CALIFORNIA DEPARTMENT OF TECHNOLOGY
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June 30, 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 ANNUAL 11546.45 REPORT ON THE TECHNOLOGY STABILIZATION FUND

Dear Senator Skinner:

The California Department of Technology (CDT) received $25,000,000 General Fund (GF) appropriations from the 2021 Budget Act as Technology Modernization Funding (TMF) to establish an innovative and streamlined 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 provide semi-annual reports to the Joint Legislative Budget Committee. These reports must include details about TMF and TSF projects and expenditures 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 expenditures through May 31, 2023. It should be noted that the TMF appropriation was reduced in January 2023 from $50 million to $29 million. Based on the current burn rate, the TMF is expected to approve all funding by September 2023.

Table 1: TMF Expenditures through May 31, 2023

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
Jan 10, 2023 Budget Reduction to the FY 2022-23 Technology Modernization Funding (Expires June 30, 2028)	$	(21,000,000)
Reduced FY 2022-23 Technology Modernization Funding (Expires June 30, 2028)	$	4,000,000
FY 2022-23 Technology Modernization Funding Staff (Annual)	$	711,000
Direct Project Costs	**Expenditures to Date**	
See details in Table 5: TMF Project Status	$	**3,152,467**
Administrative		
Staffing	$	422,136
DGS Direct Charges for procurements	$	22,481
Consulting and Professional Services – Internal	$	343,207
Consulting and Professional Services – External	$	798,982
Total Administrative Costs	**$**	**1,586,806**
Actual Expenditures	**$**	**4,739,273**

Table 2: TMF Committee Approved Expenditures through May 31, 2023

Approved Cost to Date		
Category / Description	**Approved to Date**	
Approved Project Costs (See details in Table 5: TMF Project Status)	$	19,110,582
Approved Staffing Costs	$	827, 596
Total Administrative Costs	$	1,586,806
Total	$	21,524,984
TMF Balance Remaining to be Approved ($29,711,000 - $21,524,984)	**$**	**8,186,016**

TMF Project List, Status and Expected Completion

The TMF Project List includes information on the status and expected completion dates of projects funded through a series of funding rounds. The CDT 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.

A total of 16 proposals have been approved through May 31, 2023, with seven projects in the procurement phase.

Two projects, the California Department of Food and Agriculture's (CDFA) Registered Service Agents Project and California Environmental Protection Agency's (CalEPA) Geospatial Data System for Certified Unified Program Agencies (CUPAs), have been delivered. Several other first-round projects will deliver their minimum viable products (MVPs) by the end of the calendar year 2023. TMF team provides oversight in the following areas to deliver projects within scope, schedule, and budget:

- Procurement planning and contract execution.
- Onboarding vendor resources.
- Review monthly project status report (PSR).
- Risk and issues monitoring.
- Periodic project health check.
- Ensure the project meets the Go Live schedule.
- Review the post-implementation evaluation report (PIER) and perform project closeout activities.

For more information on each engagement, Table 5: TMF Project Status" 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 May 31, 2023. It should be noted that in January 2023, the TSF appropriation was reduced from

$30 million to $12.5 million. Based on the current burn rate, the TSF is expected to approve all funding by July 2023.

Table 3: TSF Expenditures through May 31, 2023

Schedule 1 Expenditures to Date	
Category / Description	**Appropriation**
FY 2022-23 Technology Stabilization Funding (Expires June 30, 2026)	$ 30,000,000
Jan 10, 2023 Budget Reduction to the FY 2022-23 Technology Stabilization Funding (Expires June 30, 2023)	$ (17,500,000)
Reduced FY 2022-23 Technology Stabilization Funding (Expires June 30, 2026)	$ 12,500,000
Direct Remediation Encumbered	**Encumbered to Date**
See details in Table 6: Remediation Effort Status	$ 7,298,636

Table 4: TSF Committee Approved Expenditures through May 31, 2023

Approved Cost to Date	
Category / Description	**Approved to Date**
Approved Remediation Costs (See details in Table 5: TMF Project Status)	$ 9,881,375
Remaining to be Approved TSF Balance	**$ 2,618,625**

Stabilization Engagement List and Status

As part of the intake and assessment phases of the process, the Stabilization Service provides a health score for each system assessed. As of May 2023, the CDT has performed 12 assessments with 262 items flagged for proactive remediation.

