**CALIFORNIA DEPARTMENT OF TECHNOLOGY**
P.O. Box 1810
Rancho Cordova, CA 95741-1810
(916) 319-9223

**Liana Bailey-Crimmins,** Director
**Jared Johnson**, Chief Deputy Director

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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) and Provision 9 of Item 7502-001-0001 in Section 232, Statutes of 2024 (SB 108) 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 is to contain information about agencies and departments that are currently participating or expected to participate in the Digital Identification (ID) pilot program and updates on the program's development and implementation.

This is the most recent report as of December 31, 2024.

CDT is working to make it easier for millions of California residents to access state programs, benefits, and discounts by providing a secure, inclusive, and privacy-preserving identity and eligibility verification platform while reducing costs for partnering State and local government entities. This first-in-the-nation framework is scalable and extensible, eliminating the need for residents to provide their identity and manage multiple paper or plastic user IDs and credentials.

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, policy authorization, privacy, and fraud controls in a centralized and interoperable system;

- Expanding the scope and policy areas of Digital ID pilots; and,

- Engaging with stakeholders including federal, state, and international governments for technical and policy input.

**Digital ID Proof of Concept Milestones (July through December 2024):**

1. **State Benefit Programs Research**:

   CDT completed a market analysis of the resident-facing state benefit programs to determine high-level categorical eligibility criteria. This effort informs the product roadmap of the California Identity Gateway as CDT prioritizes the expansion of its eligibility verification services. This effort was further informed by a market analysis of various international jurisdictions and their approaches to digital identity solutions, conducted to garner best practices from global leaders in the space.

2. **Pilot Demonstration**:

   CDT, along with Caltrans, is adding new regional transit agencies to the pilot demonstration, while continuing support of previously launched verification services for age-based and veteran verification benefits with the Monterey Salinas Transit and Santa Barbara Municipal Transit District. The broader benefit to providing support for seniors and veterans at these transit agencies through an open loop payment system is that these populations can use their pre-existing credit/debit cards once they are registered through the Benefits application, instead of having to use a separate dedicated transit card on which a portion of their funds is sequestered and unavailable for other purposes.

   This tap-to-pay system will wirelessly charge eligible credit/debit card holders at a discounted rate when they ride transit. CDT has deployed age-based and veteran benefits with Sacramento Regional Transit and expects the open-loop payment system with fare validators to be fully operational in the first quarter of 2025.

CDT continues to expand the transit pilot through the Sacramento Area Council of Governments (SACOG), which includes 28 member cities and counties in the Sacramento region, to provide verification of transit benefit eligibility for their diverse ridership population.

CDT continues to enhance the verification capabilities of the California Identity Gateway by integrating with the Centers for Medicare and Medicaid Services Blue Button application programming interface (API) as well as the CalFresh Confirm API. These integrations add support for approximately 6.6 million Medicare cardholders in California and 5.2 million CalFresh recipients as distinct eligibility criteria for State department benefit programs to qualify their applicants.

CDT also has an integration soon to be released with the Veterans Administration Service History and Eligibility API that will enable CDT to qualify veterans with disabilities. The support of these additional criteria will improve the platform's overall inclusivity. Sacramento Regional Transit has implemented the veterans eligibility verification capabilities of the California Identity Gateway to offer a new veterans discount for their ridership. This enables the approximately 60,000 veterans in the Sacramento area to seamlessly prove their eligibility and take advantage of this discount program.

CDT completed a discovery effort with the California Privacy Protection Agency (CPPA) to explore the feasibility of enabling online verification services through integration with the California Identity Gateway for CPPA's Deletion Request and Opt-out Platform (DROP). The DROP application is the mechanism for all Californians to request the deletion of their personally identifiable information from data brokers registered with the CPPA's data broker registry.

Furthermore, CDT continues to actively engage with the California Public Utilities Commission (CPUC) on the working group providing recommendations for the Concurrent Application System (CAS). This application will enable Californians to apply for multiple CPUC utility discount programs, each of which requires income-based eligibility verification, which can be facilitated through the California Identity Gateway.

As a part of the broader Digital ID framework and strategy, the state is piloting a digital wallet feature, enabling residents to store their new mobile driver's licenses (mDL) and other state mobile credentials on their mobile devices. As of August 2024, Californians can add their mDLs to Google Wallet, providing a convenient alternative for storing digital IDs on smartphones. In September 2024, the state adopted the Apple Wallet, allowing residents to add their mobile state licenses to their iPhones and Apple Watches. In the future, users will present their mobile credentials, like park passes, professional licenses, and other credentials, to a growing list of government entities, businesses, and Transportation Security Administration (TSA) airport security checkpoints.

