**CALIFORNIA DEPARTMENT OF TECHNOLOGY**
707 3rd Street,
West Sacramento, CA 95605
(916) 319-9223

**Russell Nichols,** Acting Director
**Russell Nichols,** Chief Deputy Director

January 3, 2022

Honorable Nancy Skinner, Chair
Joint Legislative Budget Committee

Honorable Lorena Gonzalez, Chair
Assembly Appropriations Committee

Honorable Anthony Portantino, Chair
Senate Appropriations Committee

**SUBJECT: FIRST SEMI-ANNUAL REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE ON THE TECHNOLOGY MODERNIZATION FUNDING**

Dear Senator Skinner:

Provision 3 of Item 7502-002-0001 of Chapter 69, Statutes of 2021 (SB 129), requires the California Department of Technology (CDT) to report to the Joint Legislative Budget Committee beginning January 1, 2022 and semi-annually thereafter regarding projects and expenditures using the Technology Modernization Funding (TMF) made available through the 2021 Budget Act, including:

(a) all expenditures from Schedule (1),

(b) the status and expected completion dates of information technology projects funded by expenditures from Schedule (1),

(c) the status and results of information technology system assessments performed by the Department of Technology, and

(d) the prioritized information technology project list approved by the Department of Finance.

This report provides information available for each of the aforementioned items as of December 23, 2021.

## Technology Modernization Funding Background

The 2021 Budget Act provided the CDT a one-time General Fund appropriation of $25,000,000 as TMF to establish an innovative process for identifying and implementing information technology (IT) solutions in a timely and accountable manner that meet any of the following criteria:

(a) improve, retire, or replace existing information technology systems
(b) improve information security;
(c) improve the efficiency and effectiveness of state entities; and
(d) transition state entities' legacy information technology systems to cloud computing.

The CDT will leverage the lessons learned during the pandemic to assist in the identification of small and strategic modernization investments that can accelerate and improve digital government.

**Technology Modernization Funding Planning**

The CDT plans to start the TMF process iteratively by implementing improvements in a series of funding rounds. The CDT developed a multi-step approach and sought proposals that were low complexity and risk, could deliver business value to state constituents quickly, and whose implementation could be significantly simplified or accelerated through the TMF process. The CDT also considered proposals that could serve as a proof of concept to demonstrate technical viability prior to a department investing significant resources on a larger project. Strong executive sponsorship, resource commitment and an implementation team with both the capacity and capability to complete the work immediately were important evaluation considerations. The CDT also distinguished between efforts that could be appropriate for funding through TMF versus those that would benefit from the more rigorous Project Approval Lifecycle (PAL) planning process.

The projects that are moving forward will begin in January 2022. Those that require additional planning will begin with a Discovery Sprint. This step serves as an accelerator for planning which would normally happen over a longer period in a delegated project or through the PAL process in a non-delegated project.

Discovery Sprints, based on the model developed by US Digital Services, "are a useful method to quickly build a common understanding of the status of a complex organization, system, or service. They create paths toward solutions by identifying specific, actionable next steps for the people at the organization who will carry that work forward." (https://sprint.usds.gov). The CDT is currently contracting with a design thinking firm to conduct Discovery Sprints with the selected departments.

Each Discovery Sprint of approximately four weeks will be conducted by a small cross-functional team of designers, product managers, engineers, procurement and subject matter experts to quickly explore the organizational problem or challenge and facilitate developing more detailed requirements. The outcome is a project plan, including the selected solution approach, and refined cost and schedule estimates.

If the Discovery Sprint process reveals that the proposed project no longer meets the TMF parameters (value, cost, schedule, risk, or organizational readiness and commitment), CDT reserves the right to redirect the project out of the TMF to the normal PAL/BCP process.

Additionally, for efforts that are most complex, the CDT has a contract in place to provide additional oversight to help ensure project success.

**Proposals recommended for TMF Round 1 Funding**

See Attachment 1: Project Prioritization for information on each project's prioritization and alignment with categories from Provision 1 of SB 129.

**Online Weights and Measurement System—**The California Department of Food and Agriculture will implement an updated online system automating the licensing of persons authorized to repair the approximately 1.85 million commercial weight and measurement devices such as grocery scales, electric meters, and gas pumps registered in California. The estimated budget is less than $1,000,000, with a Minimum Viable Product expected in production in a few months.

**Status:** Not Started
**Expected Completion Date:** To be determined following Discovery Sprint
**Expenditures to date from TMF:** $0

**Online Licensing Speech-Language Pathology and Audiology and Hearing Aid Dispensers Board Licensing**—The Department of Consumer Affairs will implement an online system with application, processing, and payment functionality for thirteen licenses administered by the Speech-Language Pathology and Audiology and Hearing Aid Dispensers Board. The project budget is approximately $400,000. The first license type should be implemented within six months, with the other 12 types following over approximately one more year.

