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Honorable Nancy Skinner, Chair
Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, CA 95814

SUBJECT: DIGITAL IDENTIFICATION PILOT PROGRAM

Dear Senator Skinner:

Provision 1 of Item 7502-001-0001 of Chapter 69, Statutes of 2021 (SB 129) requires the California Department of Technology (CDT) "beginning January 1, 2022, and every six months, to submit a report to the Chairperson of the Joint Legislative Budget Committee of agencies and departments that are participating or expected to participate in its Digital Identification pilot program and the status of the developments and implementation."

This information is as of December 30, 2022.

The CDT continues to assist Departments in exploring ways to provide convenient access to State programs that serve millions of residents. To support this effort, the CDT has undertaken the Digital Identity Project to provide an inclusive, easy, secure, and privacy-preserving identity verification process to access digital state services while delivering consistency, reliability, and cost savings to partnering Departments. By creating an extensible and scalable framework, this effort could eliminate the need for California residents to provide their identity and the need to manage multiple user identifications (IDs) to obtain state services. Milestones for this project include (but are not limited to):

1. Selecting an initial pilot launch partner;

2. Executing necessary service contracts;

3. Defining and reviewing technical architecture;

4. Launching a small-scale pilot intended to demonstrate single sign-on (SSO), policy authorization, privacy, and fraud controls in a centralized and interoperable system; and,

5. Engagement with the stakeholder community for technical and policy input.

For more information about Digital ID, please refer to the budget change proposal at:

https://esd.dof.ca.gov/Documents/bcp/2122/FY2122_ORG7502_BCP4567.pdf.

Digital ID Proof of Concept (POC) Milestones (from July through December 2022):

1. **Launched pilot demonstration** with the California Department of Transportation (CalTrans) and the California Integrated Travel Project (Cal-ITP), Monterey-Salinas Transit (MST) Agency, and US General Services Administration's (GSA) Login.gov to provide an online tool for transit riders to verify their identity and benefit eligibility to link fare discounts to their debit or credit card. More details are available in this press release.

2. **Completed Market Sounding** with private sector players active in digital id and verification, payments, and benefits delivery to verify the soundness of the Digital Identity project's approach and gather insights to inform the direction of new demonstrations. Our findings are publicly available in the market-sounding.

3. **Created Digital Identity Agreement** as a contract to streamline integrations with state partners and vendors to deliver eligibility verification as a service.

4. **Enhanced Digital Identity Product** to enable data exchange via Security Assertion Markup Language (SAML) to support a broader range of partners, including those with legacy systems. This functionality adds to the product's existing OpenID Connect (OIDC) framework support. Additionally, the team upgraded the core system to the latest IdentityServer (V6) version to keep current with security updates and other system changes.

5. **Identified New Pilot Demonstration** in partnership with CalTrans and select colleges to provide eligible college students and affiliates a method to receive discounted transit fares to their bank card by integrating with the universities' single sign-on (SSO) system as a new identity provider (IDP).

The Digital ID programmatic updates are the following:

Budget Status. To date, the project has incurred costs for hiring and vendor services equating to $459,908.

Coming in 2023:

With the success of our initial pilot demonstration and findings from our market sounding, we will continue to enhance governmental benefits delivery to eligible recipients. This includes expanding partnerships in the transit space and with other state departments with similar needs for identity and eligibility verification services. In addition, we will work with market players to identify and integrate solutions that serve the needs of our governmental partners and recipients of state services. State department and agency-level engagements to date include the Department of Motor Vehicles (DMV), the Labor and Workforce Development Agency (LWDA), the Health and Human Services Agency (HHS), and the State Transportation Agency (CalSTA), among others. Upon completion of the proof-of-concept phase, expected between April and June 2023, the CDT plans to transition into the project phase.

If you have any questions or would like to discuss this report, please contact me at (916) 752-7808 or by email at liana.bailey-crimmins@state.ca.gov

Sincerely,

Liana Bailey-Crimmins

Liana Bailey-Crimmins
Director
California Department of Technology

cc: Honorable Phil Ting, Chair, Assembly Committee on Budget
Hans Hemann, Consultant, Joint Legislative Budget Committee
Christian Griffiths, Chief Consultant, Assembly Budget Committee
Amy Tong, Secretary, Government Operations Agency
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