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# M e m o r a n d u m

**To:** All CDT Customers                 **Date: May 28, 2025**

**From:** Department of Technology

**Subject:** RATE ADJUSTMENT FOR FISCAL YEAR 2025-26

The California Department of Technology (CDT) is implementing rate adjustments for Fiscal Year 2025-2026, which include rate increases for several services. As always, CDT remains committed to minimizing the impact on our customers wherever possible.

As part of our ongoing financial and service portfolio management, CDT continuously evaluates under-recovering services to determine whether they should be retained or retired in alignment with the state's best interests—such as the recent retirement of CalCloud.

In parallel, we consistently pursue efficiency strategies—leveraging technology enhancements, process improvements, and resource realignments—to ensure we continue delivering reliable, cost-effective 24/7 data center services to the State of California. The following rate adjustments will be effective July 1, 2025.

## Targeted Cost Recovery Increase (TCRI) for Under-Recovering Services

**Purpose of Rates Adjustment:**
The California Department of Technology (CDT) is committed to ensuring that its billing rates are structured to achieve full cost recovery while maintaining fairness and transparency in service pricing. Historically, certain services have under-recovered their operational costs, leading to financial imbalances that impact the sustainability of critical IT offerings.  To address this issue, CDT is implementing a Targeted Cost Recovery Increase (TCRI) - a 4% increase applied specifically to under-recovering services. This adjustment is structured to ensure that under-recovering services can operate efficiently without impacting the broader customer base with unnecessary increases.

This targeted approach accomplishes the following objectives:

1. **Minimize Unnecessary Rate Increases** – Instead of applying a broad increase that affects all services equally, the TCRI focuses adjustments only where they are most needed.
2. **Support Cost Transparency** – This adjustment aligns with efforts to reduce cross-subsidization and ensures that rates more accurately reflect the actual costs associated with delivering each service.

3. **Account for Rising Costs** – The 4% increase helps address rising operational expenses, including labor and infrastructure costs, while mitigating further under-recovery in affected services.
4. **Position for Future Rate Realignment –** By addressing the most immediate under-recovery concerns now, this approach lays the groundwork for a more comprehensive rate realignment in the next package. This phased strategy helps ensure that any necessary adjustments in the future will have a minimal offsetting impact on customers while further aligning rates with cost recovery objectives.  By implementing the TCRI, CDT takes a proactive approach to rate-setting, ensuring that essential services remain financially sustainable while mitigating unnecessary cost burdens on fully recovered services.

**Description of Rates Adjustment:**
For Fiscal Year 2025–26, CDT is introducing a Targeted Cost Recovery Increase (TCRI), replacing the previous across-the-board approach for rate increases last year.  In last year's rate package, a 5% General Salary Increase (GSI) adjustment was applied uniformly to all services to recover rising salary and benefit costs. This year, the Department is shifting to a targeted approach: a 4% rate increase applied only to under-recovering services. This change was made in consultation with the Department of Finance (DOF) and reflects an intentional move away from general increases that impact all customers, toward a more focused model that limits financial impact to areas where recovery is needed. This ensures CDT can continue to meet salary obligations associated with the third and final phase of the GSI outlined in Senate Bill 148, effective July 1, 2025.

The TCRI model allows CDT to avoid unnecessary increases to fully recovered services, ensuring a more equitable and transparent funding strategy that aligns rate adjustments with actual financial need.

**Rate Development Methodology:**
Adjusted rates are based on CDT's Historical/Trend Forecast Methodology, adapted to determine a cost recovery-based rate adjustment. This method relies heavily on information from CDT's financial systems to forecast costs and revenues. To develop the TCRI rates, the following functions were performed:

- Historical data used to forecast costs and volumes comprised of FY 2023-24 actuals for revenue and expense, and revenue data from July 2024 through September 2024.
- The projected increase in personnel salary and benefits costs to CDT services funded through the Technology Services Revolving Fund (TSRF) was based on wage, salary, and benefits actual expense data for FY 2023-24 adjusted for the projected salary percentage and benefits increase.
- The Item 9800 Augmentation for Employee Compensation Drill performed by CDT's Budget Unit was used for comparison analysis to validate the reasonability of the projected salary and benefits costs increase to recover.
- Analyzed the interaction of customer spending and cost trends.

The following general process and components were used to determine rates using this methodology:

1. Billable Unit: CDT's billing rates and fees.
2. Direct cost components: Personal Services (salaries and benefits)
3. Approach: CDT billed services revenues for the prior and current fiscal years adjusted for known changes were used to determine the projected breakeven increase in rates to recover the increased salary and benefits expenses.
4. Calculate Cost: The product of current personnel expenses and percentage of general salary and benefit increases represents the total cost.
5. Identification of Under-Recovering Services – Services projected not to achieve full cost recovery in FY 2025-26 were analyzed to determine rate adjustments. The list of targeted services is as follows:
    1) Virtual Desktop Interface
    2) UX Consulting
    3) Web Publishing
    4) Dedicated Internet Hosting Service
    5) Shared Internet Hosting
    6) Simple Mail Transfer Protocol Relay (SMTP)
    7) Call Center Services
    8) Training Center
    9) Windows Server
    10) SQL Server
    11) Mid-Range DB2
    12) California Managed Cloud Services
    13) STaaS On Premises
    14) Unmanaged Cloud Services (UCS)
    15) Fiber Ring Service
    16) Software Defined Wide Area Network (SDWAN)
    17) Remote Access VPN/Site to Site VPN
    18) Shared Firewall/ Extranet
    19) Server Load Balancing

6. Calculate the necessary Rate Increase (%): Calculate the standard rate increase (%) required to recover the total cost based on the projected service volumes and revenues.

$$\text{Rate Increase (\%)} = \frac{\text{Cost}}{\text{Projected Revenue}}$$

7. Determine New Rates: Apply the Rate Increase (%) to current rates, adjusting for various service pricing structures

**Adjusted Rates:**

Due to rounding, some rates may reflect percentage changes that skew from the intended 4% increase.

| Service Rates Increased by TCRI | | | | | |
|---|---|---|---|---|---|
| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
| D110 | Training Charges - Academy or Boot Camp | Direct Charge | Contract + 10% Surcharge | Contract + 11% Surcharge | 10.00% |
| D110 | Training Charges - Web Accessibility | Direct Charge | Contract + 40% Surcharge | Contract + 42% Surcharge | 5.00% |
| D110 | Training Charges - All Other Classes | Direct Charge | Contract + 20% Surcharge | Contract + 21% Surcharge | 5.00% |
| D131 | E-Learning Basic Package | Direct Charge | Contract + 74% Surcharge | Contract + 77% Surcharge | 4.00% |
| D132 | E-Learning Premiere Package | Direct Charge | Contract + 36% Surcharge | Contract + 37% Surcharge | 4.00% |
| D133 | E-Learning Leadership | Direct Charge | Contract + 42% Surcharge | Contract + 44% Surcharge | 4.00% |
| D134 | E-Learning - WHP | Direct Charge | Contract + 49% Surcharge | Contract + 51% Surcharge | 4.00% |
| D135 | E-Learning - VD | Direct Charge | Contract + 60% Surcharge | Contract + 62% Surcharge | 4.00% |
| D136 | E-Learning Customized Harassment SB 553 Course Customization & Maintenance | Direct Charge | Contract + 49% Surcharge | Contract + 51% Surcharge | 4.00% |
| D137 | E-Learning LMS Service | Direct Charge | Contract + 36% Surcharge | Contract + 37% Surcharge | 4.00% |
| D201 | Kauai | Room | $656.00 | $682.00 | 3.96% |
| D202 | Oahu | Room | $656.00 | $682.00 | 3.96% |
| D203 | Kona | Room | $604.00 | $628.00 | 3.97% |
| D204 | Hilo | Room | $604.00 | $628.00 | 3.97% |
| D205 | Hawaii | Room | $1,260.00 | $1,310.00 | 3.97% |
| D206 | Maui | Room | $473.00 | $492.00 | 4.02% |
| E108 | SMTP | IP Address | $32.21 | $33.50 | 4.00% |

