



Semi-annual Report on Technology Modernization Funding and Technology Stabilization Funding

June 2026

California Department of Technology
<https://cdt.ca.gov>

CDT REPORT
Prepared for Members and
Committees of the California State Legislature_____



Executive Summary

The Technology Modernization Fund (TMF) was established to fund innovative information technology (IT) solutions that enhance the state's IT service capabilities. The Technology Stabilization Fund (TSF) was established to mitigate potential risks to critical systems, thus improving the availability, reliability, and effectiveness of services delivered to Californians. This report provides an update on the encumbrance and use of funds regarding the activities supported by TMF and TSF during the January through June 2026 reporting period.

The California Department of Technology (CDT) continued administering the remaining TMF and TSF funds while advancing efforts to strengthen the state's approach to identifying and assessing high-risk, critical IT systems and services. CDT expanded engagement with Agency Information Officers (AIOs) and departments to collect and validate system inventory information, improving visibility into systems that support essential state operations and services.

Stabilization assessment activity resumed in this reporting period, with 48 additional systems submitted by departments, bringing the statewide inventory to 144 systems. As of June 30, 2026, five systems had been identified for the stabilization assessment pipeline, with one assessment completed and one engagement underway. Assessment activities continued identifying operational, technical, security, and governance considerations that may affect system reliability and service continuity. As of June 30, CDT has conducted 20 stabilization assessments and issued 472 recommendations intended to strengthen operational resiliency, improve continuity of service, and reduce system risk. Departments continue receiving support through remediation planning, technical guidance, and access to shared services resources funded through TSF.

All TMF-funded projects were completed as of February 2026, and TSF funds are expected to be fully encumbered by June 2026. While these funding sources are concluding, CDT will continue supporting departments through assessment, advisory, remediation, and coordination activities intended to improve the reliability, resiliency, and effectiveness of critical IT systems and services relied upon by Californians.



Table of Contents

Background and Reporting Requirements.....	4
Summary of Critical Services Engagements	5
Expenditures Schedule 1 – Technology Modernization Fund	5
Expenditures Schedule 1 – Technology Stabilization Fund.....	7
High-Risk Critical IT Systems and Services	7
Critical IT System Inventory	7
Prioritization Approach	8
Assessment Activity During this Reporting Period.....	9
Impact of Critical IT Systems and Services on Californians.....	9
Conclusion.....	10
Appendix A	11
Table A1: TMF Project Status.....	11
Table A2: TSF Remediation Effort Status.....	16



Background and Reporting Requirements

The Technology Modernization Fund was established through Provision 3 of Item 7502-002-0001 of Chapter 69, Statutes of 2021 (SB 129), to support innovative information technology (IT) solutions that improve state government operations and service delivery. The Technology Stabilization Fund was established through Provision 3 of Item 7502-002-0001 of Chapter 43, Statutes of 2022 (SB 154), to mitigate risks to critical IT systems and improve the availability, reliability, and effectiveness of services delivered to Californians. Pursuant to these Budget Acts, CDT received:

- A \$25 million General Fund (GF) appropriation in 2021 for TMF;
- An additional \$25.711 million GF appropriation in 2022 for TMF; and,
- A \$30 million GF appropriation in 2022 for TSF.

Subsequent budget reductions adjusted total available funding for both programs. CDT is required to provide semiannual reports to the Legislature regarding TMF and TSF expenditures, project activity, and assessment efforts supported through these appropriations.

This report also includes updates related to CDT's efforts under Government Code (GC) Section 11546.45 to identify, assess, and prioritize high-risk critical IT systems and services across state government. Together, these efforts support statewide technology modernization, stabilization, risk reduction, and continuity of essential public services.



Summary of Critical Services Engagements

Due to the multi-month lifecycle of stabilization assessments, this summary reflects completed engagements and does not capture all assessments initiated or currently in progress during this reporting period.