3. **Client and Vendor Partnerships**:

   a. CDT is awaiting additional API access from the US Department of Veterans Affairs to support benefit programs that require verification of distinguished service history and disability status of veterans seeking state benefits.

   b. CDT executed a data-sharing agreement with the California Department of Social Services to gain access to the CalFresh Confirm API. This integration between the California Identity Gateway and the CalFresh Confirm API will enable CDT to support various state departments that require enrollment in CalFresh as an eligibility criterion as a proxy for income-based qualification for further benefit programs.

   c. CDT is participating in ongoing advisory engagement in the CPUC's 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. A key recommendation is to use the California Identity Gateway as a mechanism in the CAS to verify the eligibility of applicants.

   d. To add depth to the product offering of the California Identity Gateway, CDT initiated exploratory discussions and technical research with several identity provider companies to ascertain the feasibility of an alternate identity provisioning tool that requires minimal personally identifiable information for select use cases. This also gives CDT the flexibility to offer

both a public and private option for identity verification solutions to maximize inclusivity in the preference of Californians.

e. CDT initiated a partnership with the Center for Medicare and Medicaid Services to gain access to their Blue Button API, which will enable CDT to verify Medicare cardholder status as an eligibility criterion for state department programs with this requirement. This allows the California Integrated Travel Program (Cal-ITP) Benefits application, which uses the California Identity Gateway, to be used by local transit agencies that receive federal funding to comply with Federal Transit Administration requirements to provide discounted rates for seniors, people with disabilities, and Medicare cardholders. This is a first-in-the-nation example of building a creative solution for federal policies, which often do not specify implementation details or provide the data needed to enact policies. The California Identity Gateway connects to a federal data source (in this case, the Center for Medicare and Medicaid Services) to help its clients (state and local transit agencies) achieve compliance with a federal requirement from the Federal Transportation Administration. This also improves the inclusivity of CDT's Digital ID program to cover individuals with disabilities and Medicare cardholders.

4. **Digital Wallets**:

CDT evaluated state department programs for a potential pilot deployment of a state mobile credential through the Digital ID Passhost API. Additionally, CDT is in discussions with the Department of Motor Vehicles to ensure that there is coordination in the development of standards for statewide mobile credentials. Mobile credentials such as the mobile driver's license, state park passes, and business licenses are distinguished from state-issued payment cards and are components of the Digital ID platform. These types of credentials would go into a digital wallet on an individual's mobile device after being verified for identity and eligibility authenticity through the California Identity Gateway.

CDT has published a first draft of a Digital Wallet implementation guide that provides State departments with guidance on developing and deploying their own mobile credentials on native device wallets. Additionally, to avoid the proliferation of separate payment cards from separate State

departments, CDT provides support to verify identity and eligibility of applicants to receive state benefit program funds directly on to their own pre-existing debit/credit cards.

**Digital ID Programmatic Updates:**

**Budget Status:**

To date, the project has incurred $1,024,726 in costs for hiring and vendor services.

**Future Progress:**

CDT's Digital ID team is continuing to deliver critical services to government administrators as well as eligible recipients through new and existing partnerships and enhancing the program's service offering. CDT plans to expand the program's eligibility verification and identity provisioning capabilities through partnerships with State and Federal partners and industry leaders. CDT is expecting to continue to launch eligibility verification pilots for other transit agencies such as SACOG, Nevada County, Los Angeles Metro, and Bay Area Metro.

The Digital ID program is also aiming to expand out of the transit space into other areas such as the CPPA's DROP application to explore pilots in other areas that require identity verification. CDT's approach is being informed by research and ongoing discussions around digital and social equity with entities such as the UCLA Race and Digital Justice Center, the Tony Blair Institute for Global Change, as well as several international approaches to digital identity.

CDT will continue to expand the footprint of the Digital ID program across the state in order to serve even more Californians. Additionally, CDT's Digital ID program intends to increase awareness, engagement and adoption of the platform through various publicity and outreach activities such as white papers, press releases and public speaking engagements to further these same outcomes of increasing inclusivity and equity across the state.

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
Joe Stephenshaw, Director, Department of Finance
Erika Li, Chief Deputy Director, Budget, Department of Finance
Nick Maduros, Secretary, Government Operations Agency