AN INDUSTRY INSIDER MEMBER BRIEFING ON THE

New State of California Budget

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Legislative Analysts Office (LAO) Multiyear Revenue Outlook

In Billions

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Personal Income Tax	128.9	138.3	140.9	143.4	145.8	148.2
Corporation Tax	22.6	45.7	34.8	37.2	40.4	34.6
Sales Tax	29.1	32.9	33.3	34.1	35.3	36.5
Total "Big Three" Revenue	180.5	216.9	209.0	214.6	221.4	219.3

Source: Legislative Analysts Office

The state of California remains on strong economic footing thanks to higher than expected revenues.

- Revenue collections have grown rapidly in recent months, coming in over **$10 billion** ahead of budget act expectations so far this year.

- The 2022-23 state budget totals **$308 billion**, up from **$265 billion** in the 2021-22 budget.

- Key themes include:
  - Assistance and financial relief to millions of families and small businesses.
  - Massive multi-year commitments to the state's infrastructure including transportation, energy reliability and clean energy investments.
  - Defending a woman's right to choose and other health care issues.
  - Historic spending in education.
  - Building a reserve to protect against an uncertain future (recession?).

Legislative Branch

Senate – **$170.3 million**

Assembly – **$224.6 million**

Legislative Counsel Bureau – **$185 million**

Judicial Branch

Supreme Court – **$53.75 million***

Courts of Appeal – **$265.4 million***

Judicial Council – **$441.6 million***

Habeas Corpus Resource Center – **$17.2 million***

And over $5.0 billion in additional funding to support local judicial organizations, court modernization and other key items.

* General Fund money

Judicial Branch

- **$34.7 million** in 2022-23, increasing to **$40.3 million** in 2025-26 and ongoing, for information technology initiatives including the creation of the Judicial Branch Information Security Office to improve cyber security, modernization of the Appellate and Supreme Court IT systems, and ongoing branch wide and trial court initiatives that began in the 2020 Budget Act.

- **$33.3 million** in 2022-23 and 2023-24 and **$1.6 million** ongoing to implement remote access pursuant to Chapter 526, Statutes of 2021 (AB 716).

- **$15 million** in 2022-23 and **$3.8 million** ongoing to implement a data and information framework to enable timely and accurate data collection from the trial and appellate courts.

Judicial Branch

- **$220 million** to design and build new courthouses in Lakeport, Ukiah and Modesto.
- **165.5 million** for capital projects in Santa Clarita, Quincy, Butte County, San Bernardino County, Fairfield, Fresno, San Luis Obispo, Kings County and other locations.

Education Stimulus Funds

ESSER Funds	Received	Spent	Remaining
CARES Act	$1,647,306,127	$1,535,908,774	$111,397,353
CRRSA Act	$6,709,633,866	$3,238,310,249	$3,471,323,617
ARP Act	$15,079,696,097	$2,031,378,059	$13,048,318,038

Source: US Department of Education as of July 5, 2022

Spending Deadline:

CARES Act	September 30, 2022
CRRSA Act	September 30, 2023
ARP Act	September 30, 2024

GEER Funds	Received	Spent	Remaining
CARES Act	$355,237,757	$315,747,668	$39,490,089
CRRSA Act	$153,992,950	$30,767,159	$123,225,791

Source: US Department of Education as of July 5, 2022

Spending Deadline:

CARES Act   September 30, 2022
CRRSA Act   September 30, 2023

HEER Funds	Received	Spent	Remaining
Institutional Portion	$5,336,112,699	$3,572,492,922	$1,763,619,777

Source: US Department of Education as of April 30, 2022

**K12
Education**

- **$128.6 billion** for all K12 programs (highest ever)

- Over 220 new positions funded

- K12 School Construction and Modernization Funds:
  - Prop 51 (Facilities Bond Act of 2016) - **$1.4 billion** in remaining funds
  - **$1.3 billion** with 2021-22 funds, approximately **$2.1 billion** in 2023-24 and **$875 million** in 2024-25 to support new construction and modernization projects through the School Facility Program.
  - **$250 million** to support a school facility project in the Lynwood Unified School District.
  - **$100 million** with 2021-22 funds and **$550 million** in 2023-24 to support the Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program (supports construction or retrofit).
  - **$30 million** Proposition 98 General Fund per year for two years to support eligible facilities costs for the Charter School Facility Grant Program.

