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

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

December 31, 2023

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

Honorable Buffy Wicks, 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 THE TECHNOLOGY STABILIZATION FUND IN ACCORDANCE WITH GOVERNMENT CODE (GC) 11546.45

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.
(d) Transition state entities' legacy information technology systems to cloud computing.
(e) IT solutions that are less than $5 million per project.
(f) Proof of concept to jumpstart a project and provide a bridge to a larger project that would be planned and approved through the project approval lifecycle (PAL) and funded through a budget change proposal (BCP).

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) Status and expected completion dates of IT projects funded by expenditures from Schedule 1.
(c) Status and results of IT system assessments performed by the Department of Technology.
(d) 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 November 30, 2023. It should be noted that the TMF appropriation was reduced in January 2023 from $50 million to $29 million due to state budget reductions.

Table 1: TMF Expenditures through November 30, 2023

Schedule 1 to Date		
Category / Description (Allocations)		**Allocation**
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
FY 2023-24 Technology Modernization Funding Reduction	$	(21,000,000)
Total Allocation	**$**	**29,711,000**
Category / Description (Expenditures)		**Cost**
Encumbered, in contracts for approved projects	$	12,696,219
Staffing and Operation Cost	$	2,549,901
Approved, project approved funding – not yet into contract	$	13,806,465
Balance Remaining	**$**	**658,415**

TMF Project List, Status, and Expected Completion

The TMF Project List (Table 3) includes information on the status and expected completion dates of projects that have received funding approval. A total of 21 proposals have been approved through Nov. 30, 2023. Four projects have been delivered with the following benefits delivered.

- **California Department of Food and Agriculture's (CDFA) Registered Service Agents Project** – This service provides 100% accurate, reliable, online data resources to customers and county officials. It improved timely collection of $222,770 in annual registration and licensing fees by 100%. It allows over 400 Service Agencies online access to make payments and reference Exam information for over 3,500 Registered Service Agents.

- **California Environmental Protection Agency's (CalEPA) Geospatial Data System for Certified Unified Program Agencies (CUPA)** - This system provides a digital mapping of CUPA jurisdictional boundaries and associated environmental programs to aid emergency responders and the community of regulated businesses in determining the responsibility for enforcing specific environmental hazardous programs in their geographic locations. For emergency responders, the new digital maps have reduced the responsibility identification timeline from days and hours to seconds.

- **Department of Consumer Affairs (DCA) Speech & Hearing Licensing Modernization** – This project created an online Speech and Hearing Licensing portal, providing the ability to create, edit, and view applications online for 2,773 Speech and Hearing Licensees. The modernization project also implemented credit card payments, electronic signatures, automated notifications and emails, uploads and interfacing for exams, fingerprinting, waivers, transcripts, work experience validation, supervisor notifications, and licensure verification. Within the first five (5) months 86% of licensees have adopted the digital version of the application.

- **California Department of Technology (CDT) Cost Estimation as a Service Proof of Concept** – This proof of concept allowed CDT the ability to demonstrate the feasibility of providing quick and accurate cost estimations for IT projects. A tool was developed to provide Cost Estimation as a Service for State Entities which can potentially streamline and reduce costs on the $6 billion IT project portfolio.

For more information on each engagement, Table 3: 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 November 30, 2023. It should be noted that in January 2023, the TSF appropriation was reduced from $30 million to $12.5 million due to state budget reductions.

Table 2: TSF Expenditures through November 30, 2023

Schedule 1 to Date		
Category / Description (Allocations)	**Allocation**	
FY 2022-23 Technology Stabilization Funding (Expires June 30, 2026)	$	30,000,000
FY 2022-23 Technology Stabilization Funding Reduction	$	(17,500,000)
Total Allocation	**$**	**12,500,000**
Category / Description (Expenditures)	**Cost**	
Encumbered, in contracts for approved remediation projects	$	8,051,195
Approved, project approved funding – not yet into contract	$	575,180
Balance Remaining	**$**	**3,873,625**

Critical Services Inventory and Engagement

As of November 2023, the CDT has performed 13 assessments with 293 items flagged for proactive remediation. The CDT is prioritizing future assessments based on risk and impact.

