CALIFORNIA DEPARTMENT OF TECHNOLOGY
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January 13, 2023

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

Honorable Chris Holden, Chair
Assembly Appropriations Committee
1021 O Street, Suite 8220
Sacramento, CA 95814

Honorable Anthony Portantino, Chair
Senate Appropriations Committee
State Capitol, Room 412
Sacramento, CA 95814

SUBJECT: SEMI-ANNUAL REPORT TO THE JOINT LEGISLATIVE BUDGET COMMITTEE ON THE TECHNOLOGY MODERNIZATION FUND AND TECHNOLOGY STABILIZATION FUND

Dear Senator Skinner:

The 2021 Budget Act provided the California Department of Technology (CDT) a General Fund (GF) appropriation of $25,000,000 for Technology Modernization Funding (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 2022 Budget Act provided the CDT additional GF appropriations of $25,711,000 for TMF and $30,000,000 for Technology Stabilization Funding (TSF). The TSF was established to mitigate potential risks to critical California services.

Provision 3 of Item 7502-002-0001 of Chapter 69, Statutes of 2022 (SB 154), requires the CDT to report to the Joint Legislative Budget Committee semi-annually regarding projects and expenditures using the TMF and TSF made available through the 2021 and 2022 Budget Acts, including:

(a) All expenditures from Schedule (1);
(b) The status and expected completion dates of IT projects funded by expenditures from Schedule (1);
(c) The status and results of IT system assessments performed by the Department of Technology; and,
(d) The prioritized IT project list approved by the Department of Finance.

Expenditures from Schedule 1 – Technology Modernization Fund

The following provides details about actual invoiced expenditures through December 20, 2022.

Table 1: TMF Expenditures through December 20, 2022

Schedule 1 Expenditures to Date		
Category / Description	**Appropriation**	
FY 2021-22 Technology Modernization Funding (Expires June 30, 2024)	$	25,000,000
FY 2022-23 Technology Modernization Funding (Expires June 30, 2028)	$	25,000,000
FY 2022-23 Technology Modernization Funding Staff (Annual)	$	711,000
Direct Project Costs	**Expenditures to Date**	
See details in Table 5: TMF Project Status	$	3,158,251
Administrative		
Staffing	$	283,450
DGS Direct Charges for procurements	$	22,481
Consulting and Professional Services – Internal	$	343,207
Consulting and Professional Services – External	$	602,714
Total Administrative Costs	**$**	**1,251,852**
Actual Expenditures	**$**	**4,410,103**

Table 2: TMF Committee Approved Expenditures through December 20, 2022

Table 2 differs from Table 1 above by showing the approved and obligated expenditures from the TMF Selection Committee through December 20, 2022. Approved dollars may still need to be encumbered into a contract or invoiced as an expenditure.

Approved Cost to Date		
Category / Description	**Approved to Date**	
Approved Project Costs (See details in Table 5: TMF Project Status)	$	11,310,582
Approved Staffing Costs	$	427,550
Total Administrative Costs	$	1,251,852
Remaining to be Approved TMF Balance	**$**	**37,721,016**

TMF Project List, Status, and Expected Completion

The CDT started the TMF process through a series of funding rounds. The CDT developed an approach to seek low complexity and risk proposals that could deliver business value to state constituents quickly and whose implementation could be significantly simplified or accelerated through the TMF process.

Twelve proposals have been approved through December 2022, with four projects in the procurement phase.

The CDT is pleased to note that the first project approved using TMF, the Department of Food and Agriculture's (CDFA) Registered Service Agents Project, has completed delivery. All agencies and Registered Service Agents are now able to interact and conduct business digitally with the CDFA through this new portal for the first time. This milestone was achieved eleven months after the project was launched. Several other projects funded in the first TMF round will deliver their minimum viable products (MVPs) in the first or second quarter of 2023.

Table 5 provides the projects' status and expected completion dates as required in provision (b), and project descriptions and prioritization as required in provision (d).

Expenditures from Schedule 1 – Technology Stabilization Fund

The following provides details about actual expenditures through December 20, 2022.

