

# Economic Impact Aid

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LEGISLATIVE ANALYST'S OFFICE

Presented To:  
Assembly Budget Subcommittee No. 2  
on Education Finance





## Economic Impact Aid (EIA)

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*Program provides funding for economically disadvantaged and English learner students.*



### **EIA Formula Is Outdated and Problematic**

- Formula does not reflect current school demographics.
- Heavy emphasis on poverty skews per-pupil payments.
- District allocations appear arbitrary and unpredictable.
- CalWORKs counts may no longer be a good measure of poverty.
- Change in data availability makes current formula unworkable.



## Options for Addressing CalWORKS Data Issues

- ☒ **Option 1: Try to Resolve Data Issues With Department of Social Services**
- ☒ **Option 2: Use a Different Measure of Poverty**
  - Title I, Part A.
  - Free and Reduced Price Meal program.
  - Parental Education Level.
- ☒ **Option 3: Remove Poverty Measure From EIA Formula.**

### Participation Rates in Programs Serving Economically Disadvantaged Students

*(As Percent of Total Enrollment, 2004-05)*

District	CalWORKs <sup>a</sup>	FRPM <sup>a</sup>	Title I, Part A
Coachella Valley Joint Unified	9%	86%	39%
Capistrano Unified	1	15	7
Oakland Unified	25	68	34
Los Angeles Unified	14	77	32
<b>Totals Statewide</b>	<b>9%</b>	<b>49%</b>	<b>19%</b>

<sup>a</sup> CalWORKs= California Work Opportunity and Responsibility to Kids, FRPM= Free and Reduced Price Meal program.



## **LAO Recommendation: Simplify Formula And Provide Funding to Ease Transition**

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- ☒ **The Time Is Right for Comprehensive Reform**
- ☒ **New Formula Should Be Transparent, Predictable,  
And Use a Dependable Source of Data**
- ☒ **Legislature Has Various Options for Reform:**
  - Replace or remove CalWORKS from the formula.
  - Align with other programs that serve the same populations.
  - Reconsider weight of poverty versus English learner status.
  - Allocate funds through a combination of grant types.
  - Provide transitional funding.



## **EIA in the Context of Overall Funding**

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- ☒ **California provides additional targeted funding for English Learners and economically disadvantaged students.**

- ☒ **“Core” programs (\$1.5 billion proposed 2006-07)**

- Economic Impact Aid (\$648 million)
- English Learner Assistance Program (\$61 million)
- Targeted Instructional Improvement Grant (\$743 million excluding supplemental grants)

**-> Total “core” weight: 1.09**

- ☒ **“Secondary” programs, mostly directed at low-performing students (\$700 million)**

- High Priority School Grant (\$243 million)
- Summer School (\$311 million)
- CAHSEE Supplemental Instruction (\$40 million)
- Pupil Retention Block Grant (\$93 million)
- Foster Youth (\$10 million)

**-> Total “core” plus “secondary” weight: 1.14**

- ☒ **Other states that have pursued weighted approach use weights between 1.2 and 1.8.**