



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

October 1, 2024

The Honorable Scott Wiener, Chair
Joint Legislative Budget Committee
1021 O Street, Suite 8620
Sacramento, CA 95814

SUBJECT: 2023-24 Report to the Legislature on the California State Payroll System Project

Dear Senator Wiener:

The State Controller's Office (SCO) respectfully submits the 2023-24 Report to the Legislature on the California State Payroll System Project (Project).

The 2024 Budget Act requires the SCO provide the Legislature with an annual report on the Project specifying the dollars expended in the previous fiscal year and over the life of the project and any known savings that have occurred in the prior fiscal year. This annual report details the requested information as well as final dollars expended on the Project in 2023-24 back to 2016-17 for historical reference. SCO is conducting the solicitation for a software solution and implementor, with plans to submit the proposed award notification to the JLBC and the Stage 4 Project Readiness and Approval request to Department of Technology in late fall 2024.

If you have any questions regarding this information, please call Jennifer Burkett, Project Director, at (916) 322-4362.

Sincerely,

Michael Carter

MICHAEL CARTER
Acting Chief Administrative Officer

Enclosures

cc: Senator Anna M. Caballero, Chair, Senate Appropriations Committee
Assembly Member Jesse Gabriel, Vice-Chair, Joint Legislative Budget Committee
Assembly Member Buffy Wicks, Chair, Assembly Appropriations Committee
Senator Josh Becker, Joint Legislative Budget Committee
Senator Brian Dahle, Joint Legislative Budget Committee
Senator Maria Elena Durazo, Joint Legislative Budget Committee
Senator Susan Talamantes Eggman, Joint Legislative Budget Committee

Senator Roger W. Niello, Joint Legislative Budget Committee
Senator Stephen C. Padilla, Joint Legislative Budget Committee
Senator Richard D. Roth, Joint Legislative Budget Committee
Assembly Member Heath Flora, Joint Legislative Budget Committee
Assembly Member Steve Bennett, Joint Legislative Budget Committee
Assembly Member Dr. Corey Jackson, Joint Legislative Budget Committee
Assembly Member Jim Patterson, Joint Legislative Budget Committee
Assembly Member Sharon Quirk-Silva, Joint Legislative Budget Committee
Assembly Member Avelino Valencia, Joint Legislative Budget Committee
Assembly Member Dr. Akilah Weber, Joint Legislative Budget Committee
Elisa Wynne, Staff Director, Senate Budget Subcommittee #4
Scott Ogus, Deputy Staff Director, Senate Budget Subcommittee #4
Diego Lopez, Consultant, Senate Budget Subcommittee #4
Christian Griffith, Chief Consultant, Assembly Budget Subcommittee #5
Patrick Le, Consultant, Assembly Budget Subcommittee #5
Carolyn Chu, Deputy Legislative Analyst, State and Local Finance, Legislative Analyst's Office
Brian Metzker, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
Ann Hollingshead, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
Joe Stephenshaw, Director, Department of Finance
Thomas Todd, Program Budget Manager, Department of Finance
Lisa Mierczynski, Assistant Program Budget Manager, Department of Finance
Dominick Guidera, Principal Program Budget Analyst, Department of Finance
Tuyen Le, Staff Finance Budget Analyst, Department of Finance
Chinyere Emodi, State Chief Project Officer, Department of Technology
Yamini Karunakaran, Project Approval and Oversight Manager, Department of Technology
Tony Molina, Project Approval and Oversight Branch Chief, Department of Technology
Lisa Dean, Acting Chief, Personnel and Payroll Services Division, State Controller's Office
Jennifer Burkett, California State Payroll System Project Director, State Controller's Office
Brandon Rutschmann, California State Payroll System Project Director, Department of Human Resources
Paul Kudlacz, California State Payroll System Project Manager, State Controller's Office
Jennifer Chavez, Chief, Administration and Disbursements Division, State Controller's Office
Sierra Losh, Assistant Division Chief, Administration and Disbursements Division, State Controller's Office
Jennifer Urban, Chief, Budgets and Accounting Bureau, State Controller's Office
An-Vi Ching, Budget Officer, State Controller's Office