Table 3: TSF Expenditures through December 20, 2022

Schedule 1 Expenditures to Date	
Category / Description	**Appropriation**
FY 2022-23 Technology Stabilization Funding (Expires June 30, 2026)	$ 30,000,000
Direct Remediation Expenditures	**Expenditures to Date**
See details in Table 6: Remediation Effort Status	$ 1,584,267

Table 4: TSF Committee Approved Expenditures through December 20, 2022

Table 2 differs from Table 1 above by showing the approved and obligated expenditures from the TMF Selection Committee through December 20, 2022. Approved dollars may still need to be encumbered into a contract or invoiced as an expenditure.

Approved Cost to Date	
Category / Description	**Approved to Date**
Approved Remediation Costs (See details in Table 5: TMF Project Status)*	$ 6,888,621
Remaining to be Approved TSF Balance	**$ 23,111,379**

* Projected remediation expenditures for projects underway will be reflected in the semi-annual report.

Stabilization Engagement List and Status

The CDT started the Stabilization Service to help the state move from a reactive model to a preventative approach. To do that, dedicated resources are engaged with state departments to proactively identify issues and intervene to support departments before statewide service failures occur.

The CDT Stabilization Service engages departments through a nomination process. The CDT then prioritizes stabilization assessments by scoring the relative impact and risk to the state based on quantitative and qualitative data. An assessment is then performed on the department's critical system, and a final report listing the findings and recommendations required to make the system more stable and resilient. The TSF is then used to fund any remediation items.

Nine assessments have been performed through December 2022, with 182 items flagged for proactive remediation; Table 5: TMF Project Status. Table 6 provides the status of each assessment engagement and detailed expenditures to date.

Table 5: TMF Project Status

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date	Project Status	Expected completion date	Category [1]
California Department of Food and Agriculture (CDFA)	Registered Service Agents	The CDFA is implementing an updated online system automating the licensing of persons authorized to repair the approximately 1.9 million commercial weight and measurement devices, such as grocery scales, electric meters, and gas pumps registered in California.	$1,222,332	$1,222,332	$1,216,847	**Complete functionality delivered by Nov. 2022.**	**COMPLETE.** Nov. 2022	a, b, c, d
Department of Consumer Affairs (DCA)	Speech & Hearing Licensing Modernization	The DCA is implementing an online system with the application, processing, and payment functionality for thirteen licenses administered by the Speech-Language Pathology and Audiology and Hearing Aid Dispensers Board.	$415,000	$415,000	$286,430	Release 1/MVP implemented. Release 2 is scheduled for Dec. 2022, Release 3 for Feb. 2023, and Release 4 for Apr. 2023	May 2023	c
California Environmental Protection Agency (CalEPA)	Geospatial Data System for CUPAs	CalEPA will develop a geospatial data system for the California Unified Program Agencies (CUPA), which protects Californians from hazardous waste. The Unified Program is a consolidation of multiple environmental and emergency management programs.	$1,500,000	$497,379	$388,324	On schedule and within cost, MVP scheduled for Q4 2022	Mar. 2023	a, c
Department of Corrections and Rehabilitation (CDCR)	Recruitment and Onboarding Modernization	CDCR will develop a recruitment and onboarding system for better hiring and retention CDCR. (Phase 1: HQ; Phase 2: Remainder of department)	$3,500,000	$3,500,000	$1,166,650	On schedule and within cost. Organizational Change Management	Phase 1: Jun. 2023 Phase 2: Jun. 2024	c

[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

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date	Project Status	Expected completion date	Category [1]
						(OCM) activities are underway.		
Department of Consumer Affairs	Court Reporter's Board (CRB) Online Licensing and Enforcement Portal	The DCA CRB will procure a software solution to improve the staff resources' efficiency.	$930,000	-	-	Finalizing implementation strategy details with Court Reporters Board Executive Officer (EO). Target Dec 2022 procurement	Dec. 2023	c
Department of Consumer Affairs	Dental Board of California, Board of Barbering and Cosmetology, and Veterinary Medical Board: Mobile Inspection Optimization Initiative	The DCA will procure a software solution with a mobile interface to improve the efficiency of the inspectors conducting an inspection on-site and sending the deliverables associated with inspection outcomes to businesses.	$600,000	-	-	A discovery request was sent out to the vendor with a response date of Nov. 15, 2022. Jul. 2023 implementation.	12 months from the project start date	c
Department of Fish and Wildlife	California Inland Recreational Angler Survey	Modernize the current paper-based survey collection method by implementing an online survey paired with a centralized cloud database.	$450,000	-	-	Selected for TMF Jun. 2022; The project team is currently working with the department's six regional offices to bring business staff to the team to scope the work and the required software.	15 months from the project start date	a, c, d
California Department of Technology	Cost Estimation as a Service Proof of Concept	Develop Cost Estimation capability to assist departments in uniform and accurate cost estimation for IT projects. Determine service	$250,000	$249,913	-	Project governance and produce definition	Jun. 2023	c