K12 Education

- **$252 thousand** to support the development and maintenance of a computer-based English Language Proficiency Assessment for California (ELPAC) and a computer-based alternative ELPAC for students with disabilities.

- **$4.25 million** and 6.0 positions are available in the 2022–23 fiscal year, and **$1 million** and 6.0 positions are available thereafter to support departmental information security infrastructure.

- **$1.16 million** and 2.0 positions are available in the 2022–23 fiscal year, and **$266 thousand** and 2.0 positions are available thereafter, to support increased departmental information technology needs and workload.

- **$167 thousand** is provided for Zoom licenses to host webinars and online meetings.

- **$374 thousand** for the Fiscal Crisis and Management Assistance Team for the purpose of providing, through computer technology, financial and demographic information that is interactive and immediately accessible to all local educational agencies to assist them in their decision making process.

Education -
CalKIDS Program

- An increase of approximately **$5.3 million** in 2022-23, approximately **$2.1 million** ongoing, and 2 positions to support CalKIDS implementation and administration, including participant notifications and marketing, call center services, and information technology needs.

- **Note**: This program is administered by the ScholarShare Investment Board at the Treasurer's Office
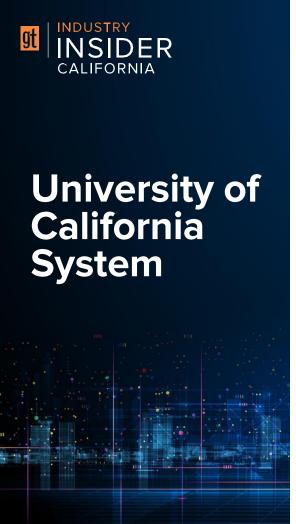
Higher Education

- Total funding of **$41.6 billion**
- The state's three public segments — the UC, the CSU, and the CCCs — each receive substantial ongoing base augmentations.

Education Student Housing

- **$1.4 billion** for student housing construction grants for specified projects. Of this amount:

  - **$389 million** is provided for UC projects
  - **$487.9 million** is provided for CSU projects
  - **$542.1 million** is provided for CCC projects
  - **$9.1 million** is provided for an intersegmental project.
  - In addition, the Budget provides **$18 million** for planning grants at specified CCCs.

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University of California System

- An increase of **$200.5 million** ongoing Proposition 98 General Fund for operating costs, representing a five-percent base increase in ongoing General Fund resources.

- An increase of **$500 million** over a three-year period (**$200 million** in 2022-23, with an additional **$200 million** in 2023-24 and **$100 million** in 2024-25 planned for this purpose) to establish the Institute for Immunology and Immunotherapy at UCLA.

- An increase of **$249 million** over a three-year period (**$83 million** in each of 2022-23, 2023-24 and 2024-25) to support campus expansion projects at the Riverside and Merced campuses.

California State University System

- An increase of **$211.1 million** ongoing Proposition 98 General Fund for operating costs, representing a five-percent base increase in ongoing General Fund resources.

- An increase of **$83 million** to support the construction of the CSU Bakersfield Energy Innovation Center.

- An increase of **$80 million** to expand the San Diego State University, Brawley Center in Imperial Valley.

- An increase of **$79 million** to support a new student center at the Palm Desert campus of CSU San Bernardino.

- An increase of **$67.5 million** toward construction of the Engineering and Computer Science Innovation Hub at CSU Fullerton.

California Community College System

- An increase of **$600 million** ongoing Proposition 98 General Fund for a base increase to the Student Centered Funding Formula (SCFF).

- **$75 million** one-time and **$25 million** ongoing to address modernization of technology infrastructure including sensitive data protection efforts.

- **$105 million** one-time funding to support the system wide implementation of a common course numbering system.

- **$25 million** in additional funding to support the procurement and implementation of software that maps intersegmental curricular pathways to help students choose their pathway, facilitate streamlined transfer between segments, and reduce excess units taken on the path to degree or program completion.

California Community College System

- General Obligation bond funding of **$403 million** one-time for the construction phase of 19 projects anticipated to complete design by Spring 2023, the design phases of 2 projects, and both the working drawings and construction for 1 project.

