

# Cradle-to-Career Data Governing Board Staff Report

Date Report Issued: November 6, 2024  
Attention: Members of Cradle-to-Career Data Governing Board  
Subject: **Update on the Office of Cradle-to-Career Data's Budget (Agenda Item 15)**  
Staff Contact: Lesley Taylor, Director of Operations

At this meeting, the Governing Board (Board) will have the opportunity to be informed about how the Office of Cradle-to-Career Data (Office) used its fiscal resources in the prior year, factors affecting Cradle-to-Career Data's (C2C) budget for the current year, and the resources requested for the upcoming fiscal year. Attachment A provides a glossary of budget terms.

## Requested Action:

There is no requested action for this item. This is an informational item only.

## Background:

### Historical Funding for the Office

The Office was created in the 2021 Budget Act. In Fiscal Year (FY) 2021-22, the Office was authorized to expend approximately \$16.2 million. Because of the time necessary to seat the Governing Board, appoint the Executive Director, and hire initial staff, \$13.3 million was reappropriated (carried over) to FY 2022-23 to allow the Office an additional year to fund start-up costs.

In FY 2022-23, the Office was authorized to expend \$23.56 million, of which \$13.3 million was the one-time start-up funding carried over. C2C spent approximately \$21 million that year.

### Prior Year Resources (July 1, 2023 - June 30, 2024)

In the prior year, FY 2023-24, the Office's budget appropriation was approximately \$15.4 million ongoing funding. On December 12, 2023, the

Department of Finance issued [Budget Letter \(BL\) 23-27](#), Current Year Expenditure Freeze, directing all entities under the Governor's direct executive authority to take immediate action to reduce current-year General Fund expenditures. As part of the Budget development process for the budget effective July 1, 2024, the FY 2023-24 budget was reduced in order to reappropriate \$600,000 to FY 2024-25 to implement the statewide scaling of eTranscript California.

The table below shows C2C's budget authority and actual expenditures for the past three fiscal years.

Program Budget (Figures Rounded)	FY 2021-22	FY 2022-23	FY 2023-24
Authorized Expenditures - Ongoing	\$12,000,000	\$10,260,000	\$15,393,000
Authorized Expenditures - One-time	\$4,223,000 <sup>1</sup>	\$13,300,000 <sup>2</sup>	\$0
Reappropriation to next FY	-\$13,300,000 <sup>2</sup>	\$0	-\$600,000 <sup>3</sup>
Total Actual Expenditures	\$2,318,000	\$21,008,000	\$9,682,000
Utilization Rate	79%	89%	66%

<sup>1</sup> Includes prior year adjustment, Executive Order funding, and technical adjustments.

<sup>2</sup> \$13.3 million was reappropriated from FY 2021-22 to FY 2022-23 to support the start-up of the Office pursuant to Budget Request [0511-030-BCP-2022-MR](#).

<sup>3</sup> \$600,000 was reappropriated from FY 2023-24 to FY 2024-25 to implement the statewide scaling of eTranscript California pursuant to Budget Request [0511-013-BCP-2024-GB](#).

*Why did C2C have a 66% utilization rate in FY 2023-24?*

C2C's spending in FY 2023-24 was lower than expected in steady state because C2C was still spending down resources from the one-time funds allocated to C2C during its initial start-up period. Specifically, in the year before (FY 2022-23), the Office encumbered 99 percent of \$13.3 million in start-up funding reappropriated from FY 2021-22. These one-time funds covered many multi-year expenses related to the build phase of the C2C Data System. This planning enabled the Office to expend approximately \$10 million and return approximately \$5 million to the General Fund in alignment with [Budget Letter \(BL\) 23-27](#).

*How did C2C spend its resources in FY 2023-24?*

In FY 2023-24, the Office encumbered approximately 66 percent of its ongoing funding, as shown above. Roughly one-third of the ongoing funding was for personal services (Office staff) and roughly two-thirds was for operating expenditures. The most significant operating expenditure of ongoing funding was for consulting and professional services.

Budget Category	Budgetary Expenditures FY 2023-24
Consulting & Professional Services	\$4,964,000
Personal Services (Office Staff)	\$3,668,234
Facilities & Operations	\$1,014,095
All Other Operating Expenditures	\$35,292
Total (Rounded)	\$9,682,000

More information about C2C's procurements is available on [Cal eProcure](#).

[Current Year Resources \(July 1, 2024 - June 30, 2025\):](#)

In the current year, FY 2024-25, the Office's initial budget appropriation was approximately \$15.4 million ongoing funding. The Office also received \$600,000 one-time from Budget Request [0511-013-BCP-2024-GB](#) as a reappropriation of FY 2023-24 funds to begin implementing the statewide scaling of eTranscript California.

The Department of Finance has issued several budget letters this year that affect the Office's available resources:

Number	Date	Title	Description
<a href="#">BL 24-10</a>	July 1, 2024	Government Efficiency Reductions	Describes efficiency measures included in the State Budget
<a href="#">BL 24-20</a>	July 29, 2024	Control Section 4.12, 2024 Budget Act	Provides instructions to implement Control Section (CS) 4.12, Vacant Positions Funding Reduction and Elimination of Positions
<a href="#">BL 24-24</a>	August 16, 2024	Control Section 4.05, 2024 Budget Act	Provides instructions to implement CS 4.05, Ongoing Reductions to State Operations

The Office works with GovOps and the Department of General Services, which provides contracted fiscal services to C2C and GovOps, to complete all budget drills, including those listed above. While the results of these drills are still pending, the Office is budgeting to the assumption that the current year budget will be reduced by 7.95 percent pursuant to CS 4.05. This would leave C2C with an adjusted operating budget of approximately \$14.1 million ongoing. The Office also expects to lose authority for at least one position pursuant to CS 4.12. This would leave C2C with authority for no more than 26 established full-time positions.