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date	Project Status	Expected completion date	Category [1]
		model and ROI, including potential direct cost savings and improved project outcomes.				completed. Tool Configuration and Calibration are in progress		
Department of Managed Healthcare	Necessary Infrastructure Modernization for Business Unified Services (NIMBUS)	The DMHC will expand its NIMBUS Project to allow innovation of the department's method and systems to schedule and track financial and operational examinations of managed healthcare plans.	$912,000	-	-	Selected for TMF Jun. 2022; Procurement planning.	12 months from the project start date	a, c, d
Department of Parks and Recreation	Office of Historic Preservation (OHP) - California Historical Resources Information System (CHRIS)	The Department of Parks and Recreation Office of Historic Preservation (OHP)proposes to develop an enterprise system to automate and integrate business processes at OHP and at nine regional offices (Information Centers, or ICs) that work for OHP under contract.	$750,000	-	-	Selected for TMF Jul. 2022; Procurement Planning	12 months from the project start date	a, c, d
Department of Toxic Substances Control	Laboratory Information Management System (LIMS)	Implement a Commercial Off-the-Shelf (COTS), Cloud-based/Software-as-a-Service (SaaS) LIMS solution to replace the existing LABWORKS LIMS solution.	$500,000	-	-	Selected for TMF Nov. 2022: Procurement Planning	12 months from the project start date	c, d
Department of General Services	Outreach Tracking System (OTS)	Enhancement of existing system. Use current, yet-to-implement Customer Service Management (CSM) system. This CSM will rely on and use some existing technology platforms as sources of data, such as Excel spreadsheets, webinars, and event registration platforms like Zoom. Procure services to assist with the configuration of the Customer Service Management system.	$281,250	-	-	Selected for TMF Dec. 2022: Procurement Planning	Eight months from the project start date	a, c, d
Total			**$ 11,310,582**	**$5,884,624**	**$3,158,251**			

Table 6: TSF Remediation Effort Status

Department	Approved Cost to Date	Encumbered Cost	Expenditures to Date	Remediation Status	Remediation Support Expiry
Department of Industrial Relations (DIR)	$1,475,179	$670,869	$549,893	10 of the 25 remediation items complete	Feb. 2023
California Department of Veterans Affairs (CalVet)	$38,500	$3,773	$3,773	17 of 29 remediation items complete	Mar. 2023
California Governor's Office of Emergency Services (Cal OES)	$350,000	$350,000	$33,120	4 of the 17 remediation items complete	May 2023
California Department of Food and Agriculture (CDFA)	$97,500	-	-	0 of 19 remediation items complete	Jun. 2023
California Department of Transportation (Caltrans)	-	-	-	0 of 12 remediation items complete	Jul. 2023
California Department of Human Resources (CalHR)	$350,000	-	-	3 of the 17 remediation items complete	Aug. 2023
California State Lands Commission (SLC)	$650,000	-	-	0 of 19 remediation items complete	Sep. 2023
California Victim Compensation Board (CalVCB)	$900,000	-	-	10 of the 25 remediation items complete	Sep. 2023
California Environmental Protection Agency (CalEPA)	-	-	-	0 of 19 remediation items complete	Dec. 2023
Department of Finance (DOF)	$699,961	$699,961	-	-	-
Remediation Service Offerings[2]	$2,327,481	$2,026,626	$997,481	-	-
Total	**$6,888,621**	**$3,751,229**	**$1,584,267**	44 of 182 remediation items complete	

[2] Investments in services to help with all stabilization remediation activities

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.

Respectfully,

Liana Bailey-Crimmins

Liana Bailey-Crimmins
Director
California Department of Technology

cc: Honorable Phil Ting, Chair, Assembly Committee on Budget
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