State Controller's Office
California State Payroll System Project

	FY 2016-17					FY 2017-18												
	Authorized Via BCP		Adjustments		Total Authorized	Actual Expenditures		Savings	Authorized Via BCP		Adjustments		Total Authorized	Actual Expenditures		Savings		
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	Amts	PYs	Amts	PYs	Amts	PYs	Amts	Amts		
CSPS One-Time Project Positions																		
Actual/Authorized Positions	4.0		0.0		4.0		4.3			19.0		0.0		19.0		15.8		
CSPS One-Time IT Project Costs																		
Staff (Salaries & Benefits)		538,000		12,000		550,000		582,548	(32,548)		1,837,000		(54,000)		1,783,000		1,958,452	(175,452)
Hardware Purchase		0		0		0		0	0		0		0		0		0	0
Software Purchase/License		0		0		0		0	0		0		0		0		0	0
Telecommunications		5,000		0		5,000		1,663	3,337		16,000		(3,000)		13,000		11,845	1,155
Contract Services		1,808,000		0		1,808,000		448,000	1,360,000		2,345,000		(356,000)		1,989,000		1,973,816	15,184
Legal		0		0		0		0	0		0		0		0		0	0
Non-Legal		1,808,000		0		1,808,000		448,000	1,360,000		2,345,000		(356,000)		1,989,000		1,973,816	15,184
Data Center Services		0		(2,440)		(2,440)		0	(2,440)		0		0		0		0	0
Agency Facilities		972,000		3,000		975,000		302,622	672,378		1,118,000		(69,000)		1,049,000		160,167	888,833
Other OE&E		26,000		2,000		28,000		117,571	(89,571)		485,000		514,000		999,000		436,211	562,789
Total One-time IT Costs		3,349,000		14,560		3,363,560		1,452,405	1,911,155		5,801,000		32,000		5,833,000		4,540,491	1,292,509
CSPS Continuing IT Project Costs																		
Staff (Salaries & Benefits)		0		0		0		0	0		0		0		0		0	0
Hardware Lease/Maintenance		0		0		0		0	0		0		0		0		0	0
Software Maintenance/Licenses		0		0		0		0	0		0		0		0		0	0
Telecommunications		0		0		0		0	0		0		0		0		0	0
Contract Services		0		0		0		0	0		0		0		0		0	0
Legal		0		0		0		0	0		0		0		0		0	0
Non-Legal		0		0		0		0	0		0		0		0		0	0
Data Center Services		0		0		0		0	0		0		0		0		0	0
Agency Facilities		0		0		0		0	0		0		0		0		0	0
Other		0		0		0		0	0		0		0		0		0	0
Total Continuing IT Costs		0		0		0		0	0		0		0		0		0	0
Total CSPS Project Costs		3,349,000		14,560		3,363,560		1,452,405	1,911,155		5,801,000		32,000		5,833,000		4,540,491	1,292,509
Project Funding																		
General Fund		1,355,000		14,000		1,369,000		834,822	534,178		2,753,000		50,000		2,803,000		2,621,624	181,376
Special Funds		1,022,000		(2,440)		1,019,560		617,583	401,977		2,076,000		(21,000)		2,055,000		1,918,867	136,133
Reimbursements		972,000		3,000		975,000		0	975,000		972,000		3,000		975,000		0	975,000
Total Funding		3,349,000		14,560		3,363,560		1,452,405	1,911,155		5,801,000		32,000		5,833,000		4,540,491	1,292,509

Notes:

¹ 2021-22 One-time non-legal contract services was decreased to reflect actual expenditures as encumbrance was not exhausted prior to encumbrance expiring; One-time and ongoing other increased to reflect 2023-24 training expenditures charged against existing encumbrance.

² 2022-23 Expenditures updated to align with changes to encumbrances and delayed reporting of actuals.

³ Adjustments include reduction of reappropriated funds that were never fully appropriated, various budget adjustments due to salary increases, retirement adjustments, etc.

⁴ Of the \$37.8M in savings, \$28.5M is for DART services, which was contingent on Stage 4 approval that got delayed. The remaining savings is due to higher than anticipated vacancies and lower than expected operating expense needs as caused by solicitation delay.

⁵ Totals include full project costs to date (2016-17 through 2023-24).