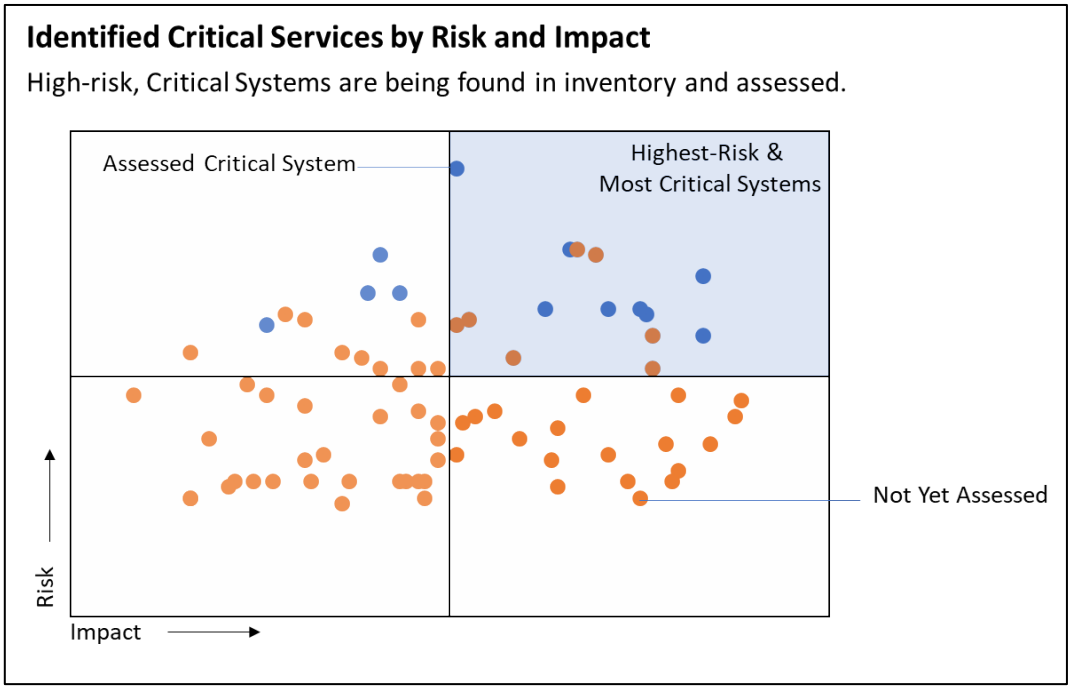

Figure 1 – Identified Critical Service Applications in Government

For more information, Table 3: TMF Project Statusprovides the status of each assessment engagement and detailed expenditures to date.

Remediation Item Trends

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. As of November 2023, the CDT has closed out 6 remediation engagements.

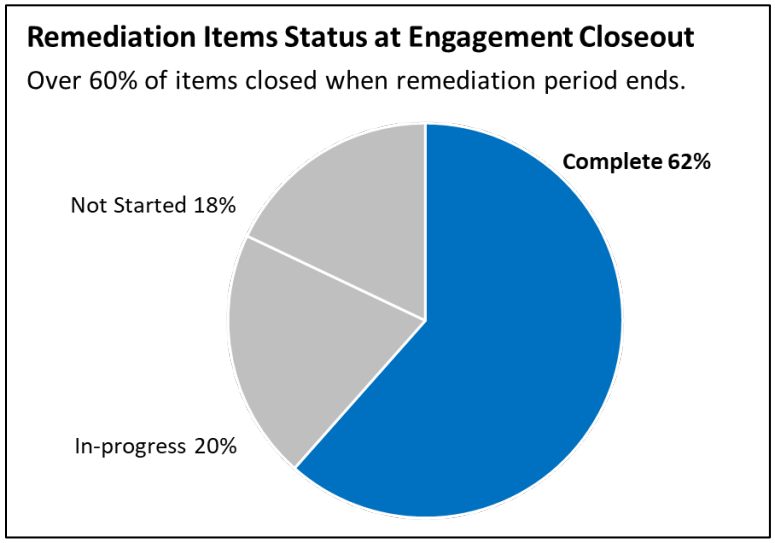

Figure 2 – Percent of completed items at remediation close out.

During the Stabilization Intake and Assessment, the Stabilization Service provides remediation items mapped to the health categories shown in Figure 3 below, for each system assessed. At the end of the remediation closeout, CDT reviews the item(s), considers the changes made during remediation, and updates the status to reflect the state of the system post-remediation.

The top three health categories with the most findings, as shown in Figure 3 below, are Security, Infrastructure, and Application.