| Service Rates Increased by TCRI | | | | | |
|---|---|---|---|---|---|
| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
| I114 | Web Analytics | Report | $98.86 | $102.81 | 4.00% |
| I119 | One-Time Web Setup Fee | Web Instance | $600.00 | $624.00 | 4.00% |
| I120 | Assigned Internet Host-CAT1-NH | Web Server | $2,123.00 | $2,208.00 | 4.00% |
| I124 | Dedicated Web Support | Server | $834.00 | $867.00 | 3.96% |
| I201 | Shared Web Hosting Tier I | Instance | $156.00 | $162.00 | 3.85% |
| I202 | Shared Web Hosting Tier II | Instance | $401.00 | $417.00 | 3.99% |
| I203 | Shared Web Tier II Addtl 75MB STG | 75 MB | $25.00 | $26.00 | 4.00% |
| I204 | Shared Web Tier II Addtl 1GB XFER | Gigabyte | $27.00 | $28.00 | 3.70% |
| I205 | Shared Web Tier II Addtl DNS REG | Domain | $21.00 | $22.00 | 4.76% |
| I206 | Shared Web Tier II Addtl FTP User | UserID | $10.00 | $11.00 | 10.00% |
| I209 | Listserv E-Mail Distribution | List | $156.00 | $162.00 | 3.85% |
| I210 | Shared Web SQL Hosting | DB Instance | $264.00 | $275.00 | 4.17% |
| I211 | Shared Website One-Time Set-Up Fee | Instance | $1,040.00 | $1,082.00 | 4.04% |
| I212 | Addtl FTP User ID One-Time Set-up | UserID | $21.00 | $22.00 | 4.76% |
| I401 | WCMS Base Rate | Month | $2,266.00 | $2,357.00 | 4.02% |
| I402 | WCMS Site Assessment | One-Time | $1,092.00 | $1,136.00 | 4.03% |
| I403 | WCMS Site Implementation | One-Time | $1,092.00 | $1,136.00 | 4.03% |
| I410 | User Experience (UX) Consulting | Hour | $194.00 | $202.00 | 4.12% |
| K605 | STaaS Tier I Response Time <=5ms for Read/Write | GB/Month | $0.3528 | $0.3669 | 4.00% |
| K606 | STaaS Tier II Response Time <=25ms for Read/Write | GB/Month | $0.2352 | $0.2446 | 4.00% |
| K607 | STaaS Tier III Response Time <100ms for Read/Write | GB/Month | $0.1176 | $0.1223 | 4.00% |

| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
|---|---|---|---|---|---|
| K608 | STaaS Tier IV Response Time <4000ms for Read/Write | GB/Month | $0.0823 | $0.0856 | 4.01% |
| K619 | STaaS Tier IB (50TB to 249TB) | GB/Month | $0.3058 | $0.3180 | 3.99% |
| K620 | STaaS Tier IC (250TB to 499TB) | GB/Month | $0.2587 | $0.2690 | 3.98% |
| K621 | STaaS Tier ID (Over 500TB) | GB/Month | $0.2352 | $0.2446 | 4.00% |
| K622 | STaaS Tier IIB (50TB to 249TB) | GB/Month | $0.2117 | $0.2202 | 4.02% |
| K623 | STaaS Tier IIC (250TB to 499TB) | GB/Month | $0.1882 | $0.1957 | 3.99% |
| K624 | STaaS Tier IID (Over 500TB) | GB/Month | $0.1646 | $0.1712 | 4.01% |
| K625 | STaaS Tier IIIB (50TB to 249TB) | GB/Month | $0.1058 | $0.1100 | 3.97% |
| K626 | STaaS Tier IIIC (250TB to 499TB) | GB/Month | $0.0941 | $0.0979 | 4.04% |
| K627 | STaaS Tier IIID (Over 500TB) | GB/Month | $0.0823 | $0.0856 | 4.01% |
| K629 | STaaS Tier IVB (50TB to 249TB) | GB/Month | $0.0706 | $0.0734 | 3.97% |
| K630 | STaaS Tier IVC (250TB to 499TB) | GB/Month | $0.0588 | $0.0612 | 4.08% |
| K631 | STaaS Tier IVD (Over 500TB) | GB/Month | $0.0470 | $0.0489 | 4.04% |
| K632 | STaaS Tier IVE (Max of 4 Hours) | GB/Month | $0.0353 | $0.0367 | 3.97% |
| K633 | STaaS Tier IVF (Max of 4 Hours) | GB/Month | $0.0235 | $0.0244 | 3.83% |
| K634 | STaaS Tier IVG (Max of 4 Hours) | GB/Month | $0.0118 | $0.0123 | 4.24% |
| K635 | STaaS Tier IVH (Max of 4 Hours) | GB/Month | $0.0094 | $0.0098 | 4.26% |
| K636 | STaaS Tier IVI (Max of 4 Hours) | GB/Month | $0.0071 | $0.0074 | 4.23% |
| K637 | STaaS Tier IVJ (Max of 4 Hours) | GB/Month | $0.0047 | $0.0049 | 4.26% |
| L502 | CAMC Windows IaaS Support | Per IaaS VM Instance, Per Month | $700.00 | $728.00 | 4.00% |

| Service Rates Increased by TCRI | | | | | |
| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
|---|---|---|---|---|---|
| L503 | CAMC Linux IaaS Support | Per IaaS VM Instance, Per Month | $700.00 | $728.00 | 4.00% |
| L601 | UCS VM Includes 2 CPU 4GB RAM | Virtual Machine (VM) | $950.00 | $988.00 | 4.00% |
| L602 | Additional CPU | CPU | $181.00 | $188.00 | 3.87% |
| L603 | Additional RAM | GB | $58.00 | $60.00 | 3.45% |
| M101 | Windows Server Tier I | Server | $4,041.00 | $4,203.00 | 4.01% |
| M103 | Windows Addtl Memory | Gigabyte | $15.00 | $16.00 | 6.67% |
| M108 | Windows Server One-Time Set-Up Fee | Server | $759.00 | $789.00 | 3.95% |
| M113 | Windows First 16 GB Addtl Memory | 16 GB | $14.03 | $14.59 | 3.99% |
| M114 | Windows Addtl 32 GB Memory | 32 GB | $28.00 | $29.00 | 3.57% |
| M120 | Server Monitoring Tool | Customer/ Month | $248.00 | $258.00 | 4.03% |
| M201 | Windows Virtual Server (Non High Availability) | Instance | $400.00 | $416.00 | 4.00% |
| M202 | One-Time Set-Up Windows Virtual Server | Instance | $380.00 | $395.00 | 3.95% |
| M203 | Virtual Server Addtl 512 MB Memory | MB | $15.00 | $16.00 | 6.67% |
| M204 | Windows Virtual Server (High Avail) 1 Core 1GB RAM | Instance | $990.00 | $1,030.00 | 4.04% |
| M205 | Virtual Server Addtl Core | Core | $124.00 | $129.00 | 4.03% |
| M206 | Virtual Server Addtl Memory | Gigabyte | $83.00 | $86.00 | 3.61% |
| M301 | Shared SQL Windows Server | Instance | $643.00 | $669.00 | 4.04% |
| M302 | SQL Server 10 to 17 GB STG | Instance | $500.00 | $520.00 | 4.00% |
| M303 | SQL Server 18 to 27 GB STG | Instance | $750.00 | $780.00 | 4.00% |
| M304 | One-Time Set-Up SQL Server Database | Instance | $296.00 | $308.00 | 4.05% |
| M620 | Database Support - Tier I | DB Instance | $1,542.00 | $1,604.00 | 4.02% |
| M621 | Database Support One-Time Setup Tier I | One-Time/ Instance | $1,002.00 | $1,042.00 | 3.99% |

