

# Economic Impact Aid (EIA)

LEGISLATIVE ANALYST'S OFFICE

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## Economic Impact Aid Formula Outdated



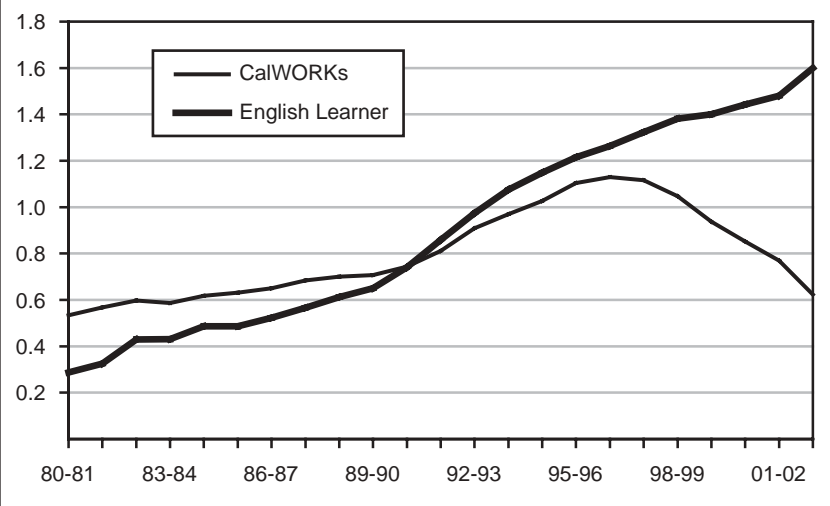
Distributes funding primarily on the basis of poverty (California Work Opportunity and Responsibility to Kids [CalWORKs] and 1990 US Census poverty data).

- At the time of program's inception, pupils from families receiving CalWORKs were a majority of the student population.
- Current demographics have shifted whereas English Learner (EL) students are now a majority of the student population.
- Use of EIA funds illustrate this demographic shift—85 percent of EIA funding used to provide services to EL students.

Figure 1

### K-12 Enrollment of English Learners and Students in Families Receiving CalWORKs

(In Millions)





## Problems With the EIA Formula

- The EIA formula results in EIA allocations that appear arbitrary and unpredictable.
  - Heavy emphasis on poverty results in larger per pupil rates to districts with high poverty rates—even though other districts may have a significantly higher EIA target population.

<b>Figure 2</b>		
<b>EIA Allocations</b>		
<i>Oakland and Santa Ana Unified School Districts 2003-04</i>		
	<b>Oakland</b>	<b>Santa Ana</b>
English learner students	18,589	41,278
CalWORKs students	12,946	4,655
<b>Total students</b>	<b>31,535</b>	<b>45,933</b>
<b>EIA Funding</b>		
Totals (in millions)	\$11.0	\$10.1
Per pupil	350.0	221.0

- Treats districts with similar populations of EL and CalWORKs students differently. (For example, one district with 21 EL and 13 CalWORKS students received \$812 each, while another with 23 EL and 12 CalWORKs students received \$221 each.)
- Around 300 districts experienced declining target population but received an increase in funding, while 16 districts experienced increasing target population and declining funding.



## LAO Proposed Formula Reform

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### Major Tenants of Proposal

- Simplify and refocus EIA formula to make it more predictable and transparent.
- Build upon major features of existing formula.
- Weigh EL pupils similarly to poor pupils in the distribution formula to make the distribution more consistent with the use of the funds.
- Adjust district funding annually based on changes in target population.



### Maintain Key Features of Current Funding Model

- **Per Pupil grant (\$210).** This would include funding for EL pupils who were redesignated in the previous year.
- **Concentration Grant (\$180).** Districts where proportion of EL and CalWORKs pupils exceed 55 percent of their total enrollment would receive an additional \$180 per pupil for each pupil above the threshold.
- **Minimum District Grant.** Districts with low concentrations of EL and CalWORKs students would be eligible to receive a minimum district grant (\$4,901 and \$7,356).
- **Hold Harmless.** Consistent with current formula, no school district's funding would be reduced by more than 15 percent a year.



## LAO Proposed Formula Reform *(Continued)*

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**Consolidate English Language Acquisition Program (ELAP) Into EIA**

- Fold \$53.2 million in ELAP funding into EIA formula to streamline funding serving EL students.
- Currently ELAP only allows funds to be used on ELs in grades 4 through 8. Districts believe current grade level restrictions are overly restrictive—greater flexibility over the use of funding needed.

**Targeted Instructional Improvement Grant (TIIG) Funds Would Become an “Add-On” to EIA Funding**

- Generally, TIIG funds are used for core student services (expenditures like transportation and magnet schools) or supplemental instructional services (expenditures like teacher aides, reading specialists, supplemental instructional materials).
- Districts would determine the portion of their TIIG funds that are used for core services and for supplemental services. Funding used for core services would be folded into the proposed revenue limit add-on. Funding for supplemental services would be folded into an EIA add-on.
- This proposal would not change the distribution of TIIG funding.