



## THE SECRETARY OF EDUCATION

WASHINGTON, DC 20202

November 10, 2005

Honorable Mark Steven Kirk  
House of Representatives  
Washington, DC 20515

Dear Congressman Kirk:

I am writing to follow up on our conversation of August 23, regarding the potential financial hardship that the North Chicago School District would face if that district were to lose its "heavily impacted" status under the Department's Impact Aid program. To ascertain if North Chicago is facing a loss of its heavily impacted designation, I directed Catherine Schagh, Director of the Impact Aid Program, to review the recent applications submitted by the district.

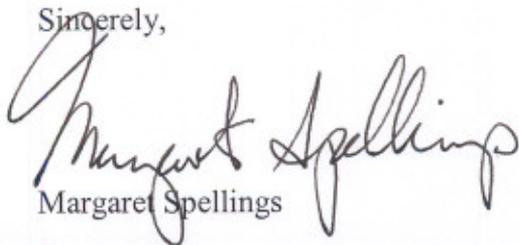
Our review led to an initial assessment that, due to the declining number of federally connected children residing on the Naval Station Great Lakes base, it appeared that North Chicago would no longer meet the statutory requirements necessary to be classified as heavily impacted beginning in fiscal year 2007. As part of that review, we learned that the reduction in the number of federally connected children might be the result of plans by the Department of Defense to revitalize and rehabilitate the on-base housing through a privatization program.

Following the review, Department staff met with you and your staff on October 6 to discuss the information that would be required from the Navy for the Department to make a determination that the District would meet the statutory requirements of Section 8003(b)(2)(H) of the Elementary and Secondary Education Act, which allows a school district to retain its heavily impacted designation if a base housing renovation program causes a temporary reduction in the number of federally connected children in the district. The Department has received a letter from the Navy Office of Housing that clarifies that the Navy intends to let a contract later this year for the rehabilitation of the on-base housing at Naval Station Great Lakes through a privatization program.

I am pleased to notify you that, based on the information we have received regarding the temporary reduction of federally connected children, we have concluded that North Chicago will meet the provisions of Section 8003(b)(2)(H) and retain its heavily impacted designation during the period of the housing rehabilitation program. This will allow North Chicago to continue to receive the higher levels of funding that the Impact Aid program provides to heavily impacted districts, as it has in recent years.

Thank you for notifying me of the potential problem that North Chicago faced and for working with my Department and the Department of Defense to ensure that we had the information necessary to make a determination on this issue.

Sincerely,

A handwritten signature in black ink that reads "Margaret Spellings". The signature is written in a cursive style with a large initial "M".

Margaret Spellings