| Service Rates Increased by TCRI | | | | | |
|---|---|---|---|---|---|
| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
| M627 | DB2 Database Support | DB Instance | $1,680.00 | $1,747.00 | 3.99% |
| M635 | DB2 Database Support One-Time Setup Tier II | One-Time/ Instance | $1,900.00 | $1,976.00 | 4.00% |
| M636 | MS SQL Enterprise License Pack+SA | Pack/Month | $653.00 | $679.00 | 3.98% |
| M637 | MS SQL Standard License Pack+SA | Pack/Month | $170.00 | $177.00 | 4.12% |
| M638 | MS SQL Enterprise Software Assurance | Pack/Month | $318.00 | $331.00 | 4.09% |
| M639 | MS SQL Standard Software Assurance | Pack/Month | $83.00 | $86.00 | 3.61% |
| M713 | Secure ID Token One-Time Cost | Token | $131.00 | $136.00 | 3.82% |
| M714 | Virtual Desktop Storage | MB | $0.0082 | $0.0085 | 3.66% |
| M715 | Secure ID Physical Token | Token/ Month | $6.17 | $6.42 | 4.05% |
| M716 | Secure ID Software-Based Token | Token/ Month | $3.37 | $3.50 | 3.86% |
| M717 | Base Application Bundle | User | $34.95 | $36.35 | 4.01% |
| N209 | Individual Remote Access VPN | User | $14.00 | $15.00 | 7.14% |
| N606 | Shared Firewall - Extranet | DMZ | $321.00 | $334.00 | 4.05% |
| N608 | Site to Site VPN Set-up | One-Time/ Install | $758.00 | $788.00 | 3.96% |
| N609 | Data Center to Data Center Connectivity Set-up | One-Time/ Install | $1,365.00 | $1,420.00 | 4.03% |
| N610 | Reverse Proxy | Per Instance/ Month | $291.00 | $303.00 | 4.12% |
| N611 | Server Load Balancing | Server Instance/ Month | $291.00 | $303.00 | 4.12% |
| N617 | Enhanced Server Application Delivery - SSL | VIP/Month | $437.00 | $454.00 | 3.89% |
| N618 | Enhanced Server Application Delivery - ASM | VIP/Month | $437.00 | $454.00 | 3.89% |

| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
|---|---|---|---|---|---|
| | **Service Rates Increased by TCRI** | | | | |
| N620 | CGEN Connection Bandwidth Change - Fiber Ring Service | One-Time/ Change | $368.00 | $383.00 | 4.08% |
| N750 | Site to Site VPN | Connection | $233.00 | $242.00 | 3.86% |
| N781 | 1 Gbps DC-DC Fiber Connection | Connection | $1,680.00 | $1,747.00 | 3.99% |
| N782 | 5 Gbps DC-DC Fiber Connection | Connection | $2,520.00 | $2,621.00 | 4.01% |
| N783 | 10 Gbps DC-DC Fiber Connection | Connection | $3,360.00 | $3,494.00 | 3.99% |
| N785 | 100 MB DC-DC Fiber Connection | Connection | $1,050.00 | $1,092.00 | 4.00% |
| N786 | 500 MB DC-DC Fiber Connection | Connection | $1,365.00 | $1,420.00 | 4.03% |
| N787 | 2GB DC-DC Fiber Connection | Connection | $2,100.00 | $2,184.00 | 4.00% |
| N801 | Fiber Ring 10 Mbps Connectivity | Connection | $898.00 | $934.00 | 4.01% |
| N802 | Fiber Ring 100 Mbps Connectivity | Connection | $1,449.00 | $1,507.00 | 4.00% |
| N803 | Fiber Ring 200 Mbps Connectivity | Connection | $1,685.00 | $1,752.00 | 3.98% |
| N804 | Fiber Ring 300 Mbps Connectivity | Connection | $1,922.00 | $1,999.00 | 4.01% |
| N805 | Fiber Ring 500 Mbps Connectivity | Connection | $2,273.00 | $2,364.00 | 4.00% |
| N806 | Fiber Ring 1 Gbps Connectivity | Connection | $2,672.00 | $2,779.00 | 4.00% |
| N807 | Fiber Ring 5 Gbps Connectivity | Connection | $4,048.00 | $4,210.00 | 4.00% |
| N808 | Fiber Ring 10 Gbps Connectivity | Connection | $5,623.00 | $5,848.00 | 4.00% |
| R308 | Open Systems DR Database Support | Instance/ Month | $1,000.00 | $1,040.00 | 4.00% |
| R315 | Open Systems DR System Support | System/ Month | $4,142.00 | $4,308.00 | 4.01% |
| S219 | Windows Local Storage | GB | $1.14 | $1.19 | 4.39% |
| U501 | SD WAN Support | Connection | $149.00 | $155.00 | 4.03% |
| U502 | SD WAN Gateway and Connectivity to CGEN Infrastructure | Per Mbps | $13.00 | $14.00 | 7.69% |
| X1XX | Expedite Fee | Per Request/ One Time | $541.00 | $563.00 | 4.00% |

| Service Rates Increased by TCRI | | | | | |
|---|---|---|---|---|---|
| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
| X201 | First Contact IT Call Center (includes first 100 calls) | Subscription/ Month | $3,675.00 | $3,822.00 | 4.00% |
| X202 | Addtl Call (Over 100) | Per Call | $37.00 | $38.00 | 2.70% |
| X203 | One-time Set-up | One-time Set up | $977.00 | $1,016.00 | 3.99% |

| Service Rates with CDT Administrative Fee Increased by TCRI | | | | | |
|---|---|---|---|---|---|
| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
| L501 | CAMC Pass-Through | Variable | 16.00% | 17.00% | 6.25% |
| L505 | CAMC AWS Enterprise Support | Variable | 16.00% | 17.00% | 6.25% |

| CDT Consulting Rates Increased by TCRI | | | | | |
|---|---|---|---|---|---|
| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
| G1XX | Consulting Level 1 (Senior Telecom Engineer, IT Manager II) | Hour | $235.00 | $244.00 | 3.83% |
| G2XX | Consulting Level 2 (IT Manager I, Associate Telecom Engineer, IT Specialist III) | Hour | $208.00 | $216.00 | 3.85% |
| G3XX | Consulting Level 3 (IT Supervisor II, IT Specialist II) | Hour | $191.00 | $199.00 | 4.19% |
| G4XX | Consulting Level 4 (IT Supervisor I, IT Specialist I) | Hour | $174.00 | $181.00 | 4.02% |
| G5XX | Consulting Level 5 (IT Associate, IT Technician) | Hour | $129.00 | $134.00 | 3.88% |

**Revenue Impact:**

| Fiscal Year | Revenue | Expenses | Difference |
|---|---|---|---|
| 2025-26 | $1,017,041 | $1,017,041 | $0 |

**z/OS Mainframe General CPU and z/OS Mainframe zIIP CPU**

**Purpose of Rates Adjustment:**
The California Department of Technology (CDT) is implementing a 7% rate increase for z/OS Mainframe Central Processing Unit (CPU) services. This adjustment reflects rising operational costs driven by general salary increases (GSI), increasing costs of proprietary vendor software licensing and maintenance, and reduced customer utilization. This challenge will be further compounded by impending customer loss.