Table 1: Engagements Completed During This Reporting Period

Engagement Type	Engagements completed during this reporting period (1/2/26 - 6/30/26)	Project Duration (kickoff to completion)
TMF Modernization Projects	California Environmental Protection Agency – California Environmental Reporting System (CERS NextGen) minimal viable product.	29 months
TSF Stabilization Assessments	Delta Stewardship Council – Covered Actions portal	5 weeks
TSF Remediation Engagements	0 remediations completed	N/A

Expenditures Schedule 1 – Technology Modernization Fund

The following provides details about TMF expenditures through the reporting period. The TMF appropriation was reduced from \$50 million to \$29.7 million in January 2023.



Table 2: TMF Expenditures through June 30, 2026

Schedule 1 to Date	
Category / Description (Allocations)	Allocation
2021-22 Technology Modernization Funding (Expires June 30, 2024)	\$ 25,000,000
2022-23 Technology Modernization Funding (Expires June 30, 2028)	\$ 25,000,000
2022-23 Technology Modernization Funding Staff (ongoing)	\$ 711,000
2023-24 Technology Modernization Funding Reduction	\$ (21,000,000)
Total Allocation	\$ 29,711,000
Category / Description (Expenditures)	Cost
Encumbered, in contracts for approved projects - Of this amount, total expenditure is \$24,216,045	\$ 26,059,628
Staff Salaries, Consulting and Operation Costs	\$ 2,836,999
Unencumbered Funds expired from Budget Act 2021 appropriation	\$ 692,618
Approved project funding – not yet into contract	\$ 0
Balance Remaining	\$ 121,755¹

TMF funded the modernization of 21 IT systems across 16 state agencies. All projects are now complete, with the final project being completed in February 2026. These projects improved processing efficiency, data availability, and service delivery across participating departments.

While TMF funding has concluded, CDT will continue to support agencies through advisory services, including technology, service design, and product management support. For more information on each engagement, see Appendix A, Table A1: “TMF Project Status,” which provides the projects’ status and expected completion dates and project descriptions and prioritization.²

¹ Remaining funds will be utilized for anticipated Department of General Services contracting fees.

² All TMF project summaries and testimonials are available on CDT’s website at <https://cdt.ca.gov/critical-services/>



Expenditures Schedule 1 – Technology Stabilization Fund

CDT remains on track to fully encumber TSF funds by June 30, 2026. These funds are being deployed through shared services contracts that provide specialized expertise and scalable resources to support remediation of assessment findings. This approach enables departments to address high-priority system improvements, strengthen system stability, and make efficient use of limited resources.

The following provides details about TSF expenditures through the reporting period. The TSF appropriation was reduced from \$30 million to \$12.5 million in January 2023.

Table 3: TSF Expenditures through June 30, 2026

Schedule 1 to Date	
Category / Description (Allocations)	Allocation
2022-23 Technology Stabilization Funding (Expires June 30, 2026)	\$ 30,000,000
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 - Of this amount, total expenditure is \$8,459,096	\$ 10,471,110
Unspent funds reclaimed from closed contracts	\$ 815,523
Approved project funding – not yet into contract	\$ 2,491,098
Balance Remaining	\$ 335,665

High-Risk Critical IT Systems and Services

GC Section 11546.45 requires CDT to identify, assess, and prioritize high-risk, critical IT services and systems across state government.

Critical IT System Inventory

During this reporting period, CDT continued efforts to expand and refine the statewide inventory of critical IT systems and services to improve visibility into systems that support essential government operations and services. Departments

