



AB 1491 Guidance

March 23, 2023



Agenda

- Introductions
- AB 1491 Overview
- AB 1491 Member carryover
- AB 1491 Consortia carryover
- Tools and resources
- Timeline Review
- Questions





Introductions

Presenters:

- **Mayra Diaz**
Chancellor's Office
- **Neil Kelly**
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AB 1491 Overview

- Impacts ED Code 84901 & 84914
- Tracking begins FY 2023-24
- Addresses actions related to carryover of funds from a previous FY to the next
- Has two parts that impacts members and consortia differently:
 - **Members** vote to set a carryover % threshold within their consortium
 - **Member** funding for one year may be impacted after two years are assessed
 - **Consortia** exceeding 20% carryover annually will be monitored by the Chancellor's Office and CDE.
 - **Consortia** exceeding 20% carryover annually will be required to submit a written expenditure plan and assigned technical assistance by the Chancellor's Office and CDE.



Member Carryover



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AB 1491 for Members

AB 1491 would authorize a consortium to reduce a member's allocation by no more than the amount of the member's carryover.

- Authorizes not mandates
- Reduce funds by no more than the carryover



AB 1491 for Members (2 of 3)

*If the consortium makes a finding by a **majority vote**, based on the **member** having **excessive carryover** for **at least 2 consecutive fiscal years** beginning with the 2023–24 fiscal year, a consortium is **authorized** to reduce a member's allocation by **no more than the percentage of the member's carryover**.*



AB 1491 for Members (3 of 3)

- Has to be a majority vote
- “Excessive” carryover is determined by each consortia
- Has to be 2 consecutive fiscal years
- Funds may be reduced by **no more than** the carryover; the amount could be from 0% up to the total amount of carryover
- Fund reduction is for that fiscal year only and does not impact the base allocation of future years
- Vote could take place once Q4 is certified



Start Date for Member Carryover

- Carryover tracking begins after FY 2023-24 Q4 expenses are certified:
 - September 1st, 2024– Members Certify
 - September 30th, 2024– Consortia Certify
- This start date is for tracking member carryover and consortia carryover.



Excessive Member Carryover

- Excessive member carryover is not defined in the legislation.
- Each individual consortium may uniquely define “excessive” member carryover as a specific percentage of any unspent funds from the prior fiscal year.
- This percentage becomes the consortium’s threshold for determining which members meet or exceed the excessive carryover
- Each consortium defines this percentage annually starting in the 2023-24 fiscal year.



Majority Membership Vote

- Education Code Section 84914 (d)(1) was amended to state that a finding to reduce carryover made by a consortium shall require a majority vote of its membership to vote and approve.
- Membership is defined in Education Code Section 84905(a) as: any community college district, school district, or county office of education, or any joint powers of authority located within the boundaries of the adult education region.
- Each member will have one vote when voting on reducing member carryover.



Carryover Reduction Amount

- AB 1491 legislation authorizes a consortium to reduce a member's allocation by “**no more than** the amount of the member's carryover” as certified in Q4 of the **previous** fiscal year.
- The bill does not specify a percentage or an amount.
- Consortia will decide how much of a reduction is appropriate based upon a % threshold; **no more than** the amount of the carryover.



Carryover Reduction Amount (cont.)

- The vote to reduce a member's agreed carryover amount will affect the prior year carryover only, not future years' allocation or base funding.



Member Carryover Reduction Process

- Beginning in the 2023-24 fiscal year, the consortium must track member carryover to determine if the member has excessive carryover for at least two consecutive fiscal years.
- Excessive carryover, as determined by the individual consortium, would be based on the certification of Q4 in NOVA on or before September 1 (with the consortium certification by September 30).
- The consortium must offer members locally determined technical assistance to help prevent them from having two consecutive fiscal years of carryover funds.
- If the consortium determines that a member has excessive carryover for at least two consecutive fiscal years, and a reasonable intervention has not eliminated the carryover, then the consortium can reduce the member's carryover with the required majority vote.



Possible Consortium By-Law Updates

A consortium may need to evaluate their by-laws to ensure that they can accommodate or include changes in the law/education code. Some items for consideration are:

- Agreement on the percentage of member carryover that will be defined as excessive.
- Agreement on the % of member carryover that will be reduced.
- Decision-making / majority voting process to reduce the member carryover.
- Consortium technical assistance / reasonable intervention to help avoid a member carryover finding.