In response, CDT is implementing the following rate adjustments to stabilize Mainframe cost recovery and align with the Targeted Cost Recovery Increase (TCRI) framework:

- 7% increase to General CPU Processing rates
- 1.25% increase to zIIP and DR Support rates

These rate adjustments mitigate the anticipated revenue impact from customer loss and rising operational costs, while supporting improved cost recovery and long-term service sustainability.

**Description of Service Offering:**
A primary benefit of the mainframe computing environment is having in place the resources needed by the State of California departments and agencies to complete the information processing needs to meet each department's mission and objectives.

To implement Application Hosting on a z/OS platform, CDT offers customers a configuration based on the customer's business needs. The following basic components are available for z/OS platforms as part of the standard Application Hosting service.

Basic Components:

- Mainframe computer hardware
- Mainframe operating system software
- Mainframe operating system software upgrade and maintenance (patches)
- Mainframe operating system security administration
- Mainframe network software
- Mainframe connection to CGEN
- z/OS Security Server software (RACF)
- Mainframe software utilities/tools
- Software licensing and vendor contract administration
- Backup and Recovery
- Monitoring and management
- Technology refresh

**Rate Development Methodology:**
The rates for this service are based on the Historical/Trend Forecast Methodology. The Historical/Trend Forecast Rate Methodology relies heavily on information from CDT's financial systems to forecast costs and revenues. The following general process and components were used to determine rates using this methodology:

1. Billable Unit: Per normalized CPU hour.
2. Direct cost components: Personal Services (salaries and benefits), Mainframe computing equipment, software, hardware, and maintenance.
3. Indirect cost components: Technology Innovation, IT Service Management (ITSM), Service Desk, Workforce Planning, Campus Infrastructure Connectivity, DC to DC Connectivity, Facility, OTech Business Support, Customer Engagement, OTech Executive Office, Privileged Access Management, Business Applications Support, Desktop Support & Voice Services, Dept Info Security Office, Internal Applications, Business Continuity, Legal Services, Marketing, Project & Portfolio Management, Enterprise Architecture, Student Assistant, Virtual Desktop, and Windows Server.
4. Total service costs equals the sum of direct and indirect costs.
5. To calculate the rate, divide the forecasted cost of the service by the forecasted volume of billable units. The formula below shows the rate computation:

$$\text{Rate per Billable Unit} \quad = \quad \frac{\text{Cost of Service}}{\text{Volume of Billable Units}}$$

**Adjusted Rates:**

| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
|---|---|---|---|---|---|
| C101 | CPU Batch Normalized | Hour | $573 | $613 | 7.0% |
| C102 | CPU TSO Normalized | Hour | $573 | $613 | 7.0% |
| C103 | CPU STC Normalized | Hour | $573 | $613 | 7.0% |
| C104 | CPU OE/MVS Normalized | Hour | $573 | $613 | 7.0% |
| C105 | CPU CICS Normalized | Hour | $573 | $613 | 7.0% |
| C106 | CPU ADABAS Normalized | Hour | $573 | $613 | 7.0% |
| C108 | CPU DB2 Normalized | Hour | $573 | $613 | 7.0% |
| C112 | CPU ZIIP Normalized | Hour | $174 | $176 | 1.1% |
| R201 | Mainframe zOS & Enterprise Linux DR Support | Customer /Platform | $4,305 | $4,359 | 1.3% |

**Revenue Impact:**

| Fiscal Year | Revenue | Expenses | Difference |
|:---:|:---:|:---:|:---:|
| 2024-25 | $69,770,808 | $68,676,369 | $594,656 |
| 2025-26 | $71,435,493 | $75,525,920 | ($4,090,427) |

## Linux Server

**Purpose of Rate Adjustment:**
The California Department of Technology is implementing a 25% rate increase for Linux Server services. While the service is projected to reach near breakeven for Fiscal Year 2024–25, a significant decline in utilization is expected across the current and upcoming budget years due to recent and ongoing migration of our largest customer. The completion of these migrations is anticipated to result in a substantial reduction in monthly service revenues. Further compounding the issue, the cost of Red Hat software is set to rise by 10%.

To mitigate the projected shortfall, CDT is implementing a 25% increase to the on-premises Linux Server rates. These rate increases offset the anticipated revenue impact, align with the Targeted Cost Recovery Increase (TCRI) framework, and improve service cost recovery in anticipation of customer loss.

**Description of Service Offering:**
Linux Server provides customers with standardized Linux server and operating system (OS) configurations, deployment, management, and administration of Red Hat based software applications allowing customers access via the Internet or through the CDT network. CDT offers virtual server hosting for Application Hosting customers.

Virtual server with:

- Virtual CPU 1
- Server Includes Virtual RAM 2 GB
- Operating System
- Anti-Virus
- Network ConnectivityCDT builds and supports the hardware and software components needed to create a stable, secure, fault-tolerant, and scalable infrastructure at a Tier III data center.

Customers focus on supporting their application product, not the hardware, OS or preventative maintenance.
- No need to purchase servers, storage or network equipment.
- No IT staff required for hardware and OS administration.
- No need to support a computer room environment.

Installation and support of the customer installed software applications Not included.

**Rate Development Methodology:**

The rates for this service are based on the Historical/Trend Forecast Methodology. The Historical/Trend Forecast Rate Methodology relies heavily on information from CDT's financial systems to forecast costs and revenues. The following general process and components were used to determine rates using this methodology:

1. Billable Unit: The billable unit will be "Per server, per month".
2. Direct cost components: Personal Services (salaries and benefits), hardware, software, and maintenance.
3. Indirect costs components include: IT Service Management (ITSM), Service Desk, Campus Infrastructure Connectivity, Facility, Workforce Planning, Infrastructure Orchestration, Technology Innovation, OTech Business Support, Customer Engagement, OTech Executive Office, Privileged Access Management, Business Applications Support, Desktop Support & Voice Services, Department Information Security Office, Internal Applications,  Business Continuity, Legal Services, Marketing, Project & Portfolio Management, and Enterprise Architecture.
4. Total service costs equals the sum of direct and indirect costs.
5. To calculate the rate, divide the forecasted cost of the service by the forecasted volume of billable units. The formula below shows the rate computation:

$$\text{Rate per Billable Unit} \quad = \quad \frac{\text{Cost of Service}}{\text{Volume of Billable Units}}$$

