AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

104TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | REPORT 104–560

IMPACT AID TECHNICAL AMENDMENTS ACT OF 1996

MAY 7, 1996.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GOODLING, from the Committee on Economic and Educational Opportunities, submitted the following

REPORT

[To accompany H.R. 3269]

[Including cost estimate of the Congressional Budget Office]

The Committee on Economic and Educational Opportunities, to whom was referred the bill (H.R. 3269) to amend the Impact Aid program to provide for a hold-harmless with respect to amounts for payments relating to the Federal acquisition of real property and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of this legislation is to make clarifying and technical amendments with respect to the Impact Aid program and to address problems related to Impact Aid payments which have national application.

COMMITTEE ACTION

The Subcommittee on Early Childhood, Youth and Families marked up the bill on April 24, at which time H.R. 3269 was reported out on a voice vote. On May 1, 1996, the Committee on Economic and Educational Opportunities reported the bill favorably by voice vote.

BACKGROUND AND NEED FOR LEGISLATION

During the 103rd Congress, the Impact Aid program was significantly changed to focus on those school districts in greatest need. Prior to these changes, the program had gained a reputation for not being well focused and for the numerous amendments passed

29–006

each year to "fix" problems for individual school districts. The current program is well-focused and demonstrates the government's commitment to assisting those school districts most heavily impacted by a federal presence.

Several issues, however, have been brought to the attention of the Committee which require legislative action. In a number of instances, the intent of Congress in rewriting the Impact Aid law was misinterpreted by the Department of Education, resulting in a loss of Impact Aid for school districts which were otherwise eligible for program dollars. In these instances, the Committee has merely clarified existing law.

Other changes were necessitated by efforts on the part of the military to upgrade housing for military personnel who lived on base.

Finally, the Committee was informed that changes made to Sec. 8002, Payments for Federal Acquisition of Real Property, during the 103rd Congress would result in dramatic shifts in funds among eligible school districts. As such, the Committee thought it important that a hold harmless be instituted so that schools which lost funds would have a longer period of time to adjust to such loss.

In each of these instances, the Committee felt it necessary to take action to insure that school districts would not be adversely affected by actions beyond their control—either on the part of Congress or of other government agencies.

SUMMARY

This legislation amends the Impact Aid program to provide for a hold harmless with respect to amounts for payments relating to the Federal acquisition of real property, to address funding concerns arising from renovation of military housing, to clarify the eligibility of consolidated school districts for payments relating to the Federal acquisition of real property and to clarify that each of Hawaii's seven administrative school districts are to be considered as separate local educational agencies.

COMMITTEE VIEWS

The Committee believes the government has a responsibility to assist those school districts most greatly affected by a federal presence. This legislation makes good on this promise and, at the same time, does not make any change which could be considered "special fixes" for any particular school district. The changes included in this bill either clarify current law or have broad application.

CLARIFYING CURRENT LAW

During consideration of changes to the Elementary and Secondary Education Act during the 103rd Congress, one of the changes made to Sec. 8002 eliminated the grandfather clause for consolidated districts. In these school districts, one of the consolidated districts may have met the criteria for Section 8002 (10 % of the property or more is owned by the federal government) but when it was consolidated with another district, its eligibility disappeared. Prior law permitted these school districts to continue to receive impact aid payments. During the House/Senate conference on the Improv-

ing America's Schools Act, it was assumed that the Department of Education would continue eligibility for these consolidated districts. However, the Department has determined they are no longer eligible. This determination affects approximately 75 districts—many in South Dakota, Kansas, California and Indiana. H.R. 3269 clarifies that these districts remain eligible for Impact Aid payments.

Another problem stemming from the rewrite of the Impact Aid law is the calculation of Impact Aid payments for the State of Hawaii.

Hawaii is the only State in the Nation which has only one Local Educational Agency (LEA). However, for the purpose of administering federal grants, the Department of Education has routinely recognized the seven administrative districts within Hawaii's LEA as individual school districts. This has been the case for Impact Aid for many years.

When Congress modified the Impact Aid law during the 103rd Congress, it did not intend to change the treatment of Hawaii for purposes of determining Impact Aid payments and fully expected the Department to continue to consider Hawaii as having seven school districts. However, the Department has interpreted the law to treat Hawaii as one LEA. Changing the treatment of Hawaii in the Impact Aid program from seven districts to one district will result in the State losing over half of its Impact Aid funds. With over 30,000 federally-connected children in Hawaii, certain areas of the State are among the most impacted in our Nation. H.R. 3269 clarifies that Hawaii's seven administrative districts are to be considered as seven school districts for purposes of Impact Aid.

