

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

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|--|------------------------------|--|--------------------------|
| Fiscal Year 2023-24 | Business Unit 7502 | Department California Department of Technology | Priority No. 1 |
| Budget Request Name 7502-012-BCP-2023-MR | | Program 6230 | Subprogram N/A |

Budget Request Description
 F\$Cal Onboarding

Budget Request Summary

The California Department of Technology requests \$2.2 million General Fund in Fiscal Year 2023-24 to assist in the successful completion of the onboarding process to the statewide Financial Information System of California in accordance with California Government Codes 11854 and 15849.22.

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|--|--|--------------------|
| 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 No | Code Section(s) to be Added/Amended/Repealed N/A | |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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i> | Department CIO N/A | Date N/A |

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

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|---|--------------------------|-------------------------------------|--------------------------|
| Prepared By John Armenta | Date 4/28/2023 | Reviewed By Miles Burnett | Date 4/28/2023 |
| Department Director Liana Bailey-Crimmins | Date 4/28/2023 | Agency Secretary Amy Tong | Date 4/28/2023 |

Department of Finance Use Only

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

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|---------------------------------|---|
| PPBA Danielle Brandon | Date submitted to the Legislature 5/12/2023 |
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A. Budget Request Summary

The California Department of Technology (CDT) requests for \$2.2 million General Fund (GF) in Fiscal Year (FY) 2023-24 to assist in the successful completion of the onboarding process to the statewide Financial Information System of California (FI\$Cal) to be in accordance with California Government Codes 11854 and 15849.22.

B. Background/History

CDT is the guardian of public data, a leader in IT services and solutions, and has broad responsibility and authority over all aspects of technology in California state government, including policy formation, inter-agency coordination, IT project oversight, information security, technology service delivery, and advocacy.

As GC section 15849.22 (b) (1) states, "all state departments and agencies shall use the FI\$Cal system...", CDT is working towards transitioning from its current PeopleSoft platform to the mandated FI\$Cal system which also utilizes the PeopleSoft platform. In 2008, CDT began using PeopleSoft for all financial, procurement, and rates and cost recovery transactions. Though the base software platform is the same, CDT customized its PeopleSoft platform to fit the department's needs over the last 15 years.

While FI\$Cal improves transparency and consistency in statewide accounting, it introduces additional complexity to CDT's unique and already complex accounting, procurement, and cost recovery business operations. These complexities will result in an increased volume of processes and tasks to complete the various processes unique to CDT.

C. State Level Consideration

CDT is committed to partnering with state, local government, and educational entities to deliver digital services, develop innovative and responsive solutions for business needs, and provide quality assurance for state government Information Technology (IT) projects and services.

The request fulfills CDT Vision 2023: California Technology Strategic Plan, Goal 4: Build digital government more quickly and more effectively.

The second goal and challenge listed in CDT's Strategic Plan (Vision 2023 – California Technology Strategic Plan) is to "Ensure public services are equitable and inclusive." Achieving this requires focus and work that stretches beyond the myriad languages spoken within the State, requires considerations of access and accessibility, and necessitates that technology be simplified as much as possible. CDT works diligently to ensure all services are provided equitably and are accessible to all Californians. While this request does not directly address matters of equity, diversity, or accessibility, the underlying principles listed above are foundational. Additionally, CDT provides underlying support, and delivers technology, to departments that do address matters of equity such as expanding access to previously marginalized demographics or geographically precluded groups. CDT's Strategic Plan provides the framework for all our service deliveries, and equity is paramount.

This request will help CDT continue effective implementation of FI\$Cal, which broadly aligns with the legislative goals specified in Government Code Section 11854.

D. Justification

CDT initiated the FI\$Cal Onboarding Project (FOP) in July 2021. During this time, the project team has completed two initiatives – documenting an As Is Business Processes and conducting an Onboarding Fit/Gap Analysis. In December 2021, the project team completed the As Is Business Processes deliverable identifying those current business processes used by CDT that have a bearing on the department's onboarding to FI\$Cal. The project team analyzed the As-Is business processes for the Acquisitions and IT Program Management Branch, Rates and Cost

Analysis of Problem

Recovery Branch, and the Financial Management Branch, identifying 249 steps/tasks that serve as CDT requirements for the FI\$Cal Onboarding Project.

In June 2022, the project team completed the Fit/Gap Analysis deliverable identifying those CDT business process requirements that will be materially impacted by CDT onboarding to FI\$Cal as gaps. Whether due to significant business process change, missing functionality, or other reasons, the project team determined that 134 of 249 (53%) As-Is business process requirements do not align with the corresponding FI\$Cal business processes and are therefore considered to be gaps.