**Adjusted Rates:**

| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
|---|---|---|---|---|---|
| M209 | Virtual Linux Server | Server | $1,175 | $1,469 | 25.0% |
| M210 | Additional vCPU | vCPU | $171 | $214 | 25.2% |
| M211 | Additional vRAM | GB | $55 | $69 | 25.5% |
| M212 | One-Time Set Up Virtual Linux Server | One-Time | $253 | $316 | 24.9% |
| R314 | Open Systems DR System Support | System/Month | $2,510 | $3,138 | 25.0% |

**Revenue Impact:**

| Fiscal Year | Revenue | Expense | Difference |
|:---:|:---:|:---:|:---:|
| FY 2024-25 | $4,409,788 | $4,363,032 | $46,756 |
| FY 2025-26 | $3,401,049 | $5,011,728 | ($1,610,679) |

## Oracle Database Support

**Purpose of Rates Adjustment:**
The California Department of Technology (CDT) is implementing a 25% rate increase for Oracle Database Support. While the service is projected to reach near breakeven for Fiscal Year 2024–25, a significant decline in utilization is expected across the current and upcoming budget years due to recent and ongoing migration of our largest customer. The completion of these migrations is anticipated to result in a substantial reduction in monthly service revenues.

To mitigate this projected shortfall, CDT is implementing a 25% increase to service rates. These rate increases offset the anticipated revenue impact, align with the Targeted Cost Recovery (TCRI) framework, and improve service cost recovery in anticipation of customer loss.

**Description of Service Offering:**
Oracle Database Support service includes database administration, database software acquisition, and database software administration for Oracle.

The support functions provided by CDT as part of the database support service include:
- Monitor and fine tune the DBMS software
- Conduct system level administration
- Provide customers with access rights to define new database users
- Delete obsolete backup and log files
- Conduct DBMS problem identification and resolution
- Provide contracts and licensing for DBMS software
- Liaison between customer and vendor for technical DBMS issues
- Maintain DBMS software/configurations
- Install fixes/patches on database server
- Perform DBMS version migration and upgrades
- Maintain database administration tools

**Rate Development Methodology:**
The rates for this service are based on the Historical/Trend Forecast Methodology.  The Historical/Trend Forecast Rate Methodology relies heavily on information from CDT's financial systems to forecast costs and revenues.  The following general process and components were used to determine rates using this methodology:

1. Billable Unit: Per Database Instance

2. Direct cost components: Personal Services (salaries and benefits)and general expenses.  Also, it includes minimal software used for testing new DB versions.
3. Indirect cost components include: IT Service Management (ITSM), Service Desk, Campus Infrastructure Connectivity, Facility, Workforce Planning, Technology Innovation, OTech Business Support, Customer Engagement, OTech Executive Office, Privileged Access Management, Business Applications Support, Desktop Support & Voice Services, Department Information Security Office, Internal Applications, Business Continuity, Legal Services, Marketing, Project & Portfolio Management, Enterprise Architecture.
4. Total service costs equals the sum of direct and indirect costs.
5. To calculate the rate, divide the forecasted cost of the service by the forecasted volume of billable units. The formula below shows the rate computation:

Rate per Billable Unit      =      $\dfrac{\text{Cost of Service}}{\text{Volume of Billable Units}}$

**Adjusted Rates:**

| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
|---|---|---|---|---|---|
| M622 | Database Support - Tier II | Database Instance | $1,570 | $1,963 | 25.0% |
| M623 | Database Support One-Time Setup Tier II | One-Time/Instance | $930 | $1,163 | 25.1% |

**Revenue Impact:**

| Fiscal Year | Revenue | Expense | Difference |
|---|---|---|---|
| FY 2024-25 | $1,414,570 | $1,355,013 | $59,557 |
| FY 2025-26 | $1,326,988 | $1,382,852 | ($55,864) |

## Virtual/In-person Information Technology (IT) Workshops

**Purpose of Rates Adjustment:**
The California Department of Technology (CDT) is adding new 'Information Technology Workshops' services within Office of Professional Development (OPD) Training Center. OPD has been offering complimentary courses/workshops from vendors both virtually and in-person. The operational costs of these workshops are currently subsidized as there is no rate for recovery.

As a direct result of Governor Newsom's Executive Order N-12-23, which emphasizes the importance of artificial intelligence and technological advancement in state operations, CDT has significantly increased its engagement in the field of Generative

Artificial Intelligence (Gen AI). Consequently, OPD has expanded its offering of Gen AI courses to meet the growing demand for expertise in this transformative technology. Additionally, OPD is actively pursuing further collaborations with vendors and business partners across the technical field to continuously enrich its training programs, ensuring that CA's workforce remains at the forefront of AI and similar emerging technologies. Therefore, CDT anticipates a continued increase in its offering of complimentary workshops.

The established rates are necessary to recover the costs associated with hosting and facilitating both virtual and in-person IT workshops. These costs include the use of CDT facilities, technology infrastructure, staff coordination, and administrative support. These internal resources are essential to delivering high-quality learning experience in a well-organized, professionally supported environment.

These rates promote consistent, transparent pricing and help sustain ongoing IT Workshop offerings and the resources required to support them.

**Description of Service Offering:**
OPD plays a critical role for our customers throughout the State in securing high value IT training services through our open registration offerings.

CDT anticipates offering approximately 20 IT Workshops in FY 2025–26, with registration fees charged per student for both in-person and virtual training sessions. To support planning and resource allocation, CDT will apply the registration fee for any student who registers but does not attend—unless cancellation is submitted at least 10 business days in advance.

OPD will recover the costs of all activities required to provide training courses, such as:
- Vendor Coordination and Communication
- Learning Management System course creation and student registration
- Course advertisements and course material
- In-person facility setup/cleanup and troubleshooting
- Reserve and support virtual courses
- Surveying and Feedback collection

Information Technology Workshop Course Schedule:
- AWS GenAI Data Strategy Immersion Days
- CyberProud: GenAI Security Training
- Exit Certified: GenAI – Building Resilient AI Security Strategies for AI
- Exit Certified: GenAI – Data Driven Use Cases
- Exit Certified: GenAI – AI Engineering and Development
- Exit Certified: GenAI – Project Management
- Oracle: Learning to Build GenAI App
- Oracle: GenAI Workshop Interacting with Data
- Oracle: GenAI Workshop for Software Developers
- Oracle: GenAI Workshops for Building Doc-Based Interactions
- *Additional classes are added if there is enough interest.