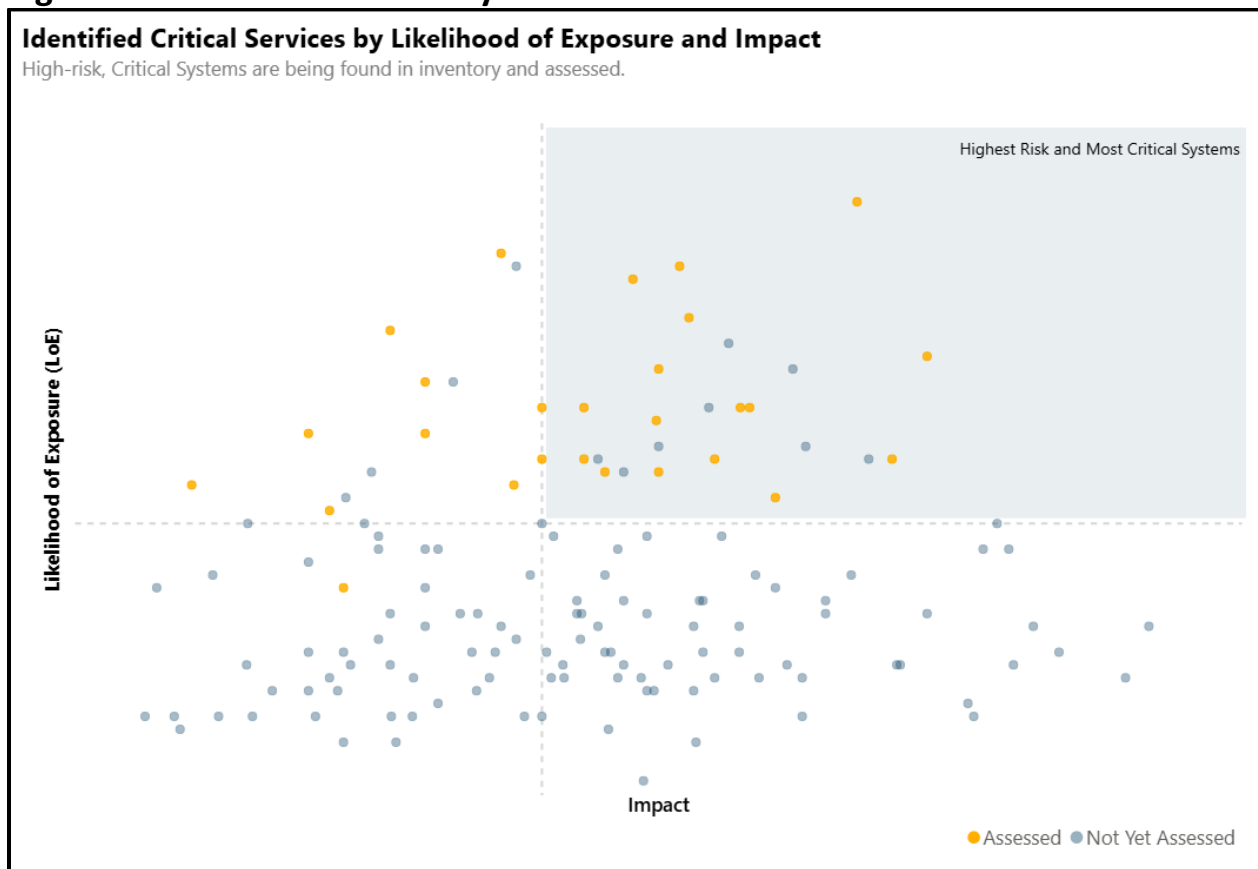


submitted 48 additional systems were submitted by departments, bringing the current inventory to 144 systems. As of June 30, 2026, five systems have been identified and placed in the assessment pipeline, with one assessment completed and an additional engagement underway.

Prioritization Approach

During this reporting period, CDT continued using its existing intake and prioritization process for stabilization assessments. Departments and Agency Information Officers nominated systems, which CDT evaluated using its System Risk Indicator methodology to help identify systems presenting elevated operational risk and potential impacts to department operations and service delivery.

Figure 1 – Prioritized Critical Systems for Assessment





Assessment Activity During this Reporting Period

During this reporting period, CDT initiated stabilization assessment engagements with the Delta Stewardship Council and the California Air Resources Board, while continuing coordination with additional departments regarding future assessments. Stabilization assessments typically span multiple months from initiation through completion. As a result, one assessment reached completion within this reporting window, while another engagement is in progress. Assessment activities continued to identify a broad range of operational, technical, and governance considerations that may affect system reliability and service continuity. These engagements also reinforced the importance of aligning assessment activities with broader departmental modernization goals, operational constraints and long-term sustainability planning.