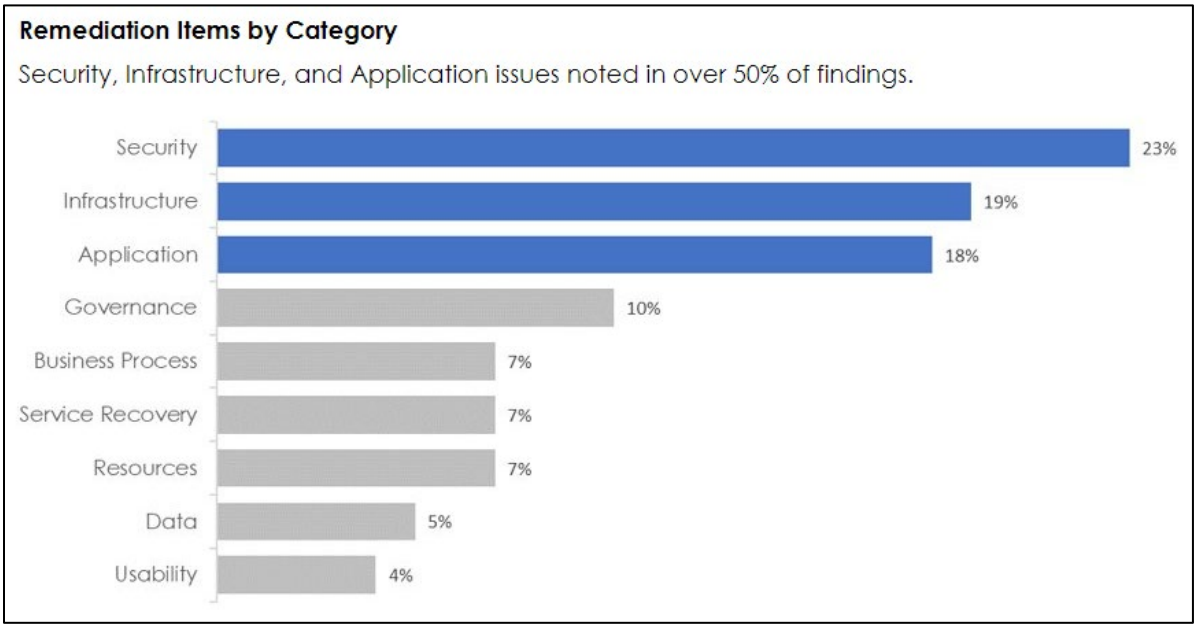

Figure 3 – Percentage of remediation items by category.

Improving the Health of the Statewide Critical System Portfolio

Since the inception of the Technology Stabilization Program to date, the California State Lands Commission (SLC) had the greatest system health score improvement of 51%.

In August 2022, the California Department of Technology engaged with SLC to assess the stability of its critical system (System) that oversees and inspects terminals to prevent or detect oil spills before they can cause significant harm to the natural environment and incur significant cleanup costs. Nearly 2 million barrels of oil are transferred over water daily through pipelines at California's marine oil terminals. CDT conducted research, met with stakeholders and experts, produced a report with recommendations, and partnered with SLC to make the following changes: data management improvements, security, system support, monitoring, and infrastructure.

As a result of the engagement, the System was updated to utilize the latest technologies ensuring enhanced security, operational efficiencies, and expedient oversight. By proactively assessing and enhancing the System's performance, SLC can continue to prevent oil spills to keep California waters safe. The engagement demonstrated that SLC benefited by having a more dependable, streamlined, and productive System to support SLC's mission of providing the people of California with effective stewardship of the lands, waterways, and resources.

Table 3: 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~~[3] $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~~ $402,393	~~$383,112~~ $402,393	~~Release 1/MVP, 2 and 3 implemented. Release 4 schedule for May 2023 implementation.~~ **Delivered May 2023.**	**COMPLETE.** 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	$497,631	$497,631	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	~~$864,382~~ $1,779,868	On schedule and within cost.	Phase 1: Completed ~~Jun.~~ Aug. 2023	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.
[3] All struck-through text and values are information reported during the previous semi-annual report.