**Rate Development Methodology:**
The rate for this service is based on the Temporary Subsidization of Services Methodology.  This methodology involves establishing a rate that is representative of the total cost of the service. The following general process and components were used to determine rates using this methodology:

1. Billable Unit: Per student
2. Direct cost components: Personal Services (salaries and benefits).
3. Indirect cost components: Campus Infrastructure Connectivity, Facilities, Workforce Planning, Technology Innovation, Internal Applications, Desktop Support & Voice Services, Info Security Office, Business Applications, Project & Portfolio Management, Legal Services, Marketing, Enterprise Architecture.
4. Total service costs equals the sum of direct and indirect costs.
5. To calculate the rate, divide the forecasted cost of the service by the forecasted volume of billable units.  The formula below shows the rate computation:

$$\text{Rate per Billable Unit} = \frac{\text{Cost of Service}}{\text{Volume of Billable Units}}$$

**New Rates:**

| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
|---|---|---|---|---|---|
| D138 | In-person IT Workshop | Per student | N/A | $145 | New |
| D139 | Virtual IT Workshop | Per student | N/A | $130 | New |

**Revenue Impact:**

| Fiscal Year | Revenue | Expenses | Difference |
|---|---|---|---|
| FY24/25 | $0 | $66,962 | ($66,962) |
| FY25/26 | $69,300 | $68,129 | $1,171 |

**<u>Enterprise Linux (zLinux)</u>**

**Purpose of Rate Adjustment:**
The California Department of Technology (CDT) is implementing a 25% rate increase for zLinux services, to address the ongoing under-recovery and ensure the sustainability of the service. zLinux has been operating below cost recovery levels, and this challenge has been further compounded by the recent decommission of our largest customer environment, resulting in a substantial reduction in monthly service revenues.

To mitigate this shortfall, CDT is implementing a 25% increase to zLinux service rates. These rate increases align to the TCRI framework, improve service cost recovery, and offset the revenue impact from customer loss.

**Description of Service Offering:**
zLinux offers customers standardized virtual Linux servers and operating system configurations, deployment, management, and administration of Linux-based software applications allowing customers access via the Internet or through the CDT network.

zLinux runs on the mainframe platform, which provides high performance, high reliability fault tolerant hardware. In addition to the spare power and cooling modules found on commodity Intel servers, the Enterprise Linux platform features live spare processor modules, redundant memory arrays, spare I/O processors, and more fiber paths to disk storage. CDT has configured multiple host systems as a single-system image cluster, which allows live Linux virtual servers to be moved to different hardware to avoid down time for scheduled maintenance.

Server Administration
CDT provides zLinux server maintenance including Operating System (OS) administration, patching and updating of servers, and 24/7 monitoring of the performance, wellness, security, and connectivity of the server. With planned patch management, CDT ensures the data is protected at all times. CDT informs Customers of planned maintenance (such as OS upgrades or patching). The Customer installs, maintains, patches, and troubleshoots all the hosted application software on the provisioned servers.

File System Administration
CDT provides shared centralized file storage and retrieval for equipment connected to the CDT network. Customers may set up files to be accessible by specific groups or users.

Disk, Backup and Restore Administration
CDT monitors and manages the disk space, backup and restore.

Backup
- Full merge backups occur once per week and incremental backups occur on the other six days.
- The primary copy of each backup remains at the CDT data center and is retained for 30 days.
- The replicated copy of each backup is located at the opposite campus within the Virtual Tape System.

Monitoring
CDT proactively monitors the health of its network and server infrastructure using multi-layered security and monitoring systems tailored specifically for managed server environments. This monitoring service provides continuous oversight of key server components and activity, including:

- CPU utilization
- Memory usage
- Active processes and applications
- Critical system services

Technology Refresh
Hardware is refreshed every four years or as needed.

Vendor Contract Administration
CDT manages the vendor contracts for the zLinux platform and provides licenses for hosted servers.

User Account Administration
Root level System Administration (SA) authority is restricted to CDT designated personnel. Server access is permitted based upon server function and data type. Customers must refer to the System Administrator Access Standard – 3138 should SA be provided. SA privileges are never permitted on shared services. Configuration changes made outside the scope of the service requests that require intervention, correction, or troubleshooting by CDT staff may incur additional charges.

**Rate Development Methodology:**
The rates for this service are based on the Historical/Trend Forecast Methodology.  The Historical/Trend Forecast Rate Methodology relies heavily on information from CDT's financial systems to forecast costs and revenues.  The following general process and components were used to determine rates using this methodology:

1. Billable Unit: Per Database Instance
2. Direct cost components: Personal Services (salaries and benefits), Red Hat Software.
3. Indirect cost components include: Technology Innovation, Privileged Access Management, IT Service Management, Service Desk, Workforce Planning, Campus Infrastructure Connectivity, Facility, OTech Business Support, Customer Engagement, OTech Executive Office, Internal Applications, Business Continuity, Legal Services, Marketing, Project & Portfolio Management, Enterprise Architecture, Information Security Office.
4. Total service costs equals the sum of direct and indirect costs.
5. The billable rates are determined by the formula below which is the monthly costs to provide the service divided by the number of monthly billable units.

$$\text{Rate per Billable Unit} = \frac{\text{Cost of Service}}{\text{Volume of Billable Units}}$$

**Adjusted Rates:**

| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
|---|---|---|---|---|---|
| C305 | Enterprise Linux Base Server - Premium | Server | $569 | $711 | 25.0% |
| C306 | Enterprise Linux vCPU - Premium | vCPU | $1,139 | $1,424 | 25.0% |

| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
|---|---|---|---|---|---|
| C307 | Enterprise Linux Memory - Premium | GB/Month | $57 | $71 | 24.6% |
| C308 | Enterprise Linux Server Set-up Fee | One-Time/Server | $416 | $520 | 25.0% |
| C309 | Enterprise Linux Base Server - Standard | Server | $380 | $475 | 25.0% |
| C310 | Enterprise Linux vCPU - Standard | vCPU | $380 | $475 | 25.0% |
| C311 | Enterprise Linux Memory - Standard | GB/Month | $38 | $48 | 26.3% |
| M631 | Enterprise Linux - DB2 Database Support | DB Instance | $1,024 | $1,280 | 25.0% |
| M632 | Enterprise Linux - DB2 Database Instance Installation | One-Time/Instance | $725 | $906 | 25.0% |

**Revenue Impact:**

| Fiscal Year | Revenue | Expense | Difference |
|---|---|---|---|
| FY 2024-25 | $1,458,540 | $1,830,793 | ($372,253) |
| FY 2025-26 | $1,169,100 | $1,944,630 | ($775,530) |

## Electronic Commerce Services

**Purpose of Rate Adjustment:**
The California Department of Technology (CDT) is implementing a 25% rate increase for Electronic Commerce (E-Commerce) services to address the ongoing under-recovery and ensure sustainability of the service. E-Commerce has been operating below cost recovery levels, and this challenge has been further compounded by the recent decommission of our largest customer environment, resulting in a substantial reduction in monthly service revenues.

To mitigate this shortfall, CDT is implementing a 25% increase to E-Commerce service rates. While these increases are necessary to address revenue impacts and support cost recovery, CDT has taken a measured approach to limit the rate adjustment and

avoid placing an undue burden on remaining customers. Recognizing the substantial 45% rate increase implemented last year, CDT is mindful that additional increases could challenge price competitiveness and affect ongoing customer participation.  To help offset rising expenses and support cost recovery, CDT has permanently reduced two E-Commerce positions through attrition for FY 2025–26. This action reflects our ongoing commitment to managing costs responsibly while continuing to deliver reliable services.

**Description of Service Offering:**
E-Commerce services are designed to provide secure connections for applications and services while optimizing delivery of workload via appliance-based hardware and other services.  Service offerings/components include:

Identity Management
The E-Commerce Identity Management (IdM) support team will design, install, configure and integrate the necessary middleware components needed to meet your Identity Management requirements. Their experience with web-based application protection as well as User management and role-based authorization allows the team to effectively work with the customer in all technical areas involving Identity, authorization, encryption, Multifactor authentication, LDAP, User provisioning, User Self Care (USC) such as password maintenance and user self-registration and any upcoming technology involving Identity security.