The top three health score categories with the highest findings are Application (45 remediation items), Infrastructure (33 remediation items) and Security (31 remediation items) (See figure 1 below).

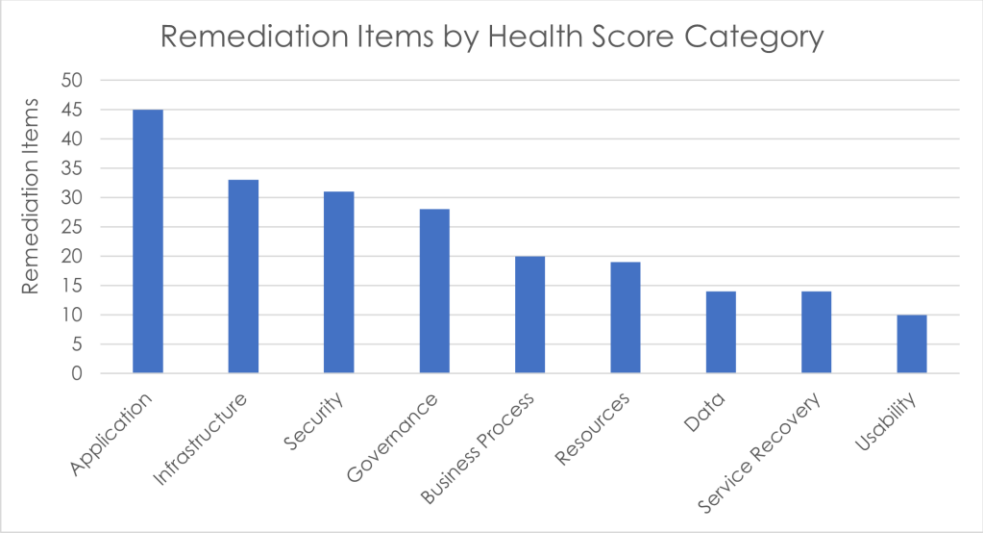

Figure 1 – Number of remediation items by health score category.

The Stabilization Service offers support in several key areas during the one-year remediation period, including coordination and tracking of remediation activities and risks, and continuous assessment of additional support and services to aid in the completion of the remediation items.

During closeout, the service will review the health score considering the changes made during remediation and update the score to reflect the current state of the system.

For more information, Table 5: TMF Project Statusprovides 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[1]	Project Status	Expected completion date	Category [2]
California Department of Food and Agriculture (CDFA)	Registered Service Agents	Improve timely payment of $222,770 in annual registration and licensing fees.	$1,222,332	$1,222,332	~~$1,216,847~~ $1,222,169	**Complete functionality delivered Nov. 2022.**	**COMPLETE.** Nov. 2022	a, b, c, d
Department of Consumer Affairs (DCA)	Speech & Hearing Licensing Modernization	Develop an online application processing payment system for thirteen different license types.	$415,000	$415,000	~~$286,430~~ $383,112	Release 1/MVP, 2 and 3 implemented. Release 4 schedule for May 2023 implementation.	May 2023	c
California Environmental Protection Agency (CalEPA)	Geospatial Data System for Certified Unified Program Agencies (CUPAs)	Graphically display the location and the related jurisdictional boundaries on a map for a given address and allows any interested entity to determine which jurisdiction is responsible for a specific location within seconds.	~~$1,500,000~~ $500,000	$497,379	~~$388,324~~ $482,891	Implemented on schedule and within cost, MVP delivered in Q4 2022. Project delivered under budget as the original submission process was not ongoing, and project cost estimation was done quickly to meet the submission dateline.	**COMPLETE.** Mar. 2023	a, c
Department of Corrections and Rehabilitations (CDCR)	Recruitment and Onboarding Modernization	Decrease time to hire; increased employee satisfaction and retention; real-time vacancy data	$3,500,000	$3,500,000	~~$1,166,650~~ $864,382	On schedule and within cost. Decreased expenditure reflects a billing error correction from December 2022.	Phase 1: Jun. 2023 Phase 2: Jun. 2024	c