Ensuring Children of Military Personnel Receive a Good Education

The Department of Defense (DOD) has started a major renovation of military housing across the country. The Committee applauds this effort. However, in 90% of the cases, families must move off base during renovation. The Department of Education, as a result, no longer considers children in such families as so-called "a" children (those children whose families live and work on a military base). In some areas, this has caused a major reduction in Impact Aid for a school district with no corresponding reduction in the number of children they must educate. According to DOD, the average period of time children are off base is 90-120 days. However, if they are off when Impact Aid counts are taken, school districts lose funds. DOD indicates this renovation is national in scope and will go on for years.

H.R. 3269 remedies this problem by enabling a representative of the Secretary of Defense (i.e. the base commander), to determine how many children would be living in the renovated properties in question. The representative will include these children in the Impact Aid counts done by the bases. These children would not be included in the count of so-called "b" children as long as they continue to be counted as "a" children. Therefore, schools will not see an increase or a decrease in their Impact Aid dollars nor will they experience difficulties in planning for each school year because of the uncertainty of Impact Aid funding due to the renovation of military housing.

The Committee believes this is the only fair solution to this problem. Our military personnel risk their lives defending their country and their children should be ensured of the same high quality education as that provided to their non-military peers.

HELPING SCHOOLS TO ADJUST TO A LOSS OF IMPACT AID

When Congress modified the Impact Aid Program during the 103rd Congress, they included a hold harmless for Section 8003 for payments for federally connected children to help schools adjust to a change in the level of funding they would receive under the Impact Aid program in future years. A hold harmless was not included for the Section 8002 program for payments related to land removed from the local tax base.

However, it has come to the Committee's attention that a change in the mechanism for determining payments under Section 8002 will cause major shifts in funding under this section of the law. This change will base payments on an assessment of the "highest and best use" of property currently adjoining federal property rather than the highest and best use at the time such property was acquired as was the case under previous law. The hold harmless provisions contained in H.R. 3269 will provide Section 8002 districts 85 percent of the amount they received in 1994 in 1995 and 85 percent of what they received in FY 1995 and 85 percent of what they received in 1995 in FY 1996. As a result, school districts will have a longer period of time during which they can adjust their budgets or seek additional sources of revenue to replace Impact Aid dollars lost due to the change in how payments are made under this section of the law.

SECTION-BY-SECTION

SEC. 1.—Short Title. Sets for the short title of the bill as the "Impact Aid Technical Amendments of 1996."

SEC. 2.—Hold-Harmless Amounts for Payments Relating to Federal Acquisition of Real Property. Provides for the continued eligibility of consolidated school districts for payments relating to federal acquisition of real property. Institutes a hold-harmless for 1995 and 1996 for local educational agencies for payments related to federal acquisition of real property.

SEC. 3.—Payments for Eligible Federally Connected Children Residing on Military Installation Housing Undergoing Renovation. Requires the Secretary to consider children residing on military facilities who have moved off base due to the renovation of housing to continue to be counted as on-base children for purposes of computing payments to local educational agencies if a designated representative of the Secretary of Defense certifies that such children would have resided in such housing except for renovation activities.

SEC. 4.—Computation of Payments for Eligible Federally Connected Children in States with Only One Local Educational Agency. Requires the Secretary, in States in which there is only one local educational agency, to consider each administrative school district in the State to be a separate local educational agencies for purposes of computing Impact Aid payments.

OVERSIGHT FINDINGS OF THE COMMITTEE

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

INFLATIONARY IMPACT STATEMENT

In compliance with clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment into law of H.R. 3269 will have no significant inflationary impact on prices and costs in the operation of the national economy. It is the judgment of the Committee that the inflationary impact of this legislation as a component of the federal budget is negligible.

GOVERNMENT REFORM AND OVERSIGHT

With respect to the requirement of clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations form the Committee on Government Reform and Oversight on the subject of H.R. 3269.

COMMITTEE ESTIMATE

Clause 7 of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out H.R. 3269. However, clause 7(d) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974.