**Status:** Not Started
**Expected Completion Date:** To be determined following Discovery Sprint
**Expenditures to date from TMF:** $0

**Geospatial Data System for California Unified Program Agencies—**The California Environmental Protection Agency will develop a geospatial data system for the California Unified Program Agencies, which protect Californians from hazardous waste. The Unified Program is a consolidation of multiple environmental and emergency management programs. The estimated budget is $1,500,000. The platform

will be developed in about six months, with the data being fully populated within one year.

**Status:** Not Started
**Expected Completion Date:** To be determined following Discovery Sprint
**Expenditures to date from TMF:** $0

**Recruitment and Onboarding Modernization**—The California Department of Corrections and Rehabilitation will develop a proof of concept capable of integrating the state's human resources systems with commercial job boards and industry standards recruitment platforms. The estimated budget is $3,500,000 over 2 years.

**Status:** Not Started
**Expected Completion Date:** To be determined following Discovery Sprint
**Expenditures to date from TMF:** $0

## Schedule 1 Expenditures to Date

To support the execution and oversight of TMF efforts, CDT has executed two contracts and a third is currently in the procurement process. The contracts are available to support TMF Round 1 and subsequent projects. The programmatic support contract will support the overall TMF program administration, while the other service contracts will be discretionary based on the specific needs of the projects. When these services are used, their costs will be applied to the beneficiary project as part of normal planning and oversight costs.

*Table 1: Expenditures through December 20, 2021*

| Vendor Name | Total Contract |
|---|---|
| Enterprise Networking Solutions Inc. | $144,342 |
| HiPER Solutions, LLC | $181,360 per engagement up to $906,801 |
| **Total:** | **Up to $1,051,143** |

## Programmatic Administrative Support

**City Innovate (via Enterprise Networking Solutions Inc.)** is under contract to help the CDT develop the TMF process and methodology, including the proposal submission portal, proposal evaluation process, and implementation steps for TMF projects.

## Project Support: Discretionary Spending

**HiPER Solutions** has been contracted to support up to five TMF projects. HiPER will be used at CDT's discretion on the larger and more complex projects. HiPER will help reduce the risk of potential team member, stakeholder, and vendor alignment issues

and assist in ensuring successful project outcomes. HiPER will work with selected project teams throughout the implementation process and will provide oversight information to CDT.

**System Assessments performed by the CDT**

The CDT has initiated pilot efforts for system assessment and stabilization efforts at the California Department of Social Services and California Department of Public Health. CDT is also prioritizing mission critical systems to begin the assessment process in the first quarter of 2022; therefore, no projects included in Round 1 of the TMF resulted from a system assessment.

If you have any questions or would like to discuss this report, please feel free to contact me at (916) 203-7675 or by email at russ.nichols@state.ca.gov.

Respectfully,

Russ Nichols, Acting Director
California Department of Technology

Cc: Keely Martin Bosler, Director, Department of Finance
Erika Li, Chief Deputy Director, Budget, Department of Finance
Yolanda Richardson, Secretary, Government Operations Agency
Justyn Howard, Deputy Secretary, Fiscal Policy and Administration, Government Operations Agency

Attachment(s):
1. Project Prioritization

**Semi-Annual Report to the Joint Legislative Budget Committee**
**Technology Modernization Funding**
**January 3, 2022**

## Attachment 1: Project Prioritization

The CDT proposes to move forward with these four projects concurrently in the first quarter of 2022 but has prioritized them in accordance with statutory requirements. This prioritization takes into consideration factors such as organizational readiness and prior planning of the proposed approach; direct benefit to the public in modernizing government services; short time to value delivery and low risk; and impact to statewide systems or processes.

| Priority | Dept. | Project | Estimated Cost | Estimated Schedule | Risk | Category [1] A | Category B | Category C | Category D |
|---|---|---|---|---|---|---|---|---|---|
| **1** | CDFA | On Line Weights and Measurement System | Less than $1 Million | 6 months | Low | **X** | **X** | **X** | **X** |
| **2** | DCA | SLPAHADB Licensing Modernization | ~$400,000 | 6 Months for first license type, total 1.5 years for all | Low | | | **X** | |
| **3** | CalEPA | Geospatial Data system for CUPAs | $1.5 Million | 1 Year | Low | **X** | | **X** | |
| **4** | CDCR | Recruitment and Onboarding modernization | $3.5 Million | 2 years | Med | | | **X** | |

[1] SB129 Budget Bill Categories A-D
(a) to improve, retire, or replace existing information technology systems in state entities;
(b) to improve information security in state entities;
(c) to improve the efficiency and effectiveness of state entities;
(d) to transition state entities' legacy information technology systems to cloud computing.