State Controller's Office
California State Payroll System Project

	FY 2018-19					FY 2019-20											
	Authorized Via BCP		Adjustments		Total Authorized	Actual Expenditures	Savings	Authorized Via BCP		Adjustments		Total Authorized	Actual Expenditures	Savings			
	PYs	Amts	PYs	Amts	PYs	Amts	Amts	PYs	Amts	PYs	Amts	PYs	Amts	Amts			
CSPS One-Time Project Positions																	
Actual/Authorized Positions	24.0		-5.0		19.0		16.0			23.0		-5.0		18.0		16.6	
CSPS One-Time IT Project Costs																	
Staff (Salaries & Benefits)		1,648,000		(606,000)	1,042,000		452,938	589,062		699,000		(604,000)		95,000		106,638	(11,638)
Hardware Purchase		0		0	0		0	0		0		0		0		0	0
Software Purchase/License		0		0	0		0	0		75,000		0		75,000		58,315	16,685
Telecommunications		14,000		(5,000)	9,000		6,000	3,000		7,000		(6,000)		1,000		0	1,000
Contract Services		1,075,000		0	1,075,000		1,025,456	49,544		3,520,000		30,000		3,550,000		3,520,000	30,000
Legal		0		0	0		0	0		0		0		0		0	0
Non-Legal		1,075,000		0	1,075,000		1,025,456	49,544		3,520,000		30,000		3,550,000		3,520,000	30,000
Data Center Services		0		0	0		0	0		0		0		0		0	0
Agency Facilities		0		0	0		0	0		0		0		0		0	0
Other OE&E		122,000		(54,000)	68,000		682,182	(614,182)		223,000		(35,000)		188,000		99,127	88,873
Total One-time IT Costs		2,859,000		(665,000)	2,194,000		2,166,576	27,425		4,524,000		(615,000)		3,909,000		3,784,080	124,920
CSPS Continuing IT Project Costs																	
Staff (Salaries & Benefits)		1,446,000		0	1,446,000		1,470,900	(24,900)		2,337,000		(107,000)		2,230,000		2,022,865	207,135
Hardware Lease/Maintenance		0		0	0		0	0		0		0		0		0	0
Software Maintenance/Licenses		0		0	0		0	0		8,000		0		8,000		8,122	(122)
Telecommunications		10,000		0	10,000		3,035	6,965		17,000		(9,000)		8,000		7,560	440
Contract Services		0		0	0		0	0		0		0		0		0	0
Legal		0		0	0		0	0		0		0		0		0	0
Non-Legal		0		0	0		0	0		0		0		0		0	0
Data Center Services		0		0	0		0	0		0		0		0		0	0
Agency Facilities		245,000		0	245,000		149,337	95,663		245,000		(109,000)		136,000		142,867	(6,867)
Other		79,000		0	79,000		70,090	8,910		141,000		446,000		587,000		814,114	(227,114)
Total Continuing IT Costs		1,780,000		0	1,780,000		1,693,362	86,638		2,748,000		221,000		2,969,000		2,995,528	(26,528)
Total CSPS Project Costs		4,639,000		(665,000)	3,974,000		3,859,938	114,063		7,272,000		(394,000)		6,878,000		6,779,608	98,392
Project Funding																	
General Fund		4,639,000		(665,000)	3,974,000		3,859,938	114,062		6,201,950		(394,000)		5,807,950		5,855,178	(47,228)
Special Funds		0		0	0		0	0		1,070,050		0		1,070,050		924,430	145,620
Reimbursements		0		0	0		0	0		0		0		0		0	0
Total Funding		4,639,000		(665,000)	3,974,000		3,859,938	114,062		7,272,000		(394,000)		6,878,000		6,779,608	98,392