[1] Expenditures to Date are based on amounts captured in FI$Cal and may lag behind current actual project amounts.
[2] 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[1]	Project Status	Expected completion date	Category [2]
Department of Consumer Affairs (DCA): Court Reporter's Board (CRB)	Online Licensing and Enforcement Portal	Online application for exam and licensure. Ability to check the application status, license, and timely response to data request.	$930,000	-	-	Procurement in progress. Target May 2023 contract Award.	Jun 2024	c
Department of Consumer Affairs (DCA): Dental Board of California, Board of Barbering and Cosmetology, and Veterinary Medical Board	Mobile Inspection Optimization Initiative	A software solution with a mobile interface to improve the efficiency of the inspectors conducting an on-site inspection and sending the deliverables associated with inspection outcomes to businesses. 55,000 total licensee businesses inspected, and the total annual inspection is 500.	~~$600,000~~ $0	-	-	Integration refinement in progress as the proposed solution and cost have changed. They will re-pitch to Selection Committee. Expected Aug 2023 implementation.	12 months from the project start date	c
Department of Fish and Wildlife (CDFW)	California Inland Recreational Angler Survey	For 40,000 anglers each year, reduce a paper-based 3-month process to minutes for completing a survey.	$450,000	-	-	Contract award targeted for June 2023.	Aug, 2024	a, c, d
California Department of Technology (CDT)	Cost Estimation as a Service Proof of Concept	Uniform and accurate cost estimation for IT projects will benefit the state regarding direct cost savings and improved project outcomes.	$250,000	$249,913	~~$0~~ $199,913	Tool Configuration and Calibration completed. Process deployment and organization change management in progress	Jun. 2023	c
Department of Managed Healthcare (DMHC)	Necessary Infrastructure Modernization for Business Unified Services (NIMBUS)	Reduce the schedule management process time from seven days to a few hours.	$912,000	~~$0~~ $912,000	-	Selected for TMF Jun. 2022; In Procurement	12 months from the project start date	a, c, d
Department of Parks and Recreation (DPR): Office of Historic Preservation (OHP)	California Historical Resources Information System (CHRIS)	Reduce the time to accept, process, and respond to a statewide inventory of cultural resources submittal to 30 days.	$750,000	-	-	Selected for TMF Jul. 2022; In Procurement	12 months from the project start date	a, c, d
Department of Toxic Substances Control (DTSC)	Laboratory Information	Provide credible data used to support new regulations or public health investigations. The average number of days per case is 220	$500,000	-	-	Selected for TMF Nov. 2022: In Procurement	12 months from	c, d