APPLICATION OF LAW TO LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. This bill makes clarifying and technical amendments with respect to the Impact Aid program and to address problems related to Impact Aid payments which have national application. The bill does not prohibit legislative branch employees from otherwise being eligible for services under these programs.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act requires a statement of whether the provisions of the reported bill include unfunded mandates; the bill provides funds for programs authorized under this bill at the local level and as such does not contain any unfunded mandates. The Committee also received a letter regarding unfunded mandates from the Director of the Congressional Budget Office. See infra.

CORRESPONDENCE

The Committee received the following letters regarding this legislation:

NAFIS,
Washington, DC, April 30, 1996.

Hon. WILLIAM GOODLING,
Chairman, Economic and Education Opportunities Committee, Washington, DC.

DEAR CHAIRMAN GOODLING: On behalf of the 1,600 school districts represented by the National Association of Federally Impacted Schools, I write to thank you for your help in bringing H.R. 3269 to the Committee and wish to communicate our total support for this very important piece of legislation.

As you know, H.R. 3269 is for the most part corrective legislation. Last Congress during consideration of the "Improving America's Schools Act of 1994", there were provisions of the previous statute that were to carry over to the new law, but which were inadvertently overlooked. These are provisions that are extremely important to local educational agencies receiving funds under section 8002, as it applies to how these funds are to be allocated. This includes both FY'95 funding as well as FY'96. The bill also insures that the Department of Education in making payments to the State of Hawaii, will do so in the same manner as they did under the previous statute. None of the above represents any kind of policy change, rather it simply conforms the present law with the previous statute as it applies to section 8002 and the State of Hawaii.

H.R. 3269 does include one "new" provision which I applaud your committee for having the foresight to recognize. It is designed to address the issue of on-base housing renovation that is now facing many of our heavily impacted military school districts. Many of these school districts face uncertainty when it comes to impact aid funding because of the differences in how the law treats children residing with parents living off-base. Section 3 of H.R. 3269 addresses this problem so that these schools will be allowed to develop school budgets knowing what their on-base student counts will be. The approach included in H.R. 3269 is fair and reasonable.

Again Mr. Chairman, NAFIS appreciates your leadership and would only hope that H.R. 3269 can be dispensed with quickly in order that FY'95/FY'96 funding for section 8002 districts and the State of Hawaii, can be allocated by the Department of Education without any additional delay.

Sincerely,

JOHN B. FORKENBROCK,
Executive Director.

NATIONAL MILITARY IMPACTED SCHOOLS ASSOCIATION,
Bellevue, NE, April 30, 1996.

Hon. WILLIAM GOODLING,
Chairman, Economic and Education Opportunities Committee, Washington, DC.

DEAR CHAIRMAN GOODLING: On behalf of the 500,000 military dependents served by the Impact Aid Program, I want to thank you for bringing H.R. 3269 to your committee. This bill is long overdue and critically needed by schools serving military installations throughout the United States.

Many school districts serving the children of military personnel will benefit from this legislation and in the end it will be good for the children they educate. H.R. 3269 will help school districts cope with the effects of base housing renovations when trying to budget for educational programs for the children they are responsible for serving.

The Military Impacted Schools Association (MISA) is working hard to represent the needs of military school districts and work in conjunction with the National Association of Federally Impacted Schools (NAFIS) to support the Impact Aid Program. We are very fortunate to have leaders in Congress that help take the lead on issues such as addressed in H.R. 3269.

Sincerely,

JOHN F. DEEGAN, ED.D.,
Executive Director.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirement of clause 2(l)(3)(B) of rule XI of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause 2(l)(3)(C) of rule XI of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 3269 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 6, 1996.

Hon. WILLIAM F. GOODLING,
Chairman, Committee on Economic and Educational Opportunities, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3269, the Impact Aid Technical Amendments Act of 1996, as ordered reported by the House Committee on Economic and Educational Opportunities on May 1, 1996. Because enactment of H.R. 3269 would not affect direct spending or receipts, pay-as-you-go procedures would not apply to the bill.

The bill would impose no intergovernmental or private sector mandates as defined in Public Law 104–4.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact for federal cost implications

is Justin Latus. For state and local costs, the staff contact is Mark Nicole, and for private sector impacts, the staff contact is Jay Noell.

Sincerely,

JUNE E. O'NEILL, *Director.*

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 3269.