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date[1]	Project Status	Expected completion date	Category [2]
							Phase 2: ~~Jun.~~ Aug. 2024	
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	$930,000	$265,627	~~Procurement in progress. Target May 2023 contract Award.~~ Online Enforcement Compliant and Back Office Intake Queue (MVP) delivered in Sept 2023	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. Project has modified its technical platform.	~~$600,000~~ ~~$0~~ $532,000	-	-	~~Integration refinement in progress as the proposed solution and cost have changed. They will re-pitch to Selection Committee. Expected Aug 2023 implementation~~. Re-Pitched Jun 2023	Aug. 2024	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	$298,815	-	Contract was awarded ~~targeted for June 2023~~. Aug 2023.	Apr. 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	$250,000	~~$199,913~~ $210,472	Tool Configuration and Calibration completed. Process deployment and organization change management ~~in progress~~ completed.	**COMPLETE.** 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	$912,000	$109,230	~~Selected for TMF Jun. 2022; In Procurement~~ On schedule and within cost.	~~12 months from the project start date.~~ July 2024	a, c, d

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date[1]	Project Status	Expected completion date	Category [2]
Department of Parks and Recreation (DPR): Office of Historic Preservation (OHP)	California Historical Resources Information System (CHRIS)	Reduce the time to 30 days to accept, process, and respond to a submittal of statewide inventory of cultural resources .	$750,000	$733,219	-	Selected for TMF Jul. 2022; In Procurement	Oct. 2024	a, c, d
Department of Toxic Substances Control (DTSC)	Laboratory Information Management System (LIMS)	Provide credible data used to support new regulations or public health investigations. The average number of days per case is 220 days. The new system is expected to reduce this by 50% to 110 days.	$500,000	$485,864	$277,280	Selected for TMF Nov. 2022. On schedule and within cost.	Feb. 2024	c, d
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	Jun. 2024	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 to simplify and streamline workflow processes and experiences for end-users at all levels of government.	$3,500,000	$3,500,000	$999,040	Selected for TMF Jan. 2023. On schedule and within cost.	Jun. 2024	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. In Procurement.	Oct. 2024	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	$1,250,000	-	-	Selected for TMF Feb. 2023: In Procurement	~~02/28/202~~ Jun. 2024	a, c

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date[1]	Project Status	Expected completion date	Category [2]
		applicable fees, and download applicable emissions data.						
~~(New)~~ California Victims Compensation Board (CalVCB)	Adjustments system	Provide real-time information about benefit amounts available for victims.	$1,650,000 Funds Rescinded	-	-	On 07/11/2023, it was decided that CalVCB will re-pitch to the Selection Committee following TMF's intake/review process by submitting a new proposal to build a POC/Pilot application to modernize Cares System/Adjustments module.	~~3/31/2024~~	a, c
Delta Stewardship Council	Contrakker 2.0	Database for tracking critical research contracts and reporting	$498,813	-	-	Selected for TMF May. 2023: In Procurement	Sept. 2024	c
The Department of Food and Agriculture	Produce Safety Program (PSP) Farm Inventory Project	A single, secure repository, accessible to California farmers and PSP stakeholders, of farm data and inspection reports.	$1,329,988	-	-	Selected for TMF May. 2023: In Procurement	Aug. 2024	b, c
Department of Veterans Affairs	Proof Of Concept (POC) Automated Drug Dispensing System Replacement	POC to replace existing drug dispensing systems at West LA Veterans Home for daily routine and urgent meds	$504,661	-	-	Selected for TMF Jun. 2023: In Procurement	Oct. 2024	f
(New)California Environmental Protection Agency	California Environmental Reporting System (CERS NextGen) - MVP	Protecting Californians from Leaking Underground Storage Tanks (UST) Build technical infrastructure to collect and report data as the current California Environmental Reporting System (CERS) cannot track abandoned tanks	$4,500,000	-	-	Selected for TMF Sept. 2023: In Procurement Planning	Jan. 2025	c
(New) Department of Motor Vehicles	**Improving Field Office Access to the**	Implement a position management system for the DMV's Field Operations Division	$1,045,640			Selected for TMF Oct. 2023: In Procurement Planning	Feb. 2025	c

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date[1]	Project Status	Expected completion date	Category [2]
	Public (IFOAP)	(FOD) to manage the FOD's positions and personnel to effectively meet the needs of the public.						
(New) The Department of Toxic Substances Control	**Human Resources Technology Modernization Project (HRTMP)**	Update HR system (POC) with improved processes that are more responsive to stakeholders and customers (particularly hiring managers), which promotes visibility and transparency of recruitment workload. Will serve as a model for CalEPA and the other BDOs under its purview as they eventually build out their ServiceNow HR modules.	$631,000			Selected for TMF Oct. 2023: In Procurement Planning	Sept. 2024	c
Total			**$26,502,684**	**$ 12,696,219**	**$5,763,710**			

