408,107.00)
3874	LEA	Custer School District 16-1	772,901.85	$1,464,408,107.00

Tax Levy Information

Jurisdiction Type	Jurisdiction	Tax Rate Current Operating Expenditures	Tax Rate Type	Per Amount in Value	Tax Rate
LEA	Custer School District 16-1	5.74	Dollars	$1,000	0.005740

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 2 by 1

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.

02 Determine the LEA's total revenues.

03 Divide 2 by 1

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**

Total revenues for current expenditures = $50,000

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

CURRENT EXPENDITURES DEFINED

Included	Not Included
Expenditures for **free public education**, including administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plan, fixed charges, and net expenditures to cover deficits for food services and student body activities	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

Select the Opt-Out Button 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) I = Improvement L = Land		Total	(H) Classification of land at the time of federal acquisition	(I) Remarks
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	
TOTALS	13,789.78			0.2058 (20.58%)	

CALCULATING PAYMENTS

CALCULATING PAYMENTS

01

Maximum Payment

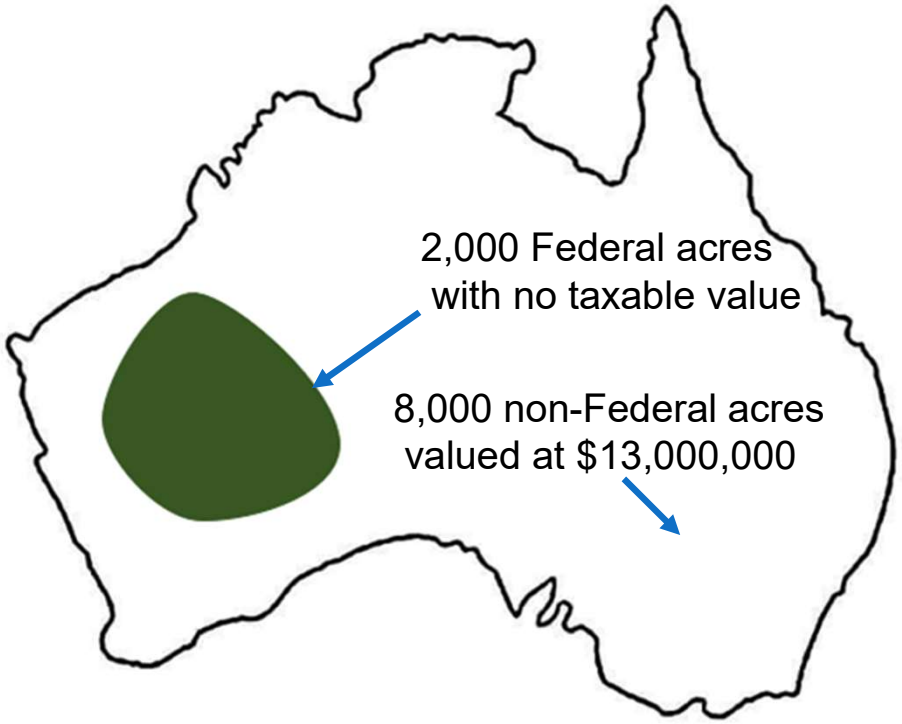
02

Foundation Payment

03

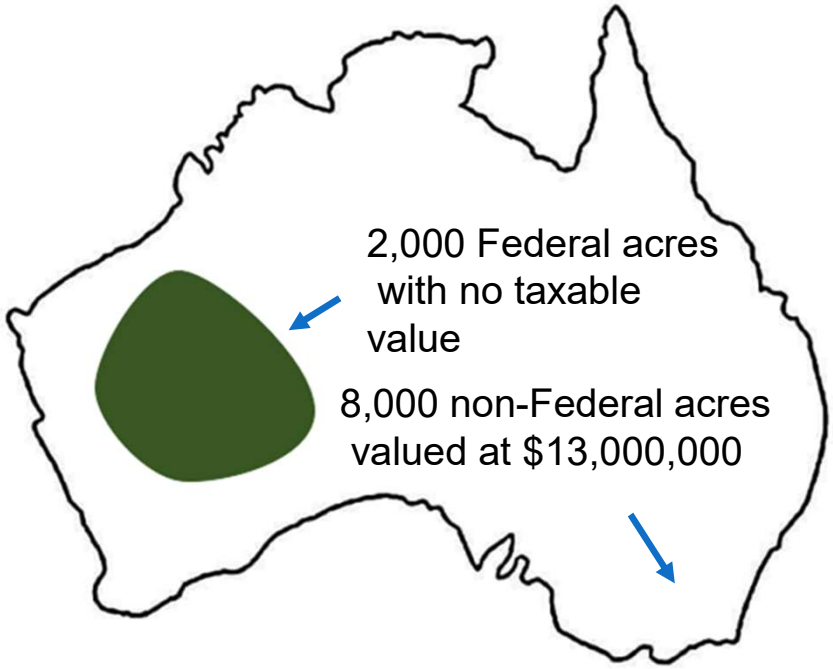
Remaining Funds Payment

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 (ESTABLISHED AFTER 2010)

Section 7002 Total Appropriation	$75,000,000
	÷
National Total of Maximum Payments	$2,004,699,707
Appropriation Percentage	3.74%
	x
Maximum Payment	$89,375
Foundation Basis	$3,342
	x 90%
Foundation Payment	$3,008

REMAINING FUNDS PAYMENTS

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

MAXIMUM PAYMENT CAP 1

Established LEAs	New LEAs
No remaining funds if revenue + foundation payment exceeds maximum payment	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; whichever is greater
- If either maximum payment is exceeded, for established 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 established districts

SECTION 7002 ORDER OF PAYMENTS

01 Foundation payments for LEAs that were eligible for a payment (pre-2010 or a subsequent year)

02 Payment to a LEA eligible under Section 7002(i)

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 2026, there **were sufficient funds** to pay all eligible LEAs
- For FY 2027, we're awaiting appropriation

CONSOLIDATIONS AND ANNEXATIONS

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 after 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, “Opt-Out” districts, and districts that hit either maximum payment cap **only receive foundation payment**

FY 2028 APPLICATION DEADLINE

Monday, February 1, 2027 (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

Section 7002 Resources

States AL-ND (except NJ)

- Contact: Ulyssa Rempson
- (202) 987-1940
- Ulyssa.rempson@ed.gov

States MS-WY & Oklahoma LEAs L-Z

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

QUESTIONS?

Sign up for our listserv (7002), learn about regulations, and see upcoming webinars!

Email your analyst for more information

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