

Prudently Approaching the Quality Education Investment Act

When the Quality Education Investment Act (QEIA) program was first announced, there were more than 1,450 schools deemed eligible, of which more than 1,200 applied for the program. All eligible and interested schools were included in a lottery, which yielded a list of around 488 "winners" from 141 school districts. With the passage of the latest Budget agreement for 2009-10, there are schools and districts now asking whether being selected for QEIA was an honor and privilege or a risk with limited reward.

As we reported earlier in the *Fiscal Report* (see "Education Trailer Bills Emerge At Last http://www.sscal.com/fiscal_reports.cfm?action=display&contentID=5287 ", ABX4 2 (Evans, D-Santa Rosa) includes provisions to help the state increase its reserves by taking a multi-step action to reduce on a one-time basis funding for QEIA and then restore this with revenue limit funding, which would then be offset with federal American Recovery and Reinvestment Act (ARRA) funds from the School Improvement Fund, Title I, State Fiscal Stabilization Funding, or some combination of these resources. This would be a one-time adjustment, with the intent to extend the program to 2014-15, a year beyond the original end date, as a means to fully meet the state's obligation for QEIA. Since reporting this convoluted series of actions, we have received a number of inquiries and responses from our clients expressing grave concerns.

There are certainly many questions about how this adjustment would occur and whether it is beneficial to continue participating in the program. Over the past several days, School Services of California, Inc., has consulted staff at the Department of Finance (DOF), the California Teachers Association (CTA), and Legislature. In addition, we have discussed the language included in ABX4 2 with the Northern and Southern California QEIA Technical Assistance Centers, and together we have concluded that, while we can answer some of these questions, it is still too early to decide whether changes are merited in the implementation of QEIA at participating schools. **At this time, we would caution against making dramatic changes until more is known.**

In our conversations with DOF and CTA there is agreement that further clarification is required regarding how to achieve the desired result of bolstering the state's reserve while also holding QEIA schools harmless. In addition, there is also awareness that the use of federal funding only works to the extent that the mechanism does not violate supplanting rules. The DOF and CTA are beginning to meet to discuss how to thread the needle to achieve a solution that is workable for the state yet preserves the integrity of the QEIA program.

Again, we want to reiterate, in spite of the current uncertainty, for practical reasons the best course of action is to stay on the course you are on presently. With the start of school just around the corner and staffing in place, unless your local educational agency has moved forward with August layoffs, it is too late to dramatically alter the implementation of QEIA. As we see it, it is time to keep moving forward, but anticipate possible changes once an agreement is reached between CTA and the Governor's Office. We will keep you apprised as we know more and have an opportunity to analyze the information.

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