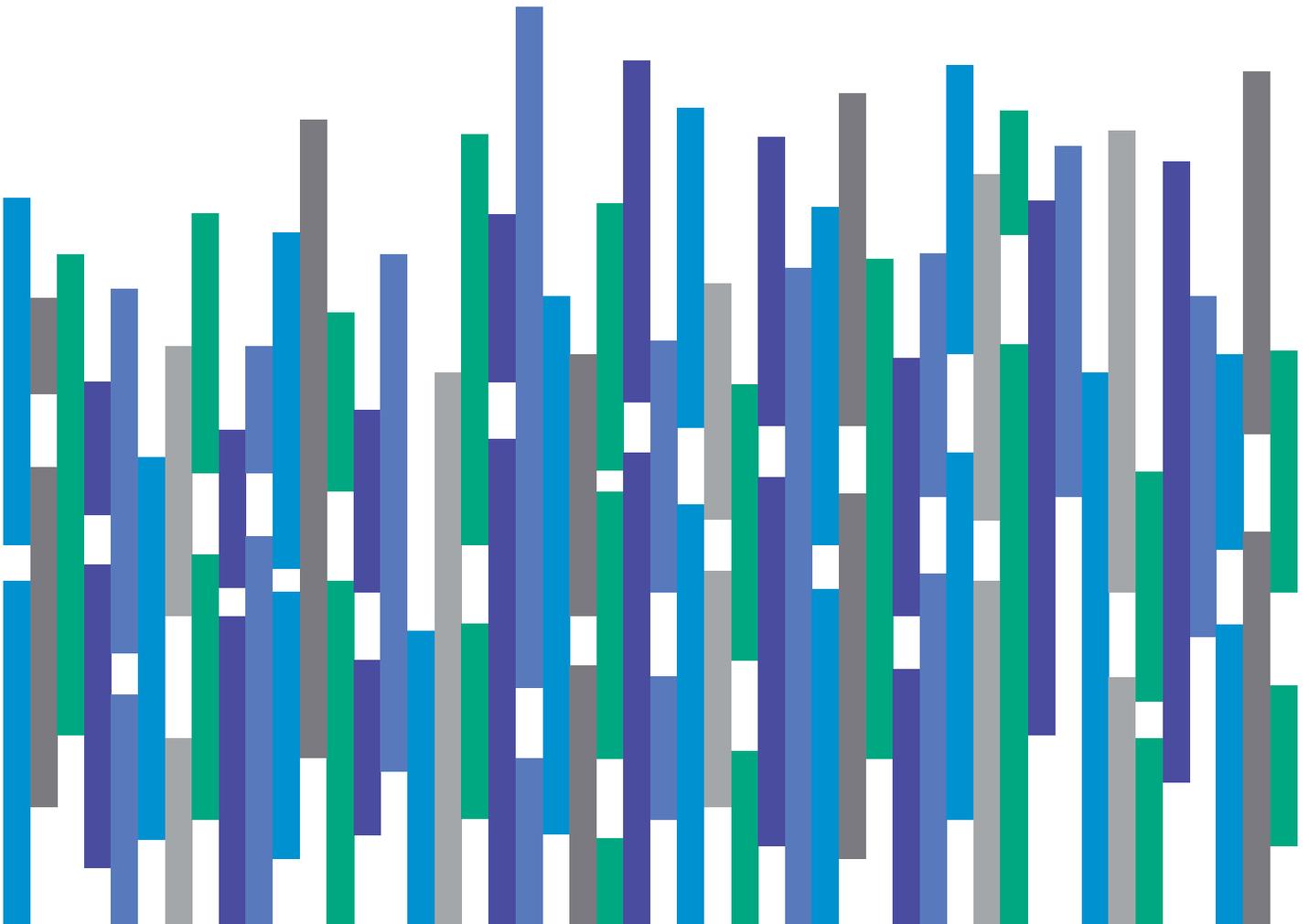




CFA Institute

# FREQUENTLY ASKED QUESTIONS

## FY19 Operational Funding Increase



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## **When will Operational Funding be distributed in FY19?**

FY19 Operational Funding will be distributed in two parts: base (FY18 level) funding in October 2018 and incremental (marginal increase) funding separately in November/December for those meeting specific criteria.