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date[1]	Project Status	Expected completion date	Category [2]
	Management System (LIMS)	days. The new system is expected to reduce this by 50% to 110 days.					project start date	
Department of General Services (DGS)	Outreach Tracking System (OTS)	Implement a Customer Service Management (CSM) system to track businesses from contact to contract and track the outreach events OSDS participates in to increase the amount of small business activity in the state.	$281,250	-	-	Selected for TMF Dec. 2022: In Procurement	8 months from project start date	a, c, d
(New) California Office of Emergency Services (CalOES)	California Resource Request Modernization (CRRM)	Provide a customer-centric resource requesting and mission tasking solution with modern capabilities which simplify and streamline workflow processes and experiences for end-users at all levels of government.	$3,500,000			Selected for TMF Jan 2023: In Procurement	12 months from project start date	a, c
(New) California Office of Emergency Services (CalOES)	Warning Center Emergency Management System (WCEMS)	Bring together real-time information across all levels of government to make timely and effective decisions for response and mitigation.	$3,000,000			Selected for TMF Jan, 2023: Procurement Planning.	12 months from project start date	a, c
(New) California Air Resources Board (CARB)	Refrigerant Registration and Reporting System (R3)	A public-facing web interface for companies with stationary refrigeration systems to register their facilities, upload servicing maintenance records, pay applicable fees, and download applicable emissions data.	$1,250,000			Selected for TMF Feb. 2023: Procurement Planning	02/28/2024	a, c
(New) California Victims Compensation Board (CalVCB)	Adjustments system	Provide real-time information about benefit amounts available for victims.	$1,650,000			Selected for TMF Mar. 2023: Procurement Planning	03/31/2024	a, c
	Total		**$19,110,582**	**$6,796,624**	**$3,152,467**			

Table 6: TSF Remediation Effort Status

Department	Approved Cost to Date	Encumbered Cost	Expenditures to Date	Remediation Status[3]	Remediation Notes	Remediation Support Expiry
Department of Industrial Relations (DIR)	~~$1,475,179~~ $2,525,179	~~$670,869~~ $910,869	~~$549,893~~ $580,137	~~10 of 25~~ 10 of 30 remediation items complete	Additional items were identified during remediation	Feb. 2023
California Department of Veterans Affairs (CalVet)	$38,473	$3,773	$3,773	~~17 of 29~~ 23 of 24 remediation items complete	Remediation items were determined to be unactionable	Mar. 2023
California Governor's Office of Emergency Services (CalOES)	$350,000	$350,000	~~$33,120~~ $121,380	~~4 of 17~~ 7 of 17 remediation items complete		May 2023
California Department of Food and Agriculture (CDFA)	~~$97,500~~ $734,638	~~$0~~ $734,638	-	~~0 of 19~~ 2 of 19 remediation items complete	-	Jun. 2023
California Department of Transportation (Caltrans)	-	-	-	~~0 of 12~~ 6 of 12 remediation items complete	-	Jul. 2023
California Department of Human Resources (CalHR)	~~$350,000~~ $383,979	~~$0~~ $350,000	-	~~3 of 17~~ 5 of 17 remediation items complete	-	Aug. 2023
California State Lands Commission (SLC)	$650,000	~~$0~~ $650,000	-	~~0 of 19~~ 12 of 30 remediation items complete	Correction to the total number of remediation items	Sep. 2023
California Victim Compensation Board (CalVCB)	$900,000	-	-	~~10 of 25~~ 10 of 25 remediation items complete	-	Sep. 2023
California Environmental Protection Agency (CalEPA)	-	-	-	~~0 of 19~~ 0 of 19 remediation items complete	-	Dec. 2023
Department of Finance (DOF)	$699,961	$699,961	~~$0~~ $699,961	21 of 40 remediation items complete	-	-
(New) California Unemployment Insurance Appeals Board (CUIAB)	$2,300,000	$2,300,000	-	3 of 29 remediation items complete	-	May. 2024
Remediation Service Offerings[4]	~~$2,327,481~~ $1,299,145	~~$2,026,626~~ $1,299,145	~~$997,481~~ $235,245	-	-	-
Total	**$9,881,375**	**$7,298,636**	**$1,640,496**	~~44 of 182~~ 99 of 262 remediation items complete		

[3] Due to further analysis during the 12-month remediation engagement, the remediation item count may increase or decrease – explanation provided in the Remediation Notes column.
[4] Investments made to help with all stabilization remediation activities.

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

Respectfully,

Liana Bailey-Crimmins
Director
California Department of Technology

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