IBM Security Access Manager (ISAM)
Provides centralized, policy-based authentication and authorization across web and mobile channels to secure internal and external user access. Protects content from common web vulnerabilities.

IBM Security Identity Manager (ISIM)
Centralizes credential and access management across platforms (e.g., AD, RACF, AIX, LDAP). Supports automated provisioning based on job roles or access requests.

Advanced Access Control (AAC)
A module that runs on the Security Verify Access virtual appliances and provides context-based security.  Multi-Factor Authentication (MFA) and a variety of User Self Care (USC) functions including user self-registration, password resets, etc.

Lightweight Directory Access Protocol (LDAP)
IBM Security Directory Server is a directory service using LDAP as its client server protocol. IBM Security Directory server is the default directory server for IBM's Security Access Manager and Security Identity Manager middleware suites but can also be deployed for standalone directory instances.  LDAP is recognized as an industry standard for directory information.

Application Server
The E-Commerce application support team will design, install, configure and integrate the necessary software components to run a customer's web-based applications.  The main application server they support is IBM's WebSphere Application Server (WAS).

WAS is built using open standards such as Java EE, XML and web services.  The team also supports WAS Liberty and has experience with non-IBM application servers.

WAS Basic:
WAS basic service offering is available to customers implementing Commercial-off-the-Shelf (COTS) applications with resources necessary to administer their WAS environment. CDT provides the infrastructure available for customers to deploy, manage, patch, and administer their custom application or COTS product.

WAS Premium:
A premium service offering is available to customers with more complex applications or customers who may not have the resources to support a Web based installation.  This service offering also includes the deployment of customer in-house applications.

Message Queue (MQ)
WebSphere MQ, which is often referred to simply as "MQ" by users is IBM's Message Oriented Middleware offering. It allows independent and potentially non-concurrent applications on a distributed system to communicate with each other.

**Rate Development Methodology:**
The rates for this service are based on the Historical/Trend Forecast Methodology.  The Historical/Trend Forecast Rate Methodology relies heavily on information from CDT's financial systems to forecast costs and revenues.  The following general process and components were used to determine rates using this methodology:

1. Billing Metric: The billable metric is per instance.
2. Direct cost components: Personal Services (salaries & benefits), hardware, software, maintenance, and vendor hosted IT services (Infrastructure).
3. Indirect cost components include: IT Service Management (ITSM), Service Desk, Campus Infrastructure Connectivity, Facility, Workforce Planning, Technology Innovation, OTech Business Support, Customer Engagement, OTech Executive Office, Privileged Access Management, Business Applications Support, Desktop Support & Voice Services, Department Information Security Office, Internal Applications, Legal Services, Marketing, Project & Portfolio Management, Enterprise Architecture, Virtual Desktop Interface, Dedicated Internet Hosting Service, and Windows Server.
4. Total service costs equals the sum of direct and indirect costs.
5. The billable rates are determined by the formula below which is the monthly costs to provide the service divided by the number of monthly billable units. This rate is set to breakeven.

Rate per Billable Unit        =        Cost of Service
                                        Volume of Billable Units

**Adjusted Rates:**

| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
|---|---|---|---|---|---|
| M601 | IBM WebSphere Application Server Support - Premium | Application | $2,152 | $2,690 | 25.0% |
| M602 | IBM WebSphere Application Server Support - Basic | Application | $1,269 | $1,586 | 25.0% |
| M603 | IBM Security Access Manager Support | Appliance | $1,837 | $2,296 | 25.0% |
| M604 | IBM Data Power Support | Appliance | $1,492 | $1,865 | 25.0% |
| M605 | IBM Tivoli Federated Identity Manager Support | Server | $2,152 | $2,690 | 25.0% |
| M610 | IBM HTTP Server (IHS) Support for WAS | Application | $834 | $1,043 | 25.1% |
| M611 | Application Security Server Support | Application | $615 | $769 | 25.0% |
| M612 | IBM WebSphere MQ Support | Server | $307 | $384 | 25.1% |
| M613 | IBM Tivoli Access Manager WebSeal Server Support | Server | $1,230 | $1,538 | 25.0% |
| M614 | IBM Tivoli Access Manager Policy Server Support | Server | $1,230 | $1,538 | 25.0% |
| M616 | IBM Tivoli Access Manager Authorization Server | Server | $1,230 | $1,538 | 25.0% |
| M624 | IBM Tivoli Directory Server (LDAP) Support | Server | $1,414 | $1,768 | 25.0% |
| M628 | Enterprise Linux - IBM (WAS) Support - Premium | Server | $1,006 | $1,258 | 25.1% |

| Service Code | Service Description | Billing Metric | Current Rate | New Rate | Change |
|---|---|---|---|---|---|
| M629 | Enterprise Linux - IBM HTTP Server (IHS) Support for WAS | Server | $520 | $650 | 25.0% |
| M630 | Enterprise Linux - IBM WebSphere MQ Support | Server | $192 | $240 | 25.0% |
| R307 | Open Systems DR E-Commerce Support | Application /Month | $109 | $136 | 24.8% |

**Revenue Impact:**

| Fiscal Year | Revenue | Expense | Difference |
|---|---|---|---|
| FY 2024-25 | $2,976,729 | $3,798,636 | ($821,907) |
| FY 2025-26 | $2,520,648 | $3,781,736 | ($1,261,088) |

If you have any questions regarding these rate adjustments, please contact Rates and Cost Recovery personnel at (916) 431-3617 or ciobilling@state.ca.gov.

**CALIFORNIA DEPARTMENT OF TECHNOLOGY (CDT)**

**REVENUE AND EXPENSE REPORT - FORECAST**

**FISCAL YEARS (FY) 2024-25 & 2025-26 PROJECTED SERVICE COST RECOVERY**

The forecast table below compares CDT service cost recovery across FY 2024–25 and FY 2025–26 and includes projected revenues and expenses with both current and prior rates. This information highlights how the FY 2025-26 rate adjustments have helped to sustain service cost recovery despite rising costs and customer loss, and provides insight where further action may be needed to ensure financial sustainability.

