

April 4, 2025

Honorable Scott D. Wiener, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review
Committee

Honorable Jesse Gabriel, Chair
Assembly Budget Committee

Honorable Anna M. Caballero, Chair
Senate Appropriations Committee

Honorable Buffy Wicks, Chair
Assembly Appropriations Committee

California Department of Technology—Technology Services Revolving Fund Augmentation

Pursuant to the provisions of Item 7502-001-9730, Budget Act of 2024, the following report is respectfully submitted.

The Department of Finance has received a request from the California Department of Technology (CDT) to augment its Technology Services Revolving Fund (TSRF) authority by \$45.15 million to continue procuring Vendor Hosted Subscription Services (Vendor Services) for state agencies and local partners. CDT receives reimbursement for these expenditures through the Technology Services Revolving Fund; however, additional budget authority is necessary to procure these services on behalf of CDT's customers.

The 2024 Budget Act appropriated \$291.6 million TSRF for CDT to procure Vendor Services on behalf of various state agencies, primarily as a pass-through cost. CDT has faced an increase in demand for public cloud services and unanticipated service package upgrades. To meet the increased demand for Vendor Services, CDT's 2024-25 TSRF expenditure authority requires an increase of \$45.15 million, to \$336.7 million, in 2024-25.

Finance agrees the 2024-25 augmentation is necessary to provide CDT sufficient budget authority to continue procuring Vendor Services for state agencies. Additionally, Finance requests a waiver of the 30-day period to effectuate the budget revision to allow CDT to meet upcoming payment deadlines. Finance proposed an adjustment to CDT's cost recovery authority in 2025-26 and ongoing to reflect the projected future increases.

If you have any questions or need additional information regarding this matter, please call Danielle Brandon, Principal Program Budget Analyst, at (916) 445-3274.

JOE STEPHENSHAW

Director

By:

A handwritten signature in dark ink, appearing to read "Erika L.", with a stylized flourish at the end.

ERIKA LI

Chief Deputy Director

cc: Honorable Sharon Quirk-Silva, Chair, Assembly Budget Subcommittee No. 5
Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review
Subcommittee No. 4
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable Heath Flora, Vice Chair, Assembly Budget Committee
Gabriel Petek, Legislative Analyst (3)
Elisa Wynne, Staff Director, Senate Budget and Fiscal Review Committee
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
Christopher W. Woods, Senate President pro Tempore's Office (2)
Christian Griffith, Chief Consultant, Assembly Budget Committee
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of
Policy and Budget
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Katja Townsend, Capitol Director, Assembly Republican Leader's Office
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Justyn Howard, Deputy Secretary, Fiscal Policy and Administration, Government
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Liana Bailey-Crimmins, Director, California Department of Technology
Jared Johnson, Chief Deputy Director, California Department of Technology
Miles Burnett, Chief Administrative Officer, California Department of Technology