- **$23 million** to expand the delivery of courses through technology. **$3 million** of this shall be disbursed to one or more community college districts to provide textbooks or digital course content to inmates under the jurisdiction of the Department of Corrections and Rehabilitation who are enrolled in one or more California Community College courses.

- **$10.6 million** to continue providing a systemwide and integrated online infrastructure that supports the continuity of education and quality distance learning across the community college system.

California Community College System

- **$41.89 million** for:
    1. Procurement, development, evaluation, and upgrading of high priority systemwide technology tools and infrastructure including, but not limited to, e- transcript, e-planning, and other tools to assist colleges to implement multiple measures of assessment and technologies that facilitate portability of education credentials.
    2. Provision of access to statewide multi- media hosting and delivery services for colleges and districts.
    3. Provision of systemwide internet, audio bridging, data security, and telephony.
    4. Services related to technology use, including accessibility guidance and information security.
    5. Technology product development and program management, technical assistance and planning, and cooperative purchase agreements.
    6. Ongoing faculty and staff development related to technology use and adoption.
    7. Ongoing support of the California Partnership for Achieving Student Success (Cal-PASS) program.
    8. Ongoing support for programs designed to use technology in assisting accreditation and the alignment of curricula across K–20 segments in California, as well as to support integration and inter-operability toward an improved student experience.
    9. Support for technology pilots and ongoing technology programs and applications that serve to maximize the utility and economy of scale of the technology investments of the community college system toward improving learning outcomes.
    10. Up to 5 percent of the funds may be allocated by the chancellor to a community college district for statewide activities, not limited to statewide technical assistance to evaluate, plan, and continuously improve the system's data and technology roadmap and deployment.
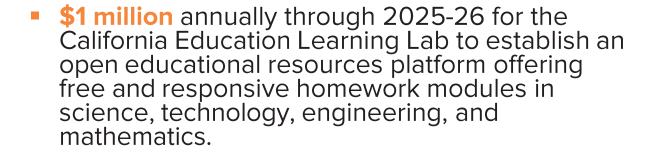
California Community College System

- **$4 million** to expand the implementation of the systemwide technology platform for library services to better manage and deliver digital information to sup- port teaching and learning, including for students enrolled in distance education.

Education Education Learning Lab

- **$1 million** annually through 2025-26 for the California Education Learning Lab to establish an open educational resources platform offering free and responsive homework modules in science, technology, engineering, and mathematics.

Note: Learning Lab is an initiative of the California Governor's Office of Planning and Research and is administered in partnership with the Foundation for California Community Colleges

California State Library

- **$50 million** in 2022-23, and a planned increase of **$100 million** in 2023-24, for an equity-focused matching grant program to support local library maintenance, improve energy efficiency and sustainability, and expand digital and physical access to libraries.

- **$68.2 million** to establish the Statewide Imagination Library.

- **$570 thousand** ongoing to modernize State Library services with an automated loan system, and provide subscriptions to e-books and specialized online databases.

- **$3.97 million** to support access by public libraries to a high-speed internet network.

- **$3.38 million** for Information Technology Services (no details provided).

- **$291 thousand** for Information Technology Services (no details provided).

Department of Pesticide Regulation

- **$4.1 million** to fund the California Pesticide Electronic Submission Tracking (CalPEST) project (formerly Pesticide Registration Database Management System).

Department of Conservation

- **$185 thousand** to support the web application, security, compliance, backend database, functional enhancements and GIS integration of the Mines Online Document Storage (MODS) system.

- **$3.26 million** in 2022-23, and **$3.0 million** ongoing to increase functionality of WellSTAR and strengthen data integrity, accessibility, reliability and consistency for internal and external use.

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CHP

- One-time funding of **$15 million** in 2022-23 to cover increased costs for the Information Technology Baseline.
- **$21 million** over six fiscal years to replace obsolete 9-1-1 and public safety radio communications audio logging systems currently in use at the CHP's 24 communications centers. The request includes a disaster recovery system to meet continuity of operations requirements.

DMV

- **$802 thousand** to establish a department-wide Enterprise Content Management (ECM) System. Up to **$4.7 million** to augment upon Stage 4 Project Readiness/Approval.

Food and Agriculture

- **$1.95 million** in 2022-23 and **$964 thousand** in 2023-24 to complete the planning activities to replace the existing legacy Emerging Threats Information Data Management System.