The Fit/Gap Analysis initiative of the FI\$Cal Onboarding Project has shown that onboarding to FI\$Cal will be a complex and costly undertaking. In migrating to FI\$Cal, CDT will have to change business processes that are deeply ingrained within CDT operations that implementing those changes will have far reaching effects on CDT employees, vendors, and its departmental customers. In moving forward with the FI\$Cal onboarding, CDT must mitigate the following risks to ensure a successful onboarding:

Showstopper Gap Resolutions Require Implementation of New CDT Systems – For several high impact gaps, the FI\$Cal onboarding project team must implement alternate solutions and integrate those solutions with FI\$Cal to ensure there is no loss in business functionality for CDT.

Reduced Efficiency of CDT Business Processes – Transitioning to FI\$Cal will require CDT to adopt FI\$Cal native business processes that are generic in nature, as they represent statewide best practices. This fundamental shift from a tailored CDT ERP system to a generic and limited FI\$Cal PeopleSoft system will reduce the efficiency of CDT business processes by limiting system functionality, forcing generic business processes upon CDT, and creating a dependency on FI\$Cal operations to support CDT business processes. To address this issue, CDT must develop and implement solutions and integrate those solutions with FI\$Cal to ensure that its business processes are efficient and effective as possible.

CDT Customer Service Levels Negatively Impacted - A reduction in operational efficiency brought on by the replacement of CDT tailored business processes with FI\$Cal statewide business processes is expected to reduce operational efficiency in a way that will lower the level of service CDT provides its stakeholders. Whether it be temporary or permanent, CDT is expecting a reduction in the timeliness, thoroughness, and availability of information to support its stakeholders as it transitions to FI\$Cal. To mitigate this risk and ensure a successful transition to FI\$Cal, CDT has developed an onboarding implementation plan. The implementation plan reflects CDT's certainty that it will require an extensive implementation effort to successfully onboard to FI\$Cal. The implementation plan includes five implementation workstreams above and beyond the standard FI\$Cal onboarding project tasks that CDT must undertake to ensure a successful transition to FI\$Cal.

CDT Business Process Transformation – CDT's onboarding implementation must include a workstream dedicated to implementing the future state business processes, including defining to-be business process maps, capturing change impacts, including business processes in stakeholder readiness activities, and ensuring to-be business processes are included in end user training.

CDT Information Systems Gap Resolutions - Showstopper gap resolutions requiring alternate solutions be implemented for CDT, and then integrated with FI\$Cal. Alternate solutions may include retaining the existing CDT ERP applications in a limited capacity, extending existing systems (such as ServiceNow) to develop additional functionality to address CDT gaps, or implementing a new solution such as Oracle PaaS (Platform as a Service) to develop CDT specific applications to integrate with FI\$Cal.

CDT Customer Service Levels - The CDT Fit/Gap Analysis initiative has highlighted the unique and extensive relationship that CDT has with its department and vendor partners, and that transitioning CDT to FI\$Cal will affect each of these stakeholders. The FI\$Cal onboarding

Analysis of Problem

project implementation plan includes a workstream that focuses on engaging these external stakeholders, building awareness of business process changes that will affect them and their business with CDT.

Organizational Change Management - The CDT Fi\$Cal onboarding project implementation plan includes an organizational change management workstream to address employee communications, change impact analysis, and stakeholder readiness. CDT would drive this effort, leveraging Fi\$Cal change management communications and content with change management program tailored to the needs of CDT and the challenges CDT user will face as it transitions to Fi\$Cal.

End User Training - CDT users must be trained on business process changes, Fi\$Cal system transactions, alternate solution transactions, and operational changes that will accompany the transition to Fi\$Cal. The Fi\$Cal onboarding project implementation plan includes an end user training workstream to establish a training curriculum, develop training content, and deploy end user training that meets the learning needs of future CDT Fi\$Cal users.

The CDT Fi\$Cal Onboarding Project Implementation Plan defines the approach, timeline, resources, and vendor costs required to complete the CDT Fi\$Cal Onboarding Project. The findings from the CDT Fit/Gap Analysis serve as the foundation upon which the implementation plan has been developed.

CDT requests \$2.2 million for FY 2023-24 in GF resources for consulting dollars and software costs to address the findings in the CDT Fit/Gap Analysis and initiate the onboarding process to ensure successful transitioning to Fi\$Cal. CDT will submit a subsequent Budget Change Proposals as future resources are identified.