2. Bill title: Impact Aid Technical Amendments Act of 1996.

3. Bill status: As ordered reported by the House Committee on Economic and Educational Opportunities on May 1, 1996.

4. Bill purpose: H.R. 3269 would make changes to the Impact Aid program. Three of the changes would revisit and clarify the revisions made to the Impact Aid program when it was reauthorized in the 103rd Congress. H.R. 3269 would allow consolidated districts that previously received Impact Aid funding to continue to receive funding, and would once again make the state of Hawaii's seven administrative districts each eligible for funding. The third change would institute a hold harmless clause that would phase in the new funding formula contained in the reauthorization of the program in the 103rd Congress.

H.R. 3269 would also make school districts eligible to receive higher payments for families who have moved off of military bases due to renovations than the districts are eligible for under current law.

5. Estimated cost to the Federal Government: The following table (Table 1) shows discretionary spending under H.R. 3269 with and without adjustments for inflation in cases where the bill would authorize such sums as necessary. With adjustments for inflation, authorizations of appropriations would total $3.054 billion under H.R. 3269 over the 1997–2000 period, as compared with $2.98 billion under current law. Without adjustments for inflation, authorizations of appropriations would total $2.843 billion over the 1997–2000 period, as compared with $2.772 billion under current law. Table 2 shows the proposed changes under H.R. 3269 by section.

TABLE 1.—ESTIMATED BUDGETARY IMPACT OF H.R. 3269

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
With Adjustments for Inflation							
Spending Under Current Law:							
Estimated authorization	693	714	735	755	776	0	0
Estimated outlays	726	711	730	751	772	139	16
Proposed Changes:							
Estimated authorization	0	18	18	19	19	0	0
Estimated outlays	0	15	18	19	19	3	0
Spending Under H.R. 3269:							
Estimated authorization	693	732	753	774	796	0	0
Estimated outlays	726	726	748	770	791	143	16
Without Adjustments for Inflation							
Spending Under Current Law:							
Estimated authorization	693	693	693	693	693	0	0
Estimated outlays	726	694	693	693	693	125	14
Proposed Changes:							
Estimated authorization	0	18	18	18	18	0	0

TABLE 1.—ESTIMATED BUDGETARY IMPACT OF H.R. 3269—Continued

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
Estimated outlays	0	15	17	18	18	3	0
Spending Under H.R. 3269:							
Estimated authorization	693	711	711	711	711	0	0
Estimated outlays	726	709	710	711	711	128	14

Note.—Components may not sum to totals because of rounding. Authorizations of education programs assume a one-year extension as provided under the General Education Provisions Act (GEPA).

The costs of this bill fall within budget function 500.

TABLE 2.—ESTIMATED BUDGETARY IMPACT OF H.R. 3269 BY SECTION

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
With Adjustments for Inflation							
Section 1:							
Estimated authorization	0	3	3	4	4	0	0
Estimated outlays	0	3	3	4	4	1	0
Section 2:							
Estimated authorization	0	5	5	5	5	0	0
Estimated outlays	0	4	5	5	5	1	0
Section 3:							
Estimated authorization	0	10	10	11	11	0	0
Estimated outlays	0	8	10	11	11	2	0
Total:							
Estimated authorization	0	18	18	19	19	0	0
Estimated outlays	0	15	18	19	19	3	0
Without Adjustments for Inflation							
Section 1:							
Estimated authorization	0	3	3	3	3	0	0
Estimated outlays	0	3	3	3	3	1	0
Section 2:							
Estimated authorization	0	5	5	5	5	0	0
Estimated outlays	0	4	4	5	5	1	0
Section 3:							
Estimated authorization	0	10	10	10	10	0	0
Estimated outlays	0	8	10	10	10	2	0
Total:							
Estimated authorization	0	18	18	18	18	0	0
Estimated outlays	0	15	17	18	18	3	0

Note.—Components may not sum to totals because of rounding. Authorizations of education programs assume a one-year extension as provided under the General Education Provisions Act (GEPA).

6. Basis of estimate: The spending that would occur under H.R. 3269 would be subject to the availability of appropriated funds. For the purposes of this estimate, CBO assumes that the bill will be enacted on September 30, 1996. Estimated outlay patterns are based on historical spending on Impact Aid.

For current law authorizations of appropriations, CBO took the amount appropriated in 1996 for the Impact Aid program and adjusted it for inflation where such sums as may be necessary are authorized. The current law for Impact Aid authorizes the various grants programs through fiscal year 1999, and the General Education Provisions Act (GEPA) automatically extends these authorizations through fiscal year 2000.

