



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

October 2, 2023

The Honorable Nancy Skinner, Chair  
Joint Legislative Budget Committee  
1020 N Street, Room 553  
Sacramento, CA 95814

**SUBJECT: 2022-23 Report to the Legislature on the California State Payroll System Project**

Dear Senator Skinner:

The State Controller's Office (SCO) respectfully submits the 2022-23 Report to the Legislature on the California State Payroll System Project (Project).

The 2023 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details the requested information as well as final dollars expended on the Project in 2022-23 back to 2016-17 for historical reference. The SCO has completed Stage 3 Solution Development of the Department of Technology Project Approval Lifecycle. In September 2023, the Project concluded vendor negotiations without awarding a system integrator vendor contract. This decision, while difficult to bear, will result in some delay while the Project continues working on Stage 4 Project Readiness and Approval activities, which includes the eventual award of a system integrator.

If you have any questions regarding this information, please call Chris Maio, Project Director, at (916) 322-3393.

Sincerely,

Jennifer Chavez for KC Mohseni

KC MOHSENI  
Acting Chief Administrative Officer

Enclosures

cc: 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 Philip Y. Ting, Vice-Chair, Joint Legislative Budget Committee  
Assembly Member Steve Bennett, Joint Legislative Budget Committee  
Assembly Member Mia Bonta, Joint Legislative Budget Committee  
Assembly Member Wendy Carrillo, Joint Legislative Budget Committee  
Assembly Member Vince Fong, Joint Legislative Budget Committee  
Assembly Member Kevin McCarty, Joint Legislative Budget Committee  
Assembly Member Jim Patterson, Joint Legislative Budget Committee  
Assembly Member Dr. Akilah Weber, Joint Legislative Budget Committee  
Assembly Member Alex Lee, Assembly Budget Subcommittee #4  
Assembly Member Joe Patterson, Assembly Budget Subcommittee #4  
Assembly Member Eloise Gomez Reyes, Assembly Budget Subcommittee #4  
Assembly Member Buffy Wicks, Assembly Budget Subcommittee #4  
Senator Anna M. Caballero, Senate Budget and Fiscal Review Subcommittee #4  
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 #4  
Patrick Le, Consultant, Assembly Budget Subcommittee #4  
Carolyn Chu, Deputy Legislative Analyst, State and Local Finance, Legislative Analyst's Office  
Ann Hollingshead, Principal Fiscal & Policy Analyst, Legislative Analyst's Office  
Brian Metzker, 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  
Jim Doyle, 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  
Jil Barraza, Chief, Personnel and Payroll Services Division, State Controller's Office  
Chris Maio, California State Payroll System Project Director, State Controller's Office  
Brandon Rutschmann, California State Payroll System Director, Department of Human Resources  
Jennifer Burkett, 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, 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	PYs	Amts	PYs	Amts	Amts	
<b>CSPS One-Time Project Positions</b>																					
Actual/Authorized Positions	4.0		0.0		4.0		4.3				19.0		0.0		19.0		15.8				
<b>CSPS One-Time IT Project Costs</b>																					
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	
<b>Total One-time IT Costs</b>		<b>3,349,000</b>		<b>14,560</b>		<b>3,363,560</b>		<b>1,452,405</b>		<b>1,911,155</b>		<b>5,801,000</b>		<b>32,000</b>		<b>5,833,000</b>		<b>4,540,491</b>		<b>1,292,509</b>	
<b>CSPS Continuing IT Project Costs</b>																					
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	
<b>Total Continuing IT Costs</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>	
<b>Total CSPS Project Costs</b>		<b>3,349,000</b>		<b>14,560</b>		<b>3,363,560</b>		<b>1,452,405</b>		<b>1,911,155</b>		<b>5,801,000</b>		<b>32,000</b>		<b>5,833,000</b>		<b>4,540,491</b>		<b>1,292,509</b>	
<b>Project Funding</b>																					
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	
<b>Total Funding</b>		<b>3,349,000</b>		<b>14,560</b>		<b>3,363,560</b>		<b>1,452,405</b>		<b>1,911,155</b>		<b>5,801,000</b>		<b>32,000</b>		<b>5,833,000</b>		<b>4,540,491</b>		<b>1,292,509</b>	

Notes:

<sup>1</sup> 2020-21 One-time non-legal contract services was decreased to reflect actual expenditures as encumbrance was not exhausted prior to contract ending.

<sup>2</sup> 2021-22 Expenditures updated to align with changes to encumbrances and DGS service charges in prior year.

<sup>3</sup> Adjustments include various budget adjustments due to salary increases, retirement adjustments, etc.

<sup>4</sup> Of the \$91M in savings, \$83.250M is for the system integrator contract, which was approved to be re-appropriated from 2022-23 to 2023-24. The remaining savings is due to higher than anticipated vacancies and lower than expected operating expense needs.

<sup>5</sup> Totals include full project costs to date (2016-17 through 2022-23).

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						
<b>CSPS One-Time Project Positions</b>																				
Actual/Authorized Positions	24.0		-5.0		19.0		16.0		23.0		-5.0		18.0		16.6					
<b>CSPS One-Time IT Project Costs</b>																				
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		75,000		0		75,000		0		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
<b>Total One-time IT Costs</b>		<b>2,859,000</b>		<b>(665,000)</b>		<b>2,194,000</b>		<b>2,166,576</b>		<b>27,425</b>		<b>4,524,000</b>		<b>(615,000)</b>		<b>3,909,000</b>		<b>3,784,080</b>		<b>124,920</b>
<b>CSPS Continuing IT Project Costs</b>																				
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)
<b>Total Continuing IT Costs</b>		<b>1,780,000</b>		<b>0</b>		<b>1,780,000</b>		<b>1,693,362</b>		<b>86,638</b>		<b>2,748,000</b>		<b>221,000</b>		<b>2,969,000</b>		<b>2,995,528</b>		<b>(26,528)</b>
<b>Total CSPS Project Costs</b>		<b>4,639,000</b>		<b>(665,000)</b>		<b>3,974,000</b>		<b>3,859,938</b>		<b>114,063</b>		<b>7,272,000</b>		<b>(394,000)</b>		<b>6,878,000</b>		<b>6,779,608</b>		<b>98,392</b>
<b>Project Funding</b>																				
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
<b>Total Funding</b>		<b>4,639,000</b>		<b>(665,000)</b>		<b>3,974,000</b>		<b>3,859,938</b>		<b>114,062</b>		<b>7,272,000</b>		<b>(394,000)</b>		<b>6,878,000</b>		<b>6,779,608</b>		<b>98,392</b>

State Controller's Office  
California State Payroll System Project

	FY 2020-21						FY 2021-22														
	Authorized Via BCP		Adjustments		Total Authorized		Actual Expenditures <sup>1</sup>		Savings		Authorized Via BCP		Adjustments		Total Authorized		Actual Expenditures <sup>