Impact of Critical IT Systems and Services on Californians

CDT continues supporting departments in addressing risks identified through stabilization assessments, helping improve the reliability, resiliency, and effectiveness of critical IT systems and services relied upon by Californians. As of June 30, 2026, CDT has conducted 20 stabilization assessments and provided 472 recommendations intended to strengthen operational resiliency, improve continuity of service, and reduce system risk. Departments are supported through remediation planning, technical guidance, and access to shared services resources.

Case Study: California Student Aid Commission

CDT's engagement with the California Student Aid Commission (CSAC) illustrates how TSF-supported activities enable departments to identify and address risks in critical systems that support millions of Californians. In 2025, CSAC's Grant Delivery System (GDS) required a planned week-long outage to implement critical upgrades due to the absence of a redundant database server. This outage disrupted services for over 345,000 students, delaying the processing of more than 63,000 applications and payment records, which impacted thousands of higher education partners. While necessary, the outage highlighted significant risks to system resiliency and continuity of service.



California Department of Technology

Following this event, CDT conducted a Stabilization Assessment of the GDS, identifying key vulnerabilities and opportunities to improve system stability. Approximately \$450,000 in TSF funding was allocated to address high-priority risks, including strengthening database resiliency and improving system redundancy.

This work reduced the likelihood of future outages, improved business continuity, and enhanced the reliability of services relied upon by over two million students statewide. It also supported CSAC leadership in developing a clearer IT alignment strategy and roadmap, which was presented to commissioners in March 2026. This engagement reflects a broader pattern observed across departments, where targeted investments in system resiliency and operational practices can significantly reduce risk and improve the continuity of services relied upon by Californians.

Conclusion

All TMF-funded projects have been completed, and TSF funds are expected to be fully encumbered by June 30, 2026. During this reporting period, CDT continued supporting departments through modernization, stabilization, remediation, and advisory activities intended to strengthen the reliability and effectiveness of critical IT systems and services across state government. As technology modernization and stabilization efforts continue evolving, CDT remains committed to supporting departments through collaborative engagement models that help improve operational sustainability, reduce risk, and strengthen continuity of service for Californians.



Appendix A

Table A1: TMF Project Status

All TMF projects have been completed. Projects are listed in reverse chronological order, with the most recently completed projects appearing first.

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date ³	Project Status	Expected completion date	Category ⁴
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	\$4,406,000	\$1,565,530 ⁵ \$2,919,746	Selected for TMF Sept. 2023 Completion date adjusted due to project timeline extension request approved by CDT.	COMPLETE Jan. 2026 Feb. 2026	c
Department of Corrections and Rehabilitations	Recruitment and Onboarding Modernization	Decrease time to hire; increased employee satisfaction and retention; real-time vacancy data	\$3,500,000	\$3,500,000	\$3,494,925	On schedule, scope and within cost.	COMPLETE Phase 1: Aug. 2023 Phase 2: Dec. 2024	c

³ Expenditures to Date are based on amounts captured in FISCAL and may lag actual paid invoice amounts.

⁴ 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.

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



California Department of Technology

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date ³	Project Status	Expected completion date	Category ⁴
Department of Consumer Affairs: 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 were inspected, and the total annual inspection is 500. Project has modified its technical platform.	\$532,000	\$447,358	\$447,349	Completion re-baselined to Nov. 2024 due to connectivity issues delaying User Acceptance Testing.	COMPLETE Nov. 2024	c
Department of Parks and Recreation: Office of Historic Preservation	California Historical Resources Information System	Reduce the time to 30 days to accept, process, and respond to a submittal of statewide inventory of cultural resources.	\$750,000	\$727,319	\$725,524	On schedule, scope and within cost.	COMPLETE Oct. 2024	a, c, d
California Office of Emergency Services	Warning Center Emergency Management System	Bring together real-time information across all levels of government to make timely and effective decisions for response and mitigation.	\$3,000,000	\$2,988,693	\$2,988,693	Selected for TMF Jan. 2023 MVP achieved Apr. 19, 2024. On schedule, scope and within cost.	COMPLETE Nov. 2024	a, c
California Air Resources Board	Refrigerant Registration and Reporting System	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	\$1,135,118	\$1,135,118	Selected for TMF Feb. 2023 On schedule, scope and within cost.	COMPLETE Dec. 2024	a, c
Delta Stewardship Council	Contrakker 2.0	Database for tracking critical research contracts and reporting.	\$498,813	\$487,686	\$419,942	Selected for TMF May 2023 On schedule, scope and within cost.	COMPLETE Oct. 2024	c
Department of Motor Vehicles	Improving Field Office Access to the Public	Implement a position management system for the DMV's Field Operations Division (FOD) to manage the FOD's positions and personnel to effectively meet the needs of the public.	\$1,045,640	\$1,045,462	\$981,038	Selected for TMF Oct. 2023 On schedule, scope and within cost.	COMPLETE Dec. 2024	c