AB 1491 for Members – Example

- Example: The Adult Education Outside Consortium
- The consortium has five members, they make decision based on consensus, but if they have to they will use majority vote.
- In April 2023, the consortium has a public meeting to decide the consortium excessive carryover percentage, the percentage to be reduced if a member has two consecutive years of carryover, the technical assistance process, the carryover updates on a quarterly basis, and agreement to any by-law updates



AB 1491 for Members – Example 1

- The consortium decides that the excessive carryover % will be 20%. (creates a new by-law)
- The consortium agreed that the member spending targets will be as follows:
 - Q1 = 10%
 - Q2 = 40%
 - Q3 = 60%
 - Q4 = 80%



AB 1491 for Members – Example 2

- The consortium also decides that reduction amount for members with 2 consecutive years of excessive carryover will be 100%. (creates a new by-law)
- This means all of the carryover will be reduced, but with the following caveat:
- 75% of the member carryover will be reallocated based on the consortium 3-year plan and member approval.
- 25% may be retained by the member if their carryover plan has been approved by the consortium members.



AB 1491 for Members – Example 3

- In May 2023 – the consortium and members certified their CFAD along with their excessive carryover % for the 2023-24 fiscal year.
- By the end of September Q4 for 22-23 will be certified.
- On December 1, 2023, members submit their Q1 for 23-24. The consortium certifies it by 12/31/23.
- The Q1 for 23-24 marks the first reportable expenses that will go against the carryover amount.



AB 1491 for Members – Example 4

- After Q1 and Q2, the consortium and members review how each member is progressing towards meeting their spending targets.
- Members that are falling short of the agreed upon spending targets will receive technical assistance by the consortium.
- After Q3, the consortium and members will continue to monitor progress towards spending targets, the results of the any technical assistance offered to members, and discuss possible allocation amendments to avoid excessive carryover findings.



AB 1491 for Members – Example 5

- In May of 2024, the consortium and their members will certify the CFAD for 24-25.
- In that CFAD, the consortium agrees to change the excessive carryover % to 15%.
- After Q4, the consortium and members will certify their Q4 expenditure reports. Members that exceed the consortium agreed upon 20% threshold for 23-24 will be highlighted in NOVA as having exceeded one consecutive year of carryover.



AB 1491 for Members – Example 6

- Throughout the 24-25 fiscal year the consortium and members continue to monitor quarterly expense reporting, and provide technical assistance as needed.
- By Q3, the consortium begins to have discussions on allocation amendments as a possible option to forego members from having excessive carryover for 1 or 2 consecutive years.
- Once the consortium and members certify Q4, members with two consecutive years will be voted on by the consortium members for a possible funding reduction.





AB 1491 for Members – Example 7

- Voting Results: the consortium members majority voted to reduce the member that had excessive carryover for two consecutive years.
- The consortium must follow their carryover by-laws on how much member carryover to be reduced (see the unique consortium reduction by-law).
- The consortium and members will certify in NOVA the reduction via an allocation amendment. CAEP funds will be transferred to reflect the reduction in NOVA.



AB 1491 for Members - Takeaways

- Be clear in your consortium governance how you plan to implement this new legislation.
- Track members and assess annually: offer interventions, vote on possible one-time carry-over reduction.
- Consortia needs to fill in the gaps on how much will be reduced, voting process, timetable / check-ins, and how to utilize any reallocated carryover funds.
- Consortia and members can use the tools to assist with tracking that are being developed for NOVA.
- There are some risks by doing nothing (see consortium requirement not to exceed 20% carryover)



Consortium Carryover





AB 1491 for the Consortium

AB 1491 requires a consortium with carryover from one or more prior fiscal years exceeding 20% to....

- Submit a written expenditure plan, to the Chancellor and the Superintendent
- Chancellor and Superintendent will:
 - “Prescribe and assign technical assistance to that consortium to ensure that adequate adult education services are provided to the region in proportion to the region's available funding.”



Key Terms to Define for Consortium Carryover

- Start Date
- Calculating the 20%
- Written expenditure plan
- Technical Assistance
- Consortium carryover reduction process



Start Date for Consortium Carryover

- Consortium carryover tracking begins as soon as FY 2022-23 Q4 expenses are certified (starting for the 2023-2024 program year)
- This start date is for tracking member carryover and consortia carryover.