### Budget Year Resources (July 1, 2025 - June 30, 2026):

At its August 14, 2024 meeting, the Governing Board approved the Office to explore five areas of resource needs identified in the [Staff Report](#):

- Security, Privacy & Data Quality;
- Effective Tools;
- Data Requests & Research;
- Governance & Policy; and
- Legal & Administrative Requirements.

As authorized by the Governing Board, the Office worked with the Board Chair and Chair Elect to draft a multi-year budget change proposal (BCP) that requests new resources aligned to C2C's statutory charge. The scope of this request, in concept, included 24 new positions phased-in over three years, reclassification of three existing positions, funding associated with these positions, and \$2.8 million ongoing for operating expenditures. The Office continues to work in collaboration with GovOps leadership and the Department of Finance on the confidential draft and will make changes as requested.

The first indication of C2C's resources for the budget year (BY) will be in the Governor's Proposed Budget, released on or about January 10, 2025.

## Glossary of Budget Terms

The following terms are among those defined in the [Finance Glossary of Accounting and Budgeting Terms](#).

### Appropriation

Authorization for a specific agency to make expenditures or create obligations from a specific fund for a specific purpose. Appropriations are usually limited in amount and period of time during which the expenditure is to be recognized. For example, appropriations made by the Budget Act are available for encumbrance for one year, unless otherwise specified. Appropriations made by other legislation are available for encumbrance for three years, unless otherwise specified, and appropriations stating “without regard to fiscal year” shall be available from year-to-year until fully expended. Legislation or the California Constitution can provide continuous appropriations, and voters can also make appropriations by approving ballot measures. An appropriation shall be available for encumbrance during the period specified therein, or if not specified, for a period of three years after the date upon which it first became available for encumbrance. Except for federal funds, liquidation of encumbrances must be within two years of the expiration date of the period of availability for encumbrance, at which time the undisbursed (i.e., unliquidated) balance of the appropriation is reverted into the fund. Federal funds have four years to liquidate. (GC 16304, 16304.1, SAM 8325, 8326.)

### Budget Request

A term used in the FI\$Cal (Hyperion) System reflecting any change to the currently enacted budget or proposed budget. This may be a Budget Change Proposal, revenue estimate change, or legislative action. A budget request is a

way for each department to submit incremental requests for, or to make adjustments to, funding.

**Encumbrance**

The commitment of all or part of an appropriation. Encumbrances represent valid obligations related to unfilled purchase orders or unfulfilled contracts. Outstanding encumbrances are recognized as budgetary expenditures in the individual department's budget documents and their individual annual financial reports. For the General Fund budgetary purposes, the Department of Finance makes a statewide adjustment to remove the total outstanding encumbrances from overall General Fund expenditures and show the amount as a reserve in the fund balance, in accordance with Government Code section 13307. For other funds, such encumbrance adjustments are not made in the budget totals, and encumbrances are treated as budgetary expenditures that decrease the fund balance of these funds. (SAM 8340.)

**Expenditure**

Expenditures reported on a department's year-end financial reports and "past year" budget documents consist of amounts paid and accruals (including outstanding encumbrances and payables) for obligations created for the last fiscal year. "Current year" and "budget year" expenditures in budget documents are estimates for the respective fiscal year. (See "Encumbrance," also referred to as "budgetary expenditures.>"). (SAM 8360.)

**Expenditure Authority**

The authorization to make an expenditure (usually by a budget act appropriation, provisional language, or other legislation).

**FI\$CaI**

The acronym for the Financial Information System for California, the state's integrated financial and administrative IT system that supports accounting, budgeting, cash management, and procurement functions.

**Fiscal Year (FY)**

A 12-month period during which revenue is earned and received, obligations are incurred, encumbrances are made, appropriations are expended, and for which other fiscal transactions are recognized. In California state government, the fiscal year begins July 1 and ends the following June 30. If reference is made to the state's FY 2019-20, this is the time period beginning July 1, 2019 and ending June 30, 2020. (GC 13290.)

**Operating Expenses and Equipment (OE&E)**

A category of a support appropriation that includes objects of expenditure/accounts such as general expenses, printing, communication, travel, data processing, equipment, and accessories for the equipment. (SAM 6451.)

**Personal Services**

A category of expenditure that includes such objects of expenditures as the payment of salaries and wages of state employees and employee benefits, including the state's contribution to the Public Employees' Retirement Fund, insurance premiums for workers' compensation, and the state's share of employees' health insurance. (See also "Object of Expenditure.") (SAM 6403.)

**Reappropriation**

The extension of an appropriation's availability for encumbrance and/or expenditure beyond its set termination date and/or for a new purpose. Reappropriations are typically authorized by statute for one year at a time, but may be for some greater or lesser period.

**Reference Code**

A three-digit code identifying whether the item is from the Budget Act or some other source (e.g., legislation), and its character (e.g., state operations). This is the middle segment of the budget item/appropriation number. (UCM, Fund Source/Appropriation Coding.)