- **$3.48 million** in 2022-23, **$2.99 million** in 2023-24, and **$1.54 million** in 2024-25 and ongoing to manage, implement, and maintain mitigation efforts to resolve high-risk information technology security findings.

Veterans Affairs

▪ **$1.35 million** for information technology refresh. Refresh generally includes replacing current desktop computing devices (computers, printers, monitors, etc.); replacing core network infrastructure; and replacing medical IT equipment.

Corrections and Rehabilitation

- **$12.6 million** in 2022-23, **$18.5 million** in 2023-24, and **$1.7 million** ongoing beginning in 2024-25 to establish an Enhanced Managed Access System to block contraband cell phone usage within 20 prisons.

- **$224 thousand** for the purpose of completing the procurement of a technology contract relating to the Armstrong Court Compliance Continuation Budget Change Proposal.

Health
Care Access

- **$20 million** to the Department of Health Care Access and Information to assist reproductive health care facilities in securing their physical and information technology infrastructure and to enhance facility security.

Public Utilities Commission

- **$5.8 million** for fiscal year 2022-23 and **$6 million** ongoing from various special funds for ongoing maintenance and support costs of enterprise-wide information technology solutions.

- **$1.96 million** in 2022-23 and **$200 thousand** ongoing to procure, implement, and license the Human Capital Management (HCM) system.

- **$1.85 million** from various special funds for ten (10.0) new permanent full-time positions in the Information Security Office.

Public Utilities Commission

- **$125 million** for completing and supporting last-mile broadband infrastructure.

- **$1.25 million** enhancements to the Program Management Claims System shall be allocated upon order of the Department of Finance. A Special Project Report 3 must be approved by the California Department of Technology prior to these funds being made available.

Housing and Community Development

- **$6.7 million** to improve its monitoring and management of loans and grants business programs through the procurement and implementation of a new enterprise Information Technology (IT) solution for the Consolidated Housing Accountability Application Procurement Project.

California State Payroll System

- **$83.25 million** for planning and implementation of the California State Payroll System, subject to Joint Legislative Budget notification, once the project completes its Department of Technology review and the State Controller's Office submits an oversight report to the Legislature.

CalFire

- **$5.6 million** and 20 positions to establish the Fire Integrated Realtime Intelligence System (FIRIS) program to increase the real-time information and situational awareness available to the state and California's mutual aid system responders and managers on all hazards events, including wildfires.

Criminal Justice

▪ **$20 million** to establish a competitive grant program for counties to establish mobile probation centers. Grant funding will help with one-time investments, such as the purchase of vehicles and technology, including computers, internet, phones, televisions, and video communication.

Secretary of State

- **$2 million** to establish and operate the Office of Elections Cybersecurity.

- **$7 million** for project activities related to the California Automated Lobbyist and Campaign Contribution and Expenditure Search System Replacement System project.

Aid to Local Government

$10 million for grants to county assessor offices to provide information technology system improvements.

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CalEPA

- **$9.7 million** of new expenditure authority and reimbursement authority of **$8.54 million** in 2023-24 and ongoing to improve the Agency's Information Technology security posture.

Toxic Substances Control

- 24.0 permanent positions and **$6.1 million** in 2022-23 and annually thereafter to address the gaps between workload and current Office of Environmental Information Management (OEIM) information technology (IT) staffing levels and technology costs.

CalPERS

- **$162.66 million** ongoing, primarily attributed to external investment management fees, administrative operating costs, and technology expenses.

CalSTRS

- **$17.3 million** in permanent funding and 10 positions for fiscal year 2022–23 and ongoing to address various operational support and management activities. This includes service contracts related to property management services for the CalSTRS headquarters property, and various on-going information technology capabilities.
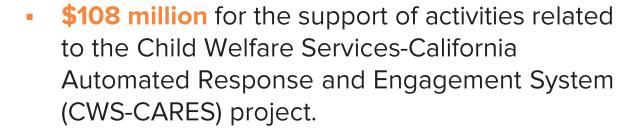
Franchise Tax Board

▪**$2.53 million** to fund the Statewide Property Inventory Modernization Project in the 2022–23 fiscal year.

CalTrans

- **$535 thousand** to complete Project Approval Lifecycle stage 3 for the Enterprise Data Governance Technology Solution project.

