

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 10/20)

Fiscal Year 2021-22	Business Unit 7502	Department California Department of Technology	Priority No. 3
Budget Request Name 7502-020-BCP-2021-MR		Program 6230	Subprogram N/A

Budget Request Description
 Technology Modernization Funding

Budget Request Summary

The California Department of Technology (CDT) requests a one-time 2021-22 General Fund appropriation of \$50 million to provide funding for IT solutions in a timely and accountable manner. CDT will use these funds to quickly implement proactive solutions identified through its Stabilize Critical Services and Infrastructure BCP and small strategic IT solutions identified in conjunction with other state departments. CDT requests that the appropriation be available for encumbrance or expenditure until June 30, 2024, to allow CDT to assess and fund stabilization and improvement proposals seamlessly. CDT estimates that this appropriation would fund 10 to 25 system stabilization improvements and solutions.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed N/A	
Does this BCP contain information technology (IT) components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO Quentin Wright	Date 5/14/2021

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No. N/A **Project Approval Document:** N/A

Approval Date: N/A

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Ron Cruz	Date 5/14/2021	Reviewed By Miles Burnett	Date 5/14/2021
Department Director Amy Tong	Date 5/14/2021	Agency Secretary Yolanda Richardson	Date 5/14/2021

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE Dept. of Technology

PPBA Evelyn Suess	Date submitted to the Legislature 5/14/2021
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A. Budget Request Summary

The California Department of Technology (CDT) requests a one-time 2021-22 General Fund (GF) appropriation of \$50 million to provide funding for Information Technology (IT) solutions in a timely and accountable manner. CDT will use the funds to quickly implement proactive solutions identified through CDT's Stabilize Critical Services and Infrastructure BCP and small strategic IT solutions identified in conjunction with other state departments. CDT requests that the appropriation be available for encumbrance or expenditure until June 30, 2024, to allow CDT to assess and fund stabilization and improvement proposals seamlessly. CDT estimates that this appropriation would fund 10 to 25 system stabilization improvements and solutions.

B. Background/History

During the COVID-19 pandemic, the state proved it can deliver and stabilize critical state services in days and weeks, rather than the months and years it normally takes to deliver IT projects. The availability of COVID-19 funding outside of the standard budget process was a major factor contributing to these successes. During the pandemic, the state delivered COVID-19 related IT projects such as the California Contact Tracing System (CalConnect), California COVID Reporting System (CCRS), California Exposure Notification System (CA Notify), California Vaccination Management (myCAVax & My Turn), and Pandemic Unemployment Assistance (PUA). In addition to delivering programmatic benefits directly to the residents of California, these efforts also demonstrated the ability to:

- Quickly deliver initial services to meet program needs, with incremental and continuous system improvements
- Ensure critical services are fully operational without unreasonable downtime
- Maintain competitive procurement and oversight in the timely implementation of systems and services
- Implement new technology and simplify business processes
- Develop accurate predictive data modeling to help save residents' lives
- Improve the public experience in consuming state services

In addition to the state's recent experiences delivering new digital services and stabilizing existing digital services rapidly and successfully, the state also identified a need to proactively identify IT system weaknesses before they result in service disruptions. As a result, CDT requested resources as part of the Governor's Budget to establish the capacity to proactively assess state IT systems, identify weaknesses, propose solutions, and prioritize the implementation of those solutions (see CDT's Stabilize Critical Services and Infrastructure BCP). However, CDT did not request resources to implement the stabilization and improvement solutions it identifies.

Given the state's recent successes and the receipt of higher than projected revenues, the state has a unique opportunity to make an immediate investment in its IT that will yield results quickly for internal and external stakeholders.

C. State Level Consideration

This proposal supports CDT's California Technology Strategic Plan, Vision 2023 goals of: promoting the continuous and timely improvement of IT systems, increasing the dependability of digital government services, increasing the security of digital government services, delivering improved digital government services more quickly and effectively, prioritizing technology investments to improve services, reducing risk, and modernizing legacy systems.

Analysis of Problem

D. Justification

CDT requests a one-time 2021-22 GF appropriation of \$50 million to provide funding for IT solutions in a manner that is both timely and accountable. The funding will be used in a manner similar to the Federal Technology Modernization Fund, which provides funding for federal government modernization solutions outside of the standard budget process. CDT has engaged in conversations with its federal partners to learn more and explore a potential partnership as well as opportunities to receive federal funds. CDT will use the funds to quickly fund the implementation of proactive solutions identified through CDT's Stabilize Critical Services and Infrastructure BCP and other small strategic IT solutions identified in conjunction with other state departments, and approved by CDT. CDT estimates that this appropriation would fund 10 to 25 system stabilization improvements and solutions.

Existing IT funding requests are subject to state budget and legislative processes. The budget process is based on a standardized timeline that is not conducive to providing funding for IT solutions in a timely manner. If approved, this proposal would provide a resource enabling the timely funding of smaller and iterative modernization efforts without losing necessary oversight. One example of the problem posed by the current IT funding timeline surfaces when departments, in response to security audit and assessment findings or urgent threats, must wait to implement security solutions as requests for funding move through the budget process. Another example is when departments complete the market research and alternative analysis portions of the Project Approval Lifecycle (PAL), but due to timing, may miss the window to submit a funding request for the budget year. Examples of this include the California Department of Transportation's Transportation System Network Replacement project and the Franchise Tax Board's Mainframe Enterprise Server Refresh efforts and Vehicle Registration Collections Modernization Project, all of which would have begun implementation had these funds been in place.