California Department of Technology

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date ³	Project Status	Expected completion date	Category ⁴
The Department of Toxic Substances Control	Human Resources Technology Modernization Project (HRTMP)	Update the HR system proof of concept (POC) with improved processes that are more responsive to stakeholders and customers (particularly hiring managers) and promote 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	\$629,081	\$298,967 \$550,837	Selected for TMF Oct. 2023 Completion date adjusted due to project timeline extension request approved by CDT.	COMPLETE Sept. 2025	c
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	\$1,222,169	\$1,222,169	Complete functionality delivered Nov. 2022.	COMPLETE Nov. 2022	a, b, c, d
Department of Consumer Affairs	Speech & Hearing Licensing Modernization	Develop an online application processing payment system for thirteen different license types.	\$415,000	\$402,403	\$402,403	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.	\$500,000	\$497,631	\$497,631	Delivered May 2023.	COMPLETE Mar. 2023	a, c
Department of Consumer Affairs: 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	\$911,810	\$864,525	Delivered June 2024	COMPLETE June 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	\$449,007	\$420,952	Delivered Aug 2024	COMPLETE Aug. 2024	a, c, d
California Department of Technology	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	\$210,472	\$210,472	Tool Configuration and Calibration completed. Process deployment and organization change management completed.	COMPLETE June 2023	c



California Department of Technology

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date ³	Project Status	Expected completion date	Category ⁴
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	\$905,070	Delivered June 2024	COMPLETE June 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	\$485,690	\$440,689	Delivered May 2024	COMPLETE May 2024	c, d
Department of General Services	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	\$281,193	\$281,114	Delivered June 2024	COMPLETE June 2024	a, c, d
California Office of Emergency Services	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	\$3,500,000	Delivered Sept 2024	COMPLETE Sept. 2024	a, c
California Victims Compensation Board (CalVCB)	Adjustments system	Provide real-time information about benefit amounts available for victims.	\$1,650,000* *Funds Rescinded	-	-	On July 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.		a, c
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	\$1,329,988	\$1,326,002	Delivered Aug 2024	COMPLETE Aug. 2024	b, c



California Department of Technology

Department	Project Name	Description	Approved Cost to Date	Encumbered Cost	Expenditures to Date ³	Project Status	Expected completion date	Category ⁴
Department of Veterans Affairs	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	\$490,548	\$481,846	Selected for TMF June 2023 Delivered Aug 2024	COMPLETE Aug. 2024	a
		Totals	\$26,502,684	\$26,059,627	\$22,609,959 \$24,216,045			



Table A2: TSF Remediation Effort Status

Active projects are listed first in the table, followed by projects completed during this reporting period, and then all previously completed projects.