- **$1.6 million** to support **10** administrative services positions in the Division of Accounting and Division of Information Technology to support the increased workload for preliminary planning activities required in preparation for Caltrans on-boarding to the FI$Cal System.

- **$50.2 million** and **295** positions ongoing to implement the increased state and local transportation funding provided through the Federal Infrastructure Investment and Jobs Act (IIJA).

Office of System Integration

- **$108 million** for the support of activities related to the Child Welfare Services-California Automated Response and Engagement System (CWS-CARES) project.

Department of Public Health

- **$20.1 million** for the Information Technology, Data Science, and Informatics Framework for a 21st Century Public Health System. This amount may be augmented by **$15.88 million** for planning activities association Initiative 0 (Enterprise Planning), Initiative 1 (Dynamic Public Health Structure, and Initiative 4 (Public Health Data Integration of the Information Technology, Data Science, and Informatics Framework for a 21st Century Public Health System.

- Up to **$5.94 million** to support the Surveillance, Health, Intervention, and Environmental Lead Database project.

- Over 210 new positions created in the Department.

Social Services

- **$6.23 million** for the external consulting and professional services associated with the design, development, and implementation of the Facility Management System project that planned as a Platform as a Service solution...

Health Care Services

- Over **255** new positions funded in the budget.

- **$17.5 million** in 2022-23 and **$17.4 million** in 2023-24 to advance improvements in data quality in managed care and county behavioral health.

- Expenditure authority of **$7.56 million** in FY 2022-23, **$8.97 million** in FY 2023-24, **$8.47 million** in FY 2024-25, and **$5.39 million** in FY 2025-26 and ongoing for resources to address increased workload related to departmental data analytic, data provisioning, and data reporting functions to improve data management and transparency

Managed Health Care

- Over **90** new positions funded in the budget.

Natural Resources Agency

- **$16.4 million** for support of the California Climate Information System (CalCIS).

Employment Development

- **$313.4 million** over the next three years to continue to address fraud in the Unemployment Insurance (UI) and State Disability Insurance programs.

- **$23.5 million** for three years to maintain and improve benefit system usability to better serve claimants and prevent fraud.

- **$10.2 million** in 2022-23 and **$6.1 million** through 2024-25 to support cybersecurity and prevention efforts to improve the security and integrity of EDD IT systems, which hold tax data and other personal information.

- **$1.5 million** for three years for a Unemployment Insurance Command Center that centralizes UI branch management, supports UI data analytics, and enhances training to improve customer service.

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Employment Development

- **$34 million** for the support of the EDDNext modernization effort. This amount may be augmented up to a maximum of **$34 million** for project activities upon approval by the Department of Finance, in consultation with the Department of Technology.

- **$10.2 million** in 2022-23, **$6.1 million** in 2023-24 and 2024-25, and authorizes 29 cybersecurity positions, totaling **$22.4 million**, in order to assist with fraud mitigation and improve cybersecurity and suspicious event monitoring, response, and resiliency.

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Department of Developmental Services

- **$5 million** to pilot a program to develop remote technology supports to increase consumer independence.
- **$905 thousand** to meet federal and state information technology risk and compliance requirements, operate and maintain DDS' security systems infrastructure, and support the increasingly complex technology and data needs of DDS' business programs.

Military Department

- Up to **$1.23 million** for the California Cybersecurity Integration Center.

CalOES

- **$18.99 million** in 2022-23 and **$10.54 million** ongoing for information technology modernization phase II.
- **$30 million** ongoing General Fund for the Fire Integrated Real-Time Intelligence System (FIRIS).

Bureau of Firearms

- **$5.2 million** to continue the planning and development phase of combining and modernizing 11 existing firearms tracking systems.

Department of Technology

- **$300 million** in 2023-24 and **$250 million** in 2024-25, for the California Department of Technology (CDT) to support the completion of the Broadband Middle-Mile Initiative.

- **$54.6 million** to: (1) reduce State Data Center IT service rates by shifting funding for some of its internal administrative expenditures and positions from cost recovery to General Fund; and (2) cover short-term net revenue losses in resulting from some state entities moving the provision of their IT services from the State Data Center to private vendors.

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Final Thoughts...

...and questions...

Thank You!

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