If approved, the one-time GF appropriation will be established as a separate CDT budget item. Establishing the appropriation as a new budget item makes expenditures from this funding mechanism easy to track, while replicating the advantages of the aforementioned funding made available in response to COVID-19. The proposed budget item also includes provisional language that requires administrative and legislative reporting to increase transparency and accountability. A further advantage of this proposal is that CDT will be the only entity expending funds from this item and, as a result, will be solely accountable for fund use.

CDT requests that the appropriation be available for encumbrance or expenditure until June 30, 2024, to allow CDT to perform assessments, prioritize solutions, and fund stabilization and improvement proposals seamlessly, and allow the state to benefit from iterative technological development. Funding approved by CDT for iterative technology solutions will also be released iteratively by CDT—this will ensure that the solutions are implemented effectively through each stage of development. It will also serve to protect the state's resources from continuing to be expended on solutions that are not being implemented effectively or are not producing expected or beneficial outcomes. Using this model to release funds will demonstrate the viability of a more timely approach to fiscal oversight and accountability that does not require the rigidity of the budget process's timeline.

CDT will identify solutions that are good candidates for this funding model through the proactive assessments proposed by CDT as part of the Governor's Budget and by evaluating small strategic proposals submitted by state entities using the existing Stage 1 Business Analysis (S1BA) document. Using the S1BA to evaluate relatively simple high-value proposals will enable the quick initiation of projects that would normally move further into the PAL and BCP processes, simply because of the need to request funding. This funding will not be expended on IT solutions that would constitute a non-delegated project.

Examples of criteria that will be used to prioritize solutions include:

Analysis of Problem

- Return on investment (measured in risk reduction, financial returns, or increased quality of service)
- Assessment of criticality
- Strong program, technical and operational leadership team
- Viable, fast path to delivery (less than 12 months)
- Supports statewide goal(s) (e.g., Vision 2023, stabilizes critical services, addresses security risk, encourages shared services)

Once solutions are selected, CDT will submit a prioritized list to the Department of Finance for review and approval prior to expending funds. Provisional language will also require CDT to report to the Legislature biannually on: the use of funds, the progress of funded projects, the status and results of system assessments, as well as the contents of the prioritized list.

E. Outcomes and Accountability

The expected outcomes of this funding request are that the state will be able to proactively implement stabilization and improvement solutions before IT system weaknesses result in service disruptions.

F. Analysis of All Feasible Alternatives

ALTERNATIVE 1: Approve CDT's request for a one-time \$50 million GF appropriation for FY 2021-22

PROS:

- Gives CDT the resources and flexibility to proactively address identified weaknesses while also proposing and prioritizing implementation of solutions
- CDT will be able to decrease the amount of time necessary to deliver and stabilize critical state services
- Enables CDT to deliver on the digital goals outlined in Vision 2023

CONS:

- Requires General Fund investments to make significant progress on statewide issues

ALTERNATIVE 2: Continue to require that all departments needing additional budget authority to implement any IT solution continue going through the normal budget process

PROS

- Does not require an upfront investment of funds

CONS

- IT stabilization projects will not be completed in as timely a manner
- Many IT projects will not be positioned to take advantage of iterative technology development

Analysis of Problem

- The state will not have dedicated resources to implement the stabilization and improvement solutions CDT identifies

ALTERNATIVE 3: Deny the request

PROS

- No increase in General Fund spending

CONS

- CDT will not have the resources necessary to address or mitigate IT issues which could result in an interruption of services

G. Implementation Plan

Once approved, CDT will begin identifying solutions that are good candidates for this funding model through the proactive assessments proposed by CDT as part of the Governor's Budget and by evaluating small strategic proposals submitted by state entities using the existing S1BA document.

CDT will submit a prioritized list to the Department of Finance for review and approval prior to expending funds. Upon approval, CDT will use the competitive bidding process to procure the products and services necessary to implement the approved IT solutions.

Provisional language will require CDT to report to the Legislature biannually on: the use of funds, the progress of funded projects, the status and results of system assessments, as well as the contents of the prioritized list.

H. Supplemental Information

N/A

I. Recommendation

Approve CDT's request for a one-time \$50 million GF appropriation for FY 2021-22.

BCP Fiscal Detail Sheet

BCP Title: Technology Modernization Funding

BR Name: 7502-020-BCP-2021-MR

Budget Request Summary

Operating Expenses and Equipment

Operating Expenses and Equipment	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
5340 - Consulting and Professional Services - External	0	50,000	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$50,000	\$0	\$0	\$0	\$0

Total Budget Request

Total Budget Request	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
Total Budget Request	\$0	\$50,000	\$0	\$0	\$0	\$0

Fund Summary

Fund Source

Fund Source	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
State Operations - 0001 - General Fund	0	50,000	0	0	0	0
Total State Operations Expenditures	\$0	\$50,000	\$0	\$0	\$0	\$0
Total All Funds	\$0	\$50,000	\$0	\$0	\$0	\$0

Program Summary

Program Funding

Program Funding	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
6230 - Department of Technology	0	50,000	0	0	0	0
Total All Programs	\$0	\$50,000	\$0	\$0	\$0	\$0