| | Current Rates | | | Prior Rates | | |
| | 2025-26 | | | 2024-25 | | |
| **CDT's Cost Recovery Services** | Revenue | Expense | Difference | Revenue | Expense | Difference |
|---|---|---|---|---|---|---|
| **Office of Administrative Services** | **$342,298,858** | **$335,428,437** | **$6,870,421** | **$335,056,812** | **$326,332,739** | **$8,724,072** |
| Administration / CDT Cost Distribution | $48,566,465 | $48,566,465 | $0 | $49,879,732 | $47,897,678 | $1,982,053 |
| Vendor Hosted Subscription Services (VHSS) | $293,732,392 | $286,861,972 | $6,870,421 | $285,177,080 | $278,435,061 | $6,742,019 |
| **Office of Digital Services** | **$10,541,016** | **$10,741,540** | **($200,524)** | **$10,485,838** | **$10,561,671** | **($75,833)** |
| Statewide Innovation & State Web Portal | $8,659,247 | $8,558,825 | $100,422 | $8,659,247 | $8,428,857 | $230,390 |
| Technology Innovation/ UX Consulting | $503,017 | $427,245 | $75,772 | $502,565 | $415,272 | $87,293 |
| Web Publishing | $1,378,752 | $1,755,470 | ($376,718) | $1,324,026 | $1,717,541 | ($393,515) |
| **Office of Professional Development** | **$1,205,026** | **$1,455,268** | **($250,242)** | **$1,127,093** | **$1,450,361** | **($323,268)** |
| Training Center | $1,205,026 | $1,455,268 | ($250,242) | $1,127,093 | $1,450,361 | ($323,268) |
| **Office of Statewide Project Delivery** | **$13,951,344** | **$15,662,180** | **($1,710,835)** | **$13,951,344** | **$15,367,520** | **($1,416,176)** |
| CA Project Management Office (CA-PMO) | $424,480 | $3,205,363 | ($2,780,883) | $424,480 | $3,123,894 | ($2,699,414) |
| IT Project Approvals and Oversight | $13,526,864 | $12,456,817 | $1,070,047 | $13,526,864 | $12,243,626 | $1,283,238 |
| **Office of Technology Services** | **$203,504,157** | **$200,658,825** | **$2,845,332** | **$205,708,852** | **$193,218,038** | **$12,490,814** |
| AAMVANET | $1,835 | $1,835 | $0 | $1,835 | $1,835 | $0 |
| AIX Server | $8,711,073 | $6,781,614 | $1,929,458 | $8,711,073 | $6,697,342 | $2,013,731 |
| Batch CPU | $71,435,493 | $75,525,920 | ($4,090,427) | $69,770,808 | $68,676,369 | $1,094,438 |
| California Managed Cloud Services | $650,066 | $1,108,034 | ($457,968) | $645,758 | $1,100,696 | ($454,938) |
| Call Center Services | $91,728 | $92,254 | ($526) | $88,200 | $90,442 | ($2,242) |
| CALNet | $9,929,670 | $9,921,586 | $8,084 | $9,929,670 | $9,702,424 | $227,246 |
| CGEN Infrastructure | $15,659,879 | $15,294,345 | $365,533 | $15,698,111 | $15,130,380 | $567,730 |
| CGEN Telco Pass Through | $10,856,878 | $10,596,196 | $260,682 | $10,938,164 | $10,596,196 | $341,967 |
| Dedicated Internet Hosting Service | $97,764 | $522,657 | ($424,893) | $93,408 | $503,693 | ($410,285) |
| Dedicated Network Customer Equipment | $1,192,999 | $994,666 | $198,333 | $1,203,043 | $994,576 | $208,466 |
| Disk Storage-Mainframe | $11,284,994 | $6,497,433 | $4,787,561 | $11,396,163 | $6,446,480 | $4,949,683 |
| Disk Storage-Server | $15,268,667 | $9,621,704 | $5,646,963 | $17,501,043 | $9,518,496 | $7,982,547 |
| E-Commerce | $2,520,648 | $3,781,736 | ($1,261,088) | $2,976,729 | $3,798,636 | ($821,907) |
| Enterprise Linux | $1,169,100 | $1,860,258 | ($691,158) | $1,403,240 | $1,838,465 | ($435,225) |
| Fiber Ring Service | $3,308,878 | $3,315,488 | ($6,610) | $3,181,569 | $3,288,213 | ($106,644) |
| Foreign/TMS Connectivity | $2,260,259 | $1,984,760 | $275,499 | $2,260,259 | $1,954,471 | $305,788 |
| Linux Server | $3,401,049 | $5,011,728 | ($1,610,679) | $4,409,788 | $4,363,032 | $46,756 |
| Mid-Range DB2 | $987,516 | $2,286,065 | ($1,298,549) | $1,247,080 | $2,240,589 | ($993,509) |
| O365 Shared Services | $1,182,191 | $1,181,457 | $734 | $1,182,191 | $1,157,641 | $24,550 |
| Oracle Database | $1,326,988 | $1,382,852 | ($55,864) | $1,414,570 | $1,355,013 | $59,557 |
| Remote Access VPN/Site to Site VPN | $1,089,500 | $1,152,013 | ($62,512) | $1,041,898 | $1,135,638 | ($93,740) |
| SAS Software (pass-through) | $800,412 | $787,110 | $13,302 | $795,325 | $782,108 | $13,218 |
| Secure Automated File Exchange | $1,482,915 | $1,472,540 | $10,375 | $1,482,915 | $1,454,521 | $28,394 |
| Server Load Balancing | $990,458 | $1,682,707 | ($692,249) | $953,132 | $1,658,441 | ($705,309) |
| Shared Firewall/ Extranet | $696,190 | $1,146,462 | ($450,272) | $666,598 | $1,130,976 | ($464,378) |
| Shared Internet Hosting | $378,840 | $621,821 | ($242,981) | $364,518 | $614,797 | ($250,279) |
| Simple Mail Transfer Protocol Relay (SMTP) | $760,534 | $1,320,933 | ($560,399) | $730,942 | $1,289,562 | ($558,620) |
| Software Defined Wide Area Network (SDWAN) | $4,824,276 | $4,837,741 | ($13,465) | $4,760,730 | $4,796,339 | ($35,609) |
| SQL Server | $1,286,561 | $1,877,635 | ($591,074) | $1,235,837 | $1,831,641 | ($595,804) |
| STaaS On Premises | $1,237,557 | $1,582,166 | ($344,608) | $1,192,102 | $1,568,931 | ($376,829) |
| Tape Storage | $7,356,271 | $2,176,242 | $5,180,028 | $7,398,942 | $2,147,144 | $5,251,798 |
| Tenant Managed Service - Basic | $7,248,579 | $5,323,449 | $1,925,130 | $7,248,579 | $5,292,311 | $1,956,268 |
| Tenant Managed Service - Premium | $2,619,042 | $2,180,669 | $438,373 | $2,619,042 | $2,169,890 | $449,152 |
| UNIX/Solaris Server | $0 | $0 | $0 | $197,792 | $1,417,995 | ($1,220,203) |
| Unmanaged Cloud Services | $1,156,632 | $1,357,738 | ($201,106) | $1,114,580 | $1,351,645 | ($237,065) |
| Virtual Desktop Interface | $1,624,237 | $4,167,419 | ($2,543,181) | $1,560,241 | $4,153,952 | ($2,593,711) |
| Windows Server | $8,614,480 | $11,209,594 | ($2,595,115) | $8,292,979 | $10,967,157 | ($2,674,178) |
| **Pass-Through** | **$20,540,537** | **$20,257,220** | **$283,317** | **$20,540,537** | **$20,257,220** | **$283,317** |
| Customer Pass-through | $15,832,307 | $15,553,892 | $278,415 | $15,832,307 | $15,553,892 | $278,415 |
| Independent Security Assessment Pass-Through | $4,708,230 | $4,703,328 | $4,902 | $4,708,230 | $4,703,328 | $4,902 |
| **Statewide Technology Procurement** | **$15,461,351** | **$15,437,962** | **$23,389** | **$15,240,654** | **$15,165,699** | **$74,955** |
| Offender Communications & Technology Services (OCTS) | $188,203 | $188,203 | $0 | $173,683 | $173,683 | $0 |
| Statewide Technology Procurement | $15,273,149 | $15,249,759 | $23,389 | $15,066,971 | $14,992,016 | $74,955 |
| **Grand Total** | **$607,502,289** | **$599,641,432** | **$7,860,858** | **$602,111,130** | **$582,353,248** | **$19,757,882** |