For proposed changes, CBO estimated the increases in authorizations of appropriations under U.R. 3269 as compared to current law. These increases reflect the fact that several sections of H.R.

3269 would expand the number of school districts that are eligible for federal grants through Impact Aid or would increase the level of award for certain types of families. This estimate does not indicate how much would actually be spent on Impact Aid under H.R. 3269; this decision ultimately rests with the Appropriations Committees. The Impact Aid law contains provisions which would reduce how much each school district would receive so that total spending would not exceed the appropriation.

Section 2 of H.R. 3269 would expand eligibility for payments to certain consolidated school districts under Section 8002 of the Impact Aid law when federal property is removed from the local tax rolls. Under the bill, a consolidated district would be eligible for these payments if one of the former districts making up the consolidated district had previously been eligible. Since the reauthorization of the Impact Aid law in 1994, these consolidated districts have not been eligible for aid. Under H.R. 3269, these districts would be again eligible. This increase in authorizations, with adjustments for inflation, would amount to $3 million in fiscal year 1997 and $14 million over the 1996–2000 period. The increase without adjustments for inflation would total $13 million for the period.

Section 2 would also institute a hold harmless clause that would phase in funding when federal property is removed from the local tax rolls based on the new formula enacted in 1994. CBO is unable to determine how much this provision would increase the authorization of appropriations for these programs but estimates that these amounts would be small.

Section 3 of H.R. 3269 relates to families who move off of military bases during renovations to their housing. Under current law, the Department of Education counts these families as working but not living on federal property, making their school districts eligible for lower payments. Under H.R. 3269, a representative of the Department of Defense could count these families as living on the base, and their school districts would be eligible for higher payments. CBO estimates that this would increase authorizations of appropriations for section 8003(a) by $5 million in fiscal year 1997, or a total of $19 million for fiscal years 1997 through 2000 when adjustments for inflation are made. If inflation is not considered, this would increase authorizations by a total of 418 million for the 1997–2000 period.

Section 4 would change the authorizations of appropriations for Impact Aid payments to the State of Hawaii. Hawaii is the only state with only one Local Educational Agency (LEA). Before the reauthorization of the Impact Aid bill in the 103rd Congress, Hawaii's seven administrative districts were recognized as individual school districts and were each eligible for Impact Aid. Under the reauthorization of Impact Aid, however, these seven administrative districts are no longer recognized as individual districts, and Hawaii can only receive funding to its one LEA. The hold harmless provisions of the current Impact Aid law protect Hawaii's funding through fiscal year 1996, but beginning in fiscal year 1997, Hawaii's funding through fiscal year 1996, but beginning in fiscal ear 1997, Hawaii is authorized to receive only about half of what it received before. CBO estimates that Section 4 of H.R. 3269, which

would again allow each of Hawaii's seven administrative districts to be viewed as individual school districts (and therefore receive funding), would increase authorizations of appropriations by $10 million in fiscal year 1997, or $42 million over fiscal years 1997 through 2000 with adjustments for inflation. The total increase in authorizations of appropriations for the same period without adjustments for inflation would be $40 million.

7. Pay-as you-go considerations: None.

8. Estimated cost to State and local governments: H.R. 3269 contains no intergovernmental mandates as defined in Public Law 104–4 and would impose no direct costs on state, local or tribal governments. Assuming the appropriation of the necessary amounts, CBO estimates that enactment of H.R. 3269 would increase the amounts the federal government would provide to school districts for impact aid. Compared to current law, we estimate that school districts would receive an additional $18 million in fiscal year 1997 and $74 million between fiscal years 1997 and 2000.

9. Estimated impact on the private sector: H.R. 3269 contains no private sector mandates as defined in Public Law 104–4.

10. Estimate comparison: None.

11. Previous CBO estimate: None.

12. Estimate prepared by: Federal Cost Estimate: Justin Latus, State and Local Cost Estimate: Mark Nicole, Private Sector Mandate Estimate: Jay Noell.

13. Estimate approved by: Paul N. Van de Water, Assistant Director, for Budget Analysis.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

* * * * * * *

TITLE VIII—IMPACT AID

* * * * * * *

SEC. 8002. PAYMENTS RELATING TO FEDERAL ACQUISITION OF REAL PROPERTY.

