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June 30, 2024

Honorable Scott Wiener, Chair
Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, CA 95814

SUBJECT: DIGITAL IDENTIFICATION PILOT PROGRAM

Dear Senator Wiener:

Provision 1 of Item 7502-001-0001 in Chapter 69, Statutes of 2021 (SB 129), requires the California Department of Technology (CDT) to submit a report every six months to the Chairperson of the Joint Legislative Budget Committee. The report should contain information about agencies and departments that are currently or expected to participate in the Digital Identification (ID) Pilot Program and updates on the program's developments and implementation. The first report was due January 1, 2022, and subsequent reports are required to follow every six months.

This is the most recent report as of June 30, 2024.

CDT is working to make it easier for millions of California residents to access state programs by providing a secure and privacy-preserving identity verification process. This Digital Identity Project aims to create a seamless, secure, and reliable way to access digital state services while reducing costs for partnering departments. The framework is scalable and extensible, eliminating the need for residents to provide their identity and manage multiple user IDs.

To achieve these goals CDT has established several milestones, some of which include:

- Selecting an initial pilot launch partner;
- Executing necessary service contracts;
- Defining and reviewing the technical architecture;
- Launching a small-scale pilot to demonstrate single sign-on (SSO), policy authorization, privacy, and fraud controls in a centralized and interoperable system; and,
- Engaging with stakeholders for technical and policy input.

Digital Identification (ID) Proof of Concept (POC) Milestones (January through June 2024):

1. **State Benefit Programs Research**. In partnership with the Office of Data & Innovation (ODI), CDT completed a research effort resulting in a comprehensive analysis of resident-facing state benefit programs and potential opportunities to expand CDT's eligibility verification services. In addition, CDT worked with the Department of Parks and Recreation (DPR) to conduct a deep-dive analysis of DPR's discounted state park pass programs to understand the feasibility of integration with the California Identity Gateway for verification processes. These combined efforts provide evidence-based opportunities and a roadmap to further expand the services of the Digital Identity program and provide additional opportunities to streamline access to benefits for all Californians.

2. **Pilot Demonstration**. CDT continued support of its verification services for age-based and veteran verification benefits with regional transit providers, including the Monterey Salinas Transit (MST) and Santa Barbara Municipal Transit District (SBMTD). Building on an ongoing partnership through Cal-ITP, CDT recently initiated more direct discussions with the Sacramento Regional Transit (SacRT) and its affiliate transit partners through the Sacramento Area Council of Governments (SACOG), which includes 28 member cities and counties in the Sacramento region, to provide verification of transit benefits for their diverse ridership population. Additionally, CDT completed a discovery effort with the California Air Resources Board (CARB) to explore enabling online verification services through integration with the California Identity Gateway for CARB's financial assistance and EV-benefit programs.

3. **Client and Vendor Partnerships**.

    a. Applied for additional Application Programming Interface (API) access from the US Department of Veterans Affairs (VA) to support benefit programs that require verification of distinguished service history and disability status of veterans seeking state benefits.

    b. Renewed and expanded contract with the California Integrated Travel Project (Cal-ITP) to provide critical staff and expertise for project management, technical assistance, and strategic planning support. This work will help the team to explore further opportunities to demonstrate with government partners how eligibility verification for benefit programs can be modernized and streamlined for specific groups ranging from seniors, veterans, students, persons with disabilities, and persons with low-income.

c. Completed advisory engagement in the California Public Utilities Commission's (CPUC) Concurrent Application System (CAS) Working Group to inform recommendations for the vendor solicitation to build a simple, secure, and inclusive web portal for eligible residents to apply for income-based energy programs.

d. Initiated exploratory discussions with Experian to facilitate income eligibility verification for select use cases.

4. **Digital Wallets**. Developed an early prototype API to generate state-issued passes and digital credentials. This work is part of CDT's ongoing exploration of the California Digital Wallet and integrations with native digital wallet platforms that will also include the Department of Motor Vehicles (DMV) digital wallet and mobile driver's license pilot.

5. **State Digital ID Guidelines.** Drafted policy language for the State Digital Wallet and Identity Framework Guidelines and initiated the review and approval process with key stakeholders, including the California Privacy Protection Agency (CPPA), to help state agencies prioritize and provide safe, secure, and scalable standards-based digital credentials to Californians in a convenient, equitable, and intuitive format.

6. **Enhanced Digital Identity Product**. Completed statewide-scale load and reliability testing of the California Identity Gateway to ensure that the platform can support simultaneous authentication, identity proofing, and eligibility verification actions for thousands of residents across all state agencies and power the distribution of passes to digital wallets in a performant manner without failure.

Digital ID Programmatic Updates:

Budget Status.
To date, the project has incurred $850,614 in costs for hiring and vendor services.

Future Progress.
CDT's Digital ID team continues delivering critical services to government administrators and eligible recipients through new and existing partnerships and enhancing the program's service offering. Expansion of the program's age-based eligibility verification and veteran status eligibility verification with additional clients is planned for the second half of 2024, as well as the addition of income verification, CalFresh status verification, and enhanced veteran status verification with state and federal partners and industry leaders. The team expects to launch eligibility verification for SacRT by the end of 2024.

If you have any questions or would like to discuss this report, please contact me at liana.bailey-crimmins@state.ca.gov.

Sincerely,

Liana Bailey-Crimmins
Director
California Department of Technology

cc: Honorable Jesse Gabriel, Chair, Assembly Committee on Budget
Hans Hemann, Consultant, Joint Legislative Budget Committee
Elisa Wynne, Staff Director, Senate Budget and Fiscal Review Committee
Christian Griffith, Chief Consultant, Assembly Budget Committee
Amy Tong, Secretary, Government Operations Agency
Joe Stephenshaw, Director, Department of Finance