



**AB 1491 Guidance Webinar  
March 23, 2023  
Chat Q&A**

**Q:** So remaining funds from 22-23 that become carryover in 23-24 are part of the year 1 carryover determination?

**A:** Yes. It is aggregate carryover balance. Any active funds carried over from previous years would be considered in the excessive carryover.

**Q:** What happened to not more than 20% carryover that I heard before?

**A:** That was the old target from AB 104, before the legislation. The 20% is now for the consortium as whole. Individual members can be above or below 20%, but member carryovers will affect the consortium carryover.

**Q:** How will the FIFO help us with this?

**A:** The FIFO will show you which years you have remaining funding from. There will be reports in NOVA that will track the carryover so you can see where you are at.

**Q:** Can we change the "excessive" definition from year to year?

**A:** Yes. The percentage of carryover threshold will be a tool in the CFAD that will be completed on an annual basis. You are able to change it annually.

**Q:** Define "base funding" eg allocation from which year

**A:** Base funding is your allocation from the prior year plus any COLA, if given.

**Q:** So base funding is from 2022-23?

**A:** There is an annual base allocation every year.

**Q:** So a single member could go higher than 20% as long as it does not push the consortia as a whole over 20%?

**A:** Yes, that's correct. Unless the consortia decides to define excessive carryover below 20%. However, the risk is, if no cap is set for the members carryover, that may risk the consortium being over the cap of 20% as a whole. It is advised for consortia to look at members' past history and spending to make that decision as a consortium as it relates to member carryover limits.

**Q:** What does "take away" mean?

**A:** Take away means to reduce or reallocate excessive member carryover funds.

**Q:** Do you recommend definition of "excessive member carry over" be 20% or less? Could it be higher?

**A:** 20% is what will be tracked at the state level for consortium carryover. For the member-level, consortia can vote on setting a % threshold or opt out.

**Q:** Will the carryover threshold tool be in the CFAD this year for us to see where we are going into 23-24?

**A:** Yes, it will be available soon.

**Q:** Is it reallocated to another member?

**A:** Consortium and members should update their by-laws to capture how they will plan to reallocate any carryover funds.

**Q:** Will the new tool in NOVA provide information for both member carryover and consortia or just member?

**A:** We are working to provide tools at the member and consortia level to assist with tracking.

**Q:** CFAD requires unanimous approval? How do you reconcile that with "majority" for consortia carryover?

**A:** Yes, CFADs require all members to certify. The majority vote for carryover is only required for making a carryover finding on a member. All other decisions (excessive carryover %, the reduction amount %, the tech asst., etc.) require agreement by all members. Revisions to bylaws surrounding these decisions would require all members to agree.

**Q:** Moving money between members triggers a lot of work due to needed documentation between members to transfer funds. Sure would be nice if we could just do a CFAD amendment that would not rebench annual allocations.

**A:** CFAD document is a one-time process in NOVA. We keep it separate from allocation amendments, so it won't rebench the annual allocation amounts.

**Q:** Regarding timing for that, with the CFAD due the 2nd of May, many consortia also update governance docs around the same time. That means a consortium board would want to approve the new governance language before the CFAD is due. Many have a hard time meeting in June and July 1 is too late. A May board action translates into a governance language first read in April.

**A:** Thank you for sharing that information.

**Q:** Do you have examples of consortium technical assistance for members at risk of excessive carryover?

**A:** Some that come to mind - review of annual planning, work plans & budgets, review of regional fact sheets to see if money is being spent where it should be, review of student data and outcomes to see if there needs to be an emphasis on certain areas.

**Q:** Do we have any by-law template language for each of these concepts?

**A:** No, not yet. A webinar series is being scheduled for bylaws and tools to track carryover.

**Q:** Per legislation, the carryover is a % of the member's yearly allocation, correct? Not of the total member's budget (which is usually more due to carryover.)

**A:** It's the total funds available minus the annual allocation. So, if your annual allocation is \$1M and your active funds is \$1.5M - you have \$500K of carryover. Due to FIFO, "carryover" will equal the aggregate carryover balance. Therefore, members must consider how they will vote to reallocate a member's flagged excessive carryover. This may include a vote on a specific amount or percentage of the total aggregate carryover balance. It does not have to be the total carryover balance that is voted for reallocation, rather a % or amount. This decision making and voting process should be considered in the consortium bylaws.

**Q:** What fiscal years would be considered for the first evaluation? 23-24 and 24-25? or earlier?

**A:** The first year for review will be 23-24.

**Q:** Do you have an example of a member's NOVA report by Q4 by fiscal year, and when the excessive carryover would be evaluated?

**A:** Yes, it was included in the PowerPoint slides.

**Q:** Does this year's CFAD (5/2) have to include definition of excessive carryover (which requires our board's approval). If so, will training for Bylaws revisions be provided in time before 5/2?

**A:** Yes - the CFAD due May 2nd will require you to decide on the excessive carryover percentage. Please contact CAEP TAP for training on by-laws. If you're not comfortable with changing your by-laws right now - you can opt not to define excessive carryover % and you can work on it for next May 2024. But keeping your eye on the 20% consortium flag.

\*Suggestion by attendee: Maybe just put some high-level language in place about the consortium as a whole with regard to the codes.

\*Suggestion by attendee: Just a suggestion for bylaws ... mirror the language in the legislation and the guidance. The only thing a consortium needs to decide is the definition of excessive carryover for a member. All else should mirror the legislation and the guidance.

**Q:** Could it also be an option to approve new by-laws at the time of the new annual plan in August? By then we should have had the training. We would still answer the CFAD questions now.

**A:** That would work. Plus, it doesn't put too much pressure on everyone. But the excessive carryover decision has to be made by May 2<sup>nd</sup> for the 23-24 program year.

**Q:** The first year of the two consecutive years of carryover begins with 2022-23 carryover?

**A:** It will begin in 23-24. That would be year 1. The second consecutive year would be Q4 at the end of 24-25. So, you have time on the member carryover. But consortium carryover 20% - starts 23-24 and is only for one year before it's flagged for follow up by the State.

**Q:** We can already write answers to the different sections of the CFAD, but just hold off on #16 and #17, correct?

**A:** The carryover threshold percentage tool for member carryover that is now part of the CFAD will be available in NOVA by the end of this week. So, we should wait on CFADs until after this week, and that it will be fully available for completion next week.