E. Outcomes and Accountability

The CDT Fi\$Cal Onboarding Project will complete the following project milestone deliverables:

- **Fi\$Cal Business Process Familiarization Sessions** – Project consultant will conduct work sessions with CDT project staff for the purpose of familiarizing CDT project staff with the native Fi\$Cal business processes.
- **Business Process Maps and Use Cases** – An inventory of business process maps and use cases representing a comprehensive set of CDT's business processes will be developed.
- **Development and Configuration Plan** – The deliverable will define the project team's approach to completing development items including standards for specifications, development, and unit testing.
- **Development Cycles 1 and 2** – The project consultant will complete the configuration and development of the required configurations, interfaces, reports, data conversions, workflows, and security required for the conference room pilot work sessions.
- **Conference Room Pilots 1 and 2** – The project team will complete a series of work sessions, led by the project consultant, to review Fi\$Cal applications, inclusive of configurations, reports, integrations, and conversions completed as part of the development cycle.
- **Change Management Plan** – The deliverable will define the approach, methods, tools, resources, and schedule for the change management program of the CDT Fi\$Cal onboarding project.

F. Analysis of All Feasible Alternatives

Alternative 1: Approve CDT's request for \$2.2 million GF in FY 2023-24 for system integration consultation to successfully complete full onboarding to the statewide Fi\$Cal system according to GC 11854 and GC 15849.22.

Analysis of Problem

Pros:

- CDT will remain in compliance with state mandates.
- CDT will integrate smoothly and efficiently into the FI\$Cal system in a timely manner while not jeopardizing its customer service levels during the transition period.
- CDT will continue to fulfill Vision 2023: California Technology Strategic Plan.

Cons:

- Increases state GF funding.

Alternative 2: Approve a portion of the \$2.2 million request to begin initial phases of the Onboarding Implementation plan and CDT will submit subsequent FY 2024-25 request for future funds and resources.

Pros:

- CDT will begin to meet compliance with state mandates.
- CDT will be on path to integrate with FI\$Cal on current timetable.
- Will allow CDT to determine future resources in year one.

Cons:

- Could delay integration to FI\$Cal if funds are not approved in subsequent BCP.
- Increases state GF funding.
- Potentially cause interruption with current CDT business practices due to a longer onboarding schedule

Alternative 3: Deny the request.

Pros:

- Will save state GF funding

Cons:

- Will extend the implementation of the onboarding of CDT to FI\$Cal beyond the 24 months.
- CDT will remain out of compliance with state mandates until fully onboarded.
- Potentially cause interruption with current CDT business practices due to a longer onboarding schedule

G. Implementation Plan

The CDT FI\$Cal Onboarding Project implementation plan includes a 24-month implementation effort followed by a three-month support period to stabilize the system following go live.

H. Supplemental Information

NA

I. Recommendation

Approve Alternative 1: Approve CDT's request for \$2.2 million GF in FY 2023-24 for system integration consultation to successfully complete full onboarding to the statewide FI\$Cal financial system according to GC 11854 and GC 15849.22.

BCP Fiscal Detail Sheet

BCP Title: FI\$Cal Onboarding

BR Name: 7502-012-BCP-2023-MR

Budget Request Summary

Operating Expenses and Equipment

| Operating Expenses and Equipment | FY23 Current Year | FY23 Budget Year | FY23 BY+1 | FY23 BY+2 | FY23 BY+3 | FY23 BY+4 |
|--|-------------------------|------------------------|--------------|--------------|--------------|--------------|
| 5340 - Consulting and Professional Services - External | 0 | 2,119 | 0 | 0 | 0 | 0 |
| 5346 - Information Technology | 0 | 125 | 0 | 0 | 0 | 0 |
| Total Operating Expenses and Equipment | \$0 | \$2,244 | \$0 | \$0 | \$0 | \$0 |

Total Budget Request

| Total Budget Request | FY23 Current Year | FY23 Budget Year | FY23 BY+1 | FY23 BY+2 | FY23 BY+3 | FY23 BY+4 |
|-----------------------------|-------------------------|------------------------|--------------|--------------|--------------|--------------|
| Total Budget Request | \$0 | \$2,244 | \$0 | \$0 | \$0 | \$0 |

Fund Summary

Fund Source

| Fund Source | FY23 Current Year | FY23 Budget Year | FY23 BY+1 | FY23 BY+2 | FY23 BY+3 | FY23 BY+4 |
|--|-------------------------|------------------------|--------------|--------------|--------------|--------------|
| State Operations - 0001 - General Fund | 0 | 2,244 | 0 | 0 | 0 | 0 |
| Total State Operations Expenditures | \$0 | \$2,244 | \$0 | \$0 | \$0 | \$0 |
| Total All Funds | \$0 | \$2,244 | \$0 | \$0 | \$0 | \$0 |

Program Summary

Program Funding

| Program Funding | FY23 Current Year | FY23 Budget Year | FY23 BY+1 | FY23 BY+2 | FY23 BY+3 | FY23 BY+4 |
|---------------------------------|-------------------------|------------------------|--------------|--------------|--------------|--------------|
| 6230 - Department of Technology | 0 | 2,244 | 0 | 0 | 0 | 0 |
| Total All Programs | \$0 | \$2,244 | \$0 | \$0 | \$0 | \$0 |