## **What are the specific criteria for receiving Incremental Funding?**

Those societies who have signed the Societies 2.0 vision statement and the now bi-annual member society licensing agreement, and who have submitted their end of year 2018 business plans, will receive Incremental Funding in November/December 2018.

## **What is the rationale for tying the incremental society funding to signing the vision statement?**

The Board of Governors approved the \$5.5 million increase in society operational funding specifically to provide greater resources to societies supportive of the Societies 2.0 initiative. The Vision Statement represents that alignment.

## **What is different between 2019 and 2020 – do things change in 2020 and do the requirements change as well?**

To be entitled to the continued funding at the higher level in FY20, member societies will be required to demonstrate evidence of their efforts to build infrastructure, i.e. how the increase is being invested.

Additionally, and in line with our aim to professionalize society operations and governance, we propose stronger accountability and governance elements be in place than we currently stipulate as a condition of operational funding.

The following will be requirements for receipt of ongoing incremental operational funding:

1. Strategic plan is in place (less than three years old) and shared with CFA Institute
2. Beginning and end of year business plans are submitted on time
3. Society Member Service Standards are met
4. The bi-annual Member Society Licensing Agreement is signed
5. 80% of board members and 100% of staff have completed the online orientation training and the online governance training
6. Conflict of Interest and Code of Conduct Policies are in place
7. Board manual is in place and updated
8. If applicable, a plausible plan to reach a minimum of 100 members within three years

## **What happens to societies who have previously applied for project funding for staffing?**

Incremental operational funding is meant to reduce dependence on project funding for staffing and should be used to support staff previously funded by project funding. Societies should consult with their relationship manager to discuss their specific circumstances.

## **Do societies that already have staff qualify for funding?**

All societies are eligible for the increased funding. Societies with staff should consider what additional operational or specialized staff would help them reach the next level of their growth and service to members. Societies with no or insufficient staff are now encouraged to invest in their infrastructure.

**Will my society be required to sign the vision statement every time the leadership of the society changes?**

No.

**The funding incentives for signing the Societies 2.0 Vision Statement potentially provide a false positive of full agreement with the statement, given that it is non-binding!**

Signing the vision statement is necessary for a society to receive ongoing Incremental Funding. If a society does not want to participate in Societies 2.0 and chooses not to sign, they will still receive Base Operational Funding annually.

**Can incremental funding be used to pay for staff that have already been hired by societies? Are societies who have already successfully hired staff from their own budgets being disadvantaged relative to societies that have not planned as well?**

All societies are eligible for the funding. Societies with staff should consider what additional operational or specialized staff would help them reach the next level of their growth and service to members. Societies with no or insufficient staff are now encouraged to invest in their infrastructure.

**How will societies inform CFA Institute of their staffing decisions/use of Incremental Funding? Will societies be expected to incorporate their staffing decisions in their Beginning-of-Year FY20 business plans (the next required business plan?)**

Over the course of FY19, relationship managers will work with societies to begin planning for the following year's resource requirements and assist as needed in identifying skills gaps and appropriate staffing investments. Staffing decisions will be reported in BOY FY20 business plans.

**It's not clear how or when the second stage of incremental funding is received. In the visual illustration, there's a note stating, 'Receive Operational Funding' and then there's no box saying when the next is. How will this be explained to the societies?**

The "Future State" visual illustration represents FY20 and beyond, when Operational Funding will be distributed in one lump sum. FY19 is a transitional year in which Base and Incremental Funding will be distributed separately.

**If a society does not meet each of the 8 requirements would they be denied the incremental funding until they are in full compliance?**

Yes

**Is loss of incremental funding the only consequence of failing to comply or sign the statement of intent?**

Yes

**Given the recent changes to the Investment Foundations strategy, making it a free program to the industry, will Investment Foundations candidates count in the calculation of operational funding?**

Investment Foundations candidates are being counted in FY19 operational funding. A decision regarding whether they will be included in future fiscal year funding calculations has not yet been made.