State Controller's Office
California State Payroll System Project

	FY 2020-21					FY 2021-22											
	Authorized Via BCF		Adjustments		Total Authorized	Actual Expenditures	Savings	Authorized Via BCF		Adjustments		Total Authorized	Actual Expenditures ¹	Savings			
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	Amts	PYs	Amts	PYs	Amts	PYs	Amts	Amts	
CSPS One-Time Project Positions																	
Actual/Authorized Positions	25.0		0.0		25.0		20.4			45.5		0.0		45.5		31.0	
CSPS One-Time IT Project Costs																	
Staff (Salaries & Benefits)		129,000		0	129,000		115,777	13,223		128,000		0		128,000		127,891	109
Hardware Purchase		0		0	0		34,390	(34,390)		0		0		0		0	0
Software Purchase/License		135,000		0	135,000		73,997	61,003		269,000		0		269,000		243,598	25,402
Telecommunications		1,000		0	1,000		0	1,000		0		0		0		0	0
Contract Services		4,386,000		0	4,386,000		4,340,143	45,857		8,953,000		0		8,953,000		3,867,273	5,085,727
Legal		0		0	0		0	0		0		0		0		0	0
Non-Legal		4,386,000		0	4,386,000		4,340,143	45,857		8,953,000		0		8,953,000		3,867,273	5,085,727
Data Center Services		0		0	0		0	0		0		0		0		0	0
Agency Facilities		0		0	0		0	0		0		0		0		0	0
Other OE&E		677,000		0	677,000		451,039	225,961		1,041,000		0		1,041,000		560,450	480,550
Total One-time IT Costs		5,328,000		0	5,328,000		5,015,346	312,654		10,391,000		0		10,391,000		4,799,212	5,591,788
CSPS Continuing IT Project Costs																	
Staff (Salaries & Benefits)		2,451,000		175,000	2,626,000		2,282,081	343,919		4,591,000		411,000		5,002,000		3,583,137	1,418,863
Hardware Lease/Maintenance		0		0	0		0	0		0		0		0		0	0
Software Maintenance/Licenses		9,000		0	9,000		7,970	1,030		186,000		0		186,000		108,736	77,264
Telecommunications		18,000		0	18,000		9,198	8,802		36,000		0		36,000		9,923	26,077
Contract Services		0		0	0		0	0		0		0		0		0	0
Legal		0		0	0		0	0		0		0		0		0	0
Non-Legal		0		0	0		0	0		0		0		0		0	0
Data Center Services		0		0	0		0	0		0		0		0		0	0
Agency Facilities		266,000		0	266,000		266,000	0		252,000		118,000		370,000		363,000	7,000
Other		1,149,000		62,000	1,211,000		895,248	315,753		1,831,000		(21,000)		1,810,000		2,147,276	(337,276)
Total Continuing IT Costs		3,893,000		237,000	4,130,000		3,460,497	669,504		6,896,000		508,000		7,404,000		6,212,072	1,191,928
Total CSPS Project Costs		9,221,000		237,000	9,458,000		8,475,843	982,157		17,287,000		508,000		17,795,000		11,011,284	6,783,716
Project Funding																	
General Fund		5,257,000		135,090	5,392,090		4,419,328	972,762		10,772,930		289,560		11,062,490		6,106,502	4,955,988
Special Funds		3,964,000		101,910	4,065,910		4,056,515	9,395		6,514,070		218,440		6,732,510		4,904,782	1,827,728
Reimbursements		0		0	0		0	0		0		0		0		0	0
Total Funding		9,221,000		237,000	9,458,000		8,475,843	982,157		17,287,000		508,000		17,795,000		11,011,284	6,783,716

State Controller's Office
California State Payroll System Project

	FY 2022-23					FY 2023-24												
	Authorized Via BCP		Adjustments		Total Authorized	Actual Expenditures ²		Savings	Authorized Via BCP		Adjustments ³		Total Authorized	Actual Expenditures		Savings ⁴		
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	
CSPS One-Time Project Positions																		
Actual/Authorized Positions	94.5		0.0		94.5		49.3			104.5		0.0		104.5		73.8		
CSPS One-Time IT Project Costs																		
Staff (Salaries & Benefits)		435,000		0	435,000		254,573		180,427	435,000		0		435,000		615,047		(180,047)
Hardware Purchase		99,000		0	99,000		99,266		(266)	71,000		0		71,000		179,375		(108,375)
Software Purchase/License		83,742,000		0	83,742,000		271,105		83,470,895	83,753,000		(83,250,000)		503,000		315,906		187,094
Telecommunications		0		0	0		0		0	0		0		0		0		0
Contract Services		9,008,000		0	9,008,000		4,571,302		4,436,698	45,158,000		0		45,158,000		12,713,200		32,444,800
Legal		0		0	0		0		0	0		0		0		0		0
Non-Legal		9,008,000		0	9,008,000		4,571,302		4,436,698	45,158,000		0		45,158,000		12,713,200		32,444,800
Data Center Services		0		0	0		0		0	866,000		0		866,000		1,305,941		(439,941)
Agency Facilities		0		0	0		0		0	0		0		0		0		0
Other OE&E		317,000		0	317,000		568,717		(251,717)	0		0		0		90,545		(90,545)
Total One-time IT Costs		93,601,000		0	93,601,000		5,764,963		87,836,037	130,283,000		(83,250,000)		47,033,000		15,220,014		31,812,986
CSPS Continuing IT Project Costs																		
Staff (Salaries & Benefits)		13,720,000		734,000	14,454,000		7,591,285		6,862,715	15,330,000		1,354,000		16,684,000		12,296,259		4,387,741
Hardware Lease/Maintenance		0		0	0		0		0	0		0		0		0		0
Software Maintenance/Licenses		491,000		0	491,000		179,832		311,168	1,150,000		0		1,150,000		94,560		1,055,440
Telecommunications		95,000		0	95,000		16,952		78,048	105,000		0		105,000		8,995		96,005
Contract Services		0		0	0		0		0	0		0		0		118		(118)
Legal		0		0	0		0		0	0		0		0		0		0
Non-Legal		0		0	0		0		0	0		0		0		118		(118)
Data Center Services		0		0	0		5,697		(5,697)	0		0		0		35,379		(35,379)
Agency Facilities		350,000		118,000	468,000		112,807		355,193	308,000		118,000		426,000		210,062		215,938
Other		681,000		(21,000)	660,000		1,140,209		(480,209)	790,000		(172,000)		618,000		315,060		302,940
Total Continuing IT Costs		15,337,000		831,000	16,168,000		9,046,782		7,121,218	17,683,000		1,300,000		18,983,000		12,960,433		6,022,567
Total CSPS Project Costs		108,938,000		831,000	109,769,000		14,811,745		94,957,255	147,966,000		(81,950,000)		66,016,000		28,180,447		37,835,553
Project Funding																		
General Fund		108,938,000		831,000	109,769,000		14,811,745		94,957,255	136,266,000		(81,950,000)		54,316,000		28,180,447		26,135,553
Special Funds		0		0	0		0		0	11,700,000		0		11,700,000		0		11,700,000
Reimbursements		0		0	0		0		0	0		0		0		0		0
Total Funding		108,938,000		831,000	109,769,000		14,811,745		94,957,255	147,966,000		(81,950,000)		66,016,000		28,180,447		37,835,553