Table 4: TSF Remediation Effort Status

Department	Approved Cost to Date	Encumbered Cost	Expenditures to Date	Remediation Status[4]	Remediation Notes	Remediation Support Expiry
Department of Industrial Relations (DIR)	~~$2,525,179~~[5] $1,825,179	~~$910,869~~ $1,610,869	~~$824,199~~ $894,377	10 of 30 remediation items complete	Completed	~~Mar. 2023~~ Complete Aug. 2023
California Department of Veterans Affairs (CalVet)	$38,473	~~$3,773~~ $34,700	~~$3,773~~ $30,963	23 of 24 remediation items complete	Completed	~~Mar. 2023~~ Complete Jul. 2023
California Governor's Office of Emergency Services (CalOES)	$350,000	$350,000	~~$122,000~~ $349,980	7 of 17 remediation items complete	Completed	~~May 2023~~ Complete Aug. 2023
California Department of Food and Agriculture (CDFA)	$734,638	$734,888	~~$175,030~~ $211,330	2 of 19 remediation items complete	Completed	~~Jun. 2023~~ Complete Aug. 2023
California Department of Transportation (Caltrans)	-	-	-	7 of 12 remediation items complete	Completed	~~July 2023~~ Complete Oct. 2023
California Department of Human Resources (CalHR)	$383,979	~~$350,000~~ $371,632	~~$0~~ $207,150	3 of 17 remediation items complete	Scope re-baselined: CDT OTech is working with CalHR to migrate ECOS to Azure. Implementation is scheduled for 11/19. The exact cutover date will be firmed up closer to implementation. For now, a tentative cutover date is 1/15/2024.	~~Aug. 2023~~ Jan. 2024
California State Lands Commission (SLC)	$650,000	$650,000	~~$205,176~~ $257,015	~~12 of 30~~ 20 of 30 remediation items complete	Completed	~~Sept. 2023~~ Complete Oct. 2023

[4] 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.
[5] All struck-through text and values are information reported during the previous semi-annual report.

Department	Approved Cost to Date	Encumbered Cost	Expenditures to Date	Remediation Status[4]	Remediation Notes	Remediation Support Expiry
California Victim Compensation Board (CalVCB)	~~$900,000~~ $345,000	-	-	~~10 of 25~~ 4 of 19 remediation items complete	Amendment to the Stabilization Report released in Feb. 2023	~~Sep. 2023~~ Feb. 2024
California Environmental Protection Agency (CalEPA)	-	-	-	0 of 19 remediation items complete	-	Dec. 2023
Department of Finance (DOF)	$699,961	$699,961	$699,961	~~21 of 40~~ 34 of 40 remediation items complete	Completed	Complete May 2023
California Unemployment Insurance Appeals Board (CUIAB)	$2,300,000	$2,300,000	$398,085	~~3 of 29~~ 17 of 29 remediation items complete	-	May. 2024
California Department of State Hospitals (DSH)	-	-	-	0 of 29 remediation items complete	-	Jul. 2024
California Department of Technology (CDT)-*Transitioning to Remediation*	-	-	-	0 of 8 remediation items complete	Assessment report delivered in November 2023. Engagement is transitioning to Remediation in December 2023.	-
(New) California Department of General Services– *Active Stabilization Assessment*	-	-	-	-	-	-
Remediation Service Offerings[6]	$1,299,145	$1,299,145	$235,245	-	-	-
Total	**~~$9,881,375~~ $8,626,375**	**~~$7,298,636~~ $8,051,195**	**~~$1,640,496~~ $3,284,106**	~~126 of 285~~ 127 of 293 remediation items complete		

[6] Investments made to help with all stabilization remediation activities.

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

Respectfully,

Liana Bailey-Crimmins
Director
California Department of Technology

cc: Honorable Jesse Gabriel, Chair, Assembly Committee on Budget
Hans Hemann, Consultant, Joint Legislative Budget Committee
Jay Dickenson, Chief Consultant, Assembly Appropriations Committee
Mark McKenzie, Staff Director, Senate Appropriations Committee
Christian Griffiths, Chief Consultant, Assembly Budget Committee
Amy Tong, Secretary, Government Operations Agency
Joe Stephenshaw, Director, Department of Finance
Erika Li, Chief Deputy Director, Budget, Department of Finance