Department	Approved Cost to Date	Encumbered Cost	Expenditures to Date ⁶	Remediation Status ⁷	Remediation Notes	Remediation Support Expiry
California Department of Food and Agriculture	\$750,000	\$749,567	\$181,688	6 of 36 9 of 36 items complete	In Progress	Dec. 2026
California Student Aid Commission	\$346,752 \$437,850	\$346,752	\$173,376	0 of 25 4 of 33 items complete	In Progress. Additional funding approved to support IAAS contract.	May 2026 Aug. 2026
Governor's Office of Land Use & Climate Innovation (LCI)	-	-	-	0 of 32 items complete	All remediation items deferred to Tier 3 data center move	Nov. 2025
California Victim Compensation Board (CalVCB)	\$345,000	\$345,000	\$247,590	8 of 19 items complete	CalVCB committed to continue progress on outstanding remediation items.	COMPLETE Feb. 2025
California Department of General Services	\$400,000	\$400,000	\$306,944 ⁸ \$338,144	18 of 23 items complete	Completed	COMPLETE April 2025
Department of Alcoholic Beverage Control	\$54,400	\$54,400	\$48,960	5 of 35 10 of 35 items complete	Completed	COMPLETE Aug. 2025
Department of Financial Protection & Innovation (DFPI)	-	-	-	1 of 20 items complete	Outstanding items deferred to project in PAL	COMPLETE Aug. 2025
Department of Industrial Relations (DIR)	\$1,825,179	\$1,610,869	\$1,263,774	10 of 30 items complete	Outstanding items deferred to a project in PAL to align with DIR's long-term objectives	COMPLETE Aug. 2023
California Department of Veterans Affairs (CalVet)	\$38,473	\$3,773	\$3,773	23 of 24 items complete	Completed	COMPLETE July 2023
California Governor's Office of Emergency Services	\$350,000	\$349,980	\$349,980	7 of 17 items complete	Outstanding items were completed under two successful TMF projects	COMPLETE Aug. 2023

⁶ Expenditures to Date are based on amounts captured in FISCAL and may lag current, actual project amounts.

⁷ 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.

⁸ All struck-through text and values are information reported during the previous semi-annual report.



California Department of Technology

Department	Approved Cost to Date	Encumbered Cost	Expenditures to Date ⁶	Remediation Status ⁷	Remediation Notes	Remediation Support Expiry
California Department of Food and Agriculture	\$734,638	\$734,888	\$507,430	2 of 19 items complete	Outstanding items will be remediated as a result of by moving applications to the Tier 3 data center move	COMPLETE Aug. 2023
California Department of Transportation (Caltrans)	-	-	-	7 of 12 items complete	Outstanding items are being completed post engagement	COMPLETE Aug. 2023
California Department of Human Resources (CalHR)	\$383,979	\$371,632	\$228,782	10 of 17 items complete	Outstanding items were remediated as a result of a successful cloud migration, post the engagement with Critical Services	COMPLETE Jan. 2024
California State Lands Commission (SLC)	\$650,000	\$650,000	\$650,000	20 of 30 items complete	Outstanding items are being completed post engagement	COMPLETE Oct. 2023
California Environmental Protection Agency	-	-	-	0 of 19 items complete	All 19 items were deferred to DIF	COMPLETE Dec. 2023
Department of Finance (DOF)	\$699,961	\$699,961	\$699,961	34 of 40 items complete	Completed	COMPLETE May 2023
California Unemployment Insurance Appeals Board (CUIAB)	\$2,300,000	\$2,300,000	\$2,299,920	23 of 29 items complete	Completed	COMPLETE Aug. 2024
California Department of State Hospitals (DSH)	-	-	-	1 of 29 items complete	DSH will complete outstanding items as part of a modernization project that meets their long-term objectives	COMPLETE July 2024
California Department of Technology	-	-	-	1 of 8 items complete	CDT will complete outstanding items as part of a modernization project that meets their long-term objectives	CLOSED May 2024
Remediation Service Offerings ⁹	\$1,815,288 \$4,215,288	\$1,712,040 \$1,854,288	\$1,468,155 \$1,469,338	-	Technical licensing, specialized consulting services, and DGS contracting fees	
Total	\$10,693,670 \$13,184,768	\$9,232,543 \$10,471,110	\$8,107,652 \$8,459,096	176 of 464 188 of 472 items complete		

⁹ Investments made to help with all stabilization remediation activities. Values may be lower as funds used in the shared services contract are reflected for individual agencies.