(a) * * *

* * * * * * *

(g) FORMER DISTRICTS.—

(1) IN GENERAL.—Where the school district of any local educational agency described in paragraph (2) is formed at any time after 1938 by the consolidation of two or more former school districts, such agency may elect (at any time such agency files an application under section 8005) for any fiscal year to have (A) the eligibility of such local educational agency, and (B)

the amount which such agency shall be eligible to receive, determined under this section only with respect to such of the former school districts comprising such consolidated school districts as such agency shall designate in such election.

(2) ELIGIBLE LOCAL EDUCATIONAL AGENCIES.—A local educational agency referred to in paragraph (1) is any local educational agency that, for fiscal year 1994 or any preceding fiscal year, applied for and was determined eligible under section 2(c) of the Act of September 30, 1950 (Public Law 874, 81st Congress) as such section was in effect on September 30, 1994.

(h) HOLD-HARMLESS AMOUNTS.—

(1) IN GENERAL.—Except as provided in paragraph (2)(A), the total amount that the Secretary shall pay a local educational agency that is otherwise eligible under subsection (b)—

(A) for fiscal year 1995 shall not be less than 85 percent of the amount such agency received for fiscal year 1994 under section 2 of the Act of September 30, 1950 (Public Law 874, 81st Congress) as such section was in effect on September 30, 1994; or

(B) for fiscal year 1996 shall not be less than 85 percent of the amount such agency received for fiscal year 1995 under subsection (b).

(2) RATABLE REDUCTIONS.—(A)(i) If necessary in order to make payments to local educational agencies in accordance with paragraph (1) for any fiscal year, the Secretary first shall ratably reduce payments under subsection (b) for such year to local educational agencies that do not receive a payment under this subsection for such year.

(ii) If additional funds become available for making payments under subsection (b) for such year, then payments that were reduced under clause (i) shall be increased on the same basis as such payments were reduced.

(B)(i) If the sums made available under this title for any fiscal year are insufficient to pay the full amounts that all local educational agencies in all States are eligible to receive under paragraph (1) after the application of subparagraph (A) for such year, then the Secretary shall ratably reduce payments under paragraph (1) to all such agencies for such year.

(ii) If additional funds become available for making payments under paragraph (1) for such fiscal year, then payments that were reduced under clause (i) shall be increased on the same basis as such payments were reduced.

SEC. 8003. PAYMENTS FOR ELIGIBLE FEDERALLY CONNECTED CHILDREN.

(a) COMPUTATION OF PAYMENT.—

(1) * * *

* * * * * * *

(4) MILITARY INSTALLATION HOUSING UNDERGOING RENOVATION.—For purposes of computing the amount of a payment for a local educational agency for children described in paragraph (1)(D)(i), the Secretary shall consider such children to be children described in paragraph (1)(B) if the Secretary determines, on the basis of a certification provided to the Secretary by a des-

ignated representative of the Secretary of Defense, that such children would have resided in housing on Federal property in accordance with paragraph (1)(B) except that such housing was undergoing renovation on the date for which the Secretary determines the number of children under paragraph (1).

(b) BASIC SUPPORT PAYMENTS AND PAYMENTS WITH RESPECT TO FISCAL YEARS IN WHICH INSUFFICIENT FUNDS ARE APPROPRIATED.—

(1) * * *

* * * * * * *

(3) STATES WITH ONLY ONE LOCAL EDUCATIONAL AGENCY.—

(A) IN GENERAL.—In any of the 50 States in which there is only one local educational agency, the Secretary shall, for purposes of paragraphs (1)(C) and (2) of this subsection and subsection (e), consider each administrative school district in the State to be a separate local educational agency.

(B) COMPUTATION OF MAXIMUM AMOUNT OF BASIC SUPPORT PAYMENT AND THRESHOLD PAYMENT.—In computing the maximum payment amount under paragraph (1)(C) and the learning opportunity threshold payment under paragraph (2)(B) for an administrative school district described in subparagraph (A)—

(i) the Secretary shall first determine the maximum payment amount and the total current expenditures for the State as a whole; and

(ii) the Secretary shall then—

(I) proportionately allocate such maximum payment amount among the administrative school districts on the basis of the respective weighted student units of such districts; and

(II) proportionately allocate such total current expenditures among the administrative school districts on the basis of the respective number of students in average daily attendance at such districts.

* * * * * * *

○