Calculating the 20% Consortia Carryover

- Consortium carryover is **one or more prior fiscal years exceeding 20%** and is **assessed and acted upon annually**.
 - NOTE: Consortium carryover includes the carryover of all its members.



Consortium Example

- A consortium receives \$8M a year with four members each receiving \$2M a year for a total of \$8M.
- When Q4 was certified in NOVA, the consortium had \$2M in carryover or 25% (2M divided by 8M).
- The carryover was made up of each member having \$500K in carryover (500K X 4 = 2M); *each member has a 25% carryover.*
- This would exceed the consortium 20% threshold as called out in AB 1491 legislation.



Written Expenditure Plan

- AB 1491 requires a consortium with carryover from **one or more prior fiscal years** exceeding 20% to submit a written expenditure plan, as specified, to the Chancellor and the Superintendent.
- NOVA programmers are working to include the expenditure plan submission in the NOVA system.
 - This will also allow the State to track the progress of the expenditure plan.



Technical Assistance

The State will assign technical assistance to those consortia to ensure effective use of funds as specified by policy, and to ensure that the consortium's annual carryover does not continue to exceed the 20% threshold so that it continues to provide adequate adult education services to the region.

Additional details on the technical assistance and the State level review to ensure adequate services related to funding received will be forthcoming.



Consortium Carryover Summary

- Beginning in the 2023-24 fiscal year, the State will track consortia carryover to determine if any consortia exceeds 20% of carryover from one or more prior fiscal years.
- Consortia carryover is based on the certification of Q4 in NOVA by September 30
 - Example: FY 2023-24 Q4 will be certified September 30, 2024



Consortium Carryover Summary (cont.)

- Consortia with 20% or more carryover will be required to submit a written expenditure plan to the State showing how the consortium will work to reduce their carryover below the 20% threshold.
- The State will assign technical assistance to those consortia to ensure effective use of funds, and to ensure that the consortium's annual carryover does not continue to exceed the 20% threshold so that it continues to provide adequate adult education services to the region.



AB 1491 for the consortium takeaways

- Member carryover impacts consortia carryover.
- FY 2023-24 Q4 will be certified September 30th, 2024
- As a result, AB 1491 authorizes the consortium to reduce a member's "excessive" carryover funding (EC 84914). Consistent with:
 - The member no longer wishes to provide services consistent with the adult education plan.
 - The member cannot provide services that address the needs identified in the adult education plan.
 - The member has been ineffective in providing services that address the needs identified in the adult education plan, **including having excessive carryover for at least two consecutive fiscal years** beginning with the 2023–24 fiscal year, and each fiscal year thereafter, and reasonable interventions have not resulted in improvements.



Tools & Resources (NOVA)

- Forecasting tool
- Expenditure threshold percentage tool (state level setting)
- Corrective action flag / response (for members that exceed the state set threshold)
- CFAD governance section on carry-over (#16, #17)
- Annual Plan question on carryover (Fiscal Management section)
- Reports for carryover at the member level



Tools & Resources (TAP)

- Consortium on-boarding (governance, administrative functions)
- Targeted technical assistance
- NOVA workshops and technical assistance
- Peer Learning Circles and Professional Learning Communities



Timeline Review

AB1491 Timeline FY 2023-2025

Date	Activity Description	Timing
February 2023	<ul style="list-style-type: none"> ➤ Preliminary Allocations are released for FY 2023-24 ➤ AB1491 guidance is released 	
March-April 2023	<ul style="list-style-type: none"> ➤ Regional Consortia host public meetings to make financial & programmatic decisions ➤ FY 2022-23 Q2 expenditure reports are certified (March) ➤ AB1491 guidance webinar held 	
May 2023	<ul style="list-style-type: none"> ➤ CFAD is certified by the regional consortia <ul style="list-style-type: none"> ○ Excessive member carryover will be defined by individual consortiums and included in the CFAD. CFAD will be revised to capture this information. ➤ May Revise 	
June 2023	<ul style="list-style-type: none"> ➤ State budget is approved & signed 	



CFAD for 2023-24

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Workflow


- Fiscal**
 - Declaration**
Incomplete
 - Agencies & Certifiers
Completed
 - Member Allocations
Incomplete
 - Governance
Incomplete
 - Preview

Fiscal Declaration


Disbursement Method

Your Current Disbursement method is Direct Funded.
Do you plan to continue with this selection for 2023-24?