State Controller's Office
California State Payroll System Project

	FULL PROJECT TOTAL ⁵								
	Authorized Via BCP		Adjustments ³		Total Authorized	Actual Expenditures		Savings	
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	
CSPS One-Time Project Positions									
Actual/Authorized Positions	104.5				104.5		73.8		
CSPS One-Time IT Project Costs									
Staff (Salaries & Benefits)		5,849,000		(1,252,000)		4,597,000		4,213,864	383,136
Hardware Purchase		170,000		0		170,000		313,031	(143,031)
Software Purchase/License		167,974,000		(83,250,000)		84,724,000		962,921	83,761,079
Telecommunications		43,000		(14,000)		29,000		19,508	9,492
Contract Services		76,253,000		(326,000)		75,927,000		32,459,190	43,467,810
Legal		0		0		0		0	0
Non-Legal		76,253,000		(326,000)		75,927,000		32,459,190	43,467,810
Data Center Services		866,000		(2,440)		863,560		1,305,941	(442,381)
Agency Facilities		2,090,000		(66,000)		2,024,000		462,789	1,561,211
Other OE&E		2,891,000		427,000		3,318,000		3,005,841	312,159
Total One-time IT Costs		256,136,000		(84,483,440)		171,652,560		42,743,086	128,909,474
CSPS Continuing IT Project Costs									
Staff (Salaries & Benefits)		39,875,000		2,567,000		42,442,000		29,246,527	13,195,473
Hardware Lease/Maintenance		0		0		0		0	0
Software Maintenance/Licenses		1,844,000		0		1,844,000		399,220	1,444,780
Telecommunications		281,000		(9,000)		272,000		55,663	216,337
Contract Services		0		0		0		118	(118)
Legal		0		0		0		0	0
Non-Legal		0		0		0		118	(118)
Data Center Services		0		0		0		41,076	(41,076)
Agency Facilities		1,666,000		245,000		1,911,000		1,244,073	666,927
Other		4,671,000		294,000		4,965,000		5,381,997	(416,997)
Total Continuing IT Costs		48,337,000		3,097,000		51,434,000		36,368,674	15,065,326
Total CSPS Project Costs		304,473,000		(81,386,440)		223,086,560		79,111,760	143,974,800
Project Funding									
General Fund		276,182,880		(81,689,350)		194,493,530		66,689,583	127,803,947
Special Funds		26,346,120		296,910		26,643,030		12,422,177	14,220,853
Reimbursements		1,944,000		6,000		1,950,000		0	1,950,000
Total Funding		304,473,000		(81,386,440)		223,086,560		79,111,761	143,974,799