No Yes



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NOVA
PLAN. INVEST. TRACK.

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Consortia and members will decide if they are choosing to update their disbursement method to either Fiscal Agent or Direct Funded.





Workflow

Member Agencies & Certifiers

Allan Hancock Joint CCD District
Delete

Certifiers	Role	Phone Number	Actions
Sofia Ramirez Gelpi ⋮	Member Representative	(805) 922-6966 ext: 3325	 Delete

Non-Allocated (Voting Member Only)
+ Add Certifier

Consortia can add new agencies and/or new certifiers. Additionally, consortia can determine if new and/or existing agencies are Non-Allocated (Voting Member Only).



Workflow			
Fiscal			
○ Declaration	Incomplete		
Agencies & Certifiers			
○ Certifiers	Completed		
Member Allocations	Incomplete		
○ Governance	Incomplete		
○ Preview			
Member Allocations			
Member Name	(2023-24)	(2022-23)	(2021-22)
Allan Hancock Joint CCD	<input type="text" value="\$0"/>	\$777,040	\$737,707
Lompoc Unified	<input type="text" value="\$0"/>	\$1,078,906	\$981,139
Total Allocated to Members	\$0	\$1,855,946	\$1,718,846
Total CAEP Funds	\$2,030,272	\$1,877,621	\$1,762,029
Total Remaining	\$2,030,272	\$21,675	\$43,183

Allocate funding to each member based on the consortium's funding formula. Please note: each member is to receive no less than received in the previous unless deemed ineffective.



Workflow

- Fiscal
 - Declaration **Incomplete**
- Agencies & Certifiers
 - Certifiers Completed
- Member
 - Allocations **Incomplete**
- Governance** **Incomplete**
- Preview

Governance

20 errors | Show

Consortia Report on Governance Compliance of Rules and Procedures v.2

1. Have all community college districts, school districts, county offices of education, or any joint powers authority, located within the boundaries of the adult education region been allowed to join the consortium as a member? *

Yes
 No

A selection is required

2. Have all members committed to reporting any funds available to that member for the purposes of education and workforce services for adults and the uses of those funds? *

Yes
 No

A selection is required

3. How will the available funds be reported and evaluated? *

Characters : 0/2500

Complete this section to outline the consortium's governance structure.



16. What is the consortium's defined "excessive" member carryover percentage threshold? *

20 errors | 51

AB 1491 authorizes a consortium to reduce a member's allocation by no more than the amount of the member's carryover, if the member has excessive carryover for at least two consecutive fiscal years beginning with the 2023–24 fiscal year. Please note, there is no percentage threshold mandated in AB1491 that is specific to member carryover. As a result, individual consortia are able to define "excessive" as a specific percentage of any unspent funds from the prior fiscal year

Characters : 0/2500

17. Please explain how the consortium will monitor and administer carryover funds. What is the consortium's technical assistance and reasonable intervention process? What additional bylaws do you have that govern carryover? *

If one year of carryover is determined, the consortium must offer members technical assistance to help prevent them from having two consecutive fiscal years of carryover funds.

Characters : 0/2500

Q16 and Q17 are new as part of AB 1491, and asks consortia to define the member carryover percentage threshold and the process to monitor carryover.



Workflow

- Fiscal Declaration Complete
- Agencies & Certifiers Complete
- Member Allocations Complete
- Member Carryover Threshold Complete
- Governance Incomplete
- Preview & Submit

Member Carryover Threshold

Carryover Threshold

Input a unique excessive carryover percentage that applies to the members of your consortium.

If a member exceeds the unique excessive carryover percentage at the end of the fiscal year (Q4), NOVA will trigger the corrective action plan to detail the steps to be taken to not exceed the threshold. If after two consecutive years of excessive carryover and documented reasonable interventions/technical assistance, then the consortium will proceed through the process of reducing a member's funding.

Carryover threshold On

Carryover Threshold %

25%

Each consortium will identify a unique excessive carryover percentage that is applicable to members of the consortium. If the consortium does not wish to determine a threshold, they have the option to turn this feature off.





Questions





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Technical Assistance Project (TAP)


The Technical Assistance Project (TAP) is a support service for the AEP consortia members and associates who need assistance related to the Adult Education Block Grant. Members and associates can submit a support request to receive help on AEP funding, governance, planning, policy, reporting and professional development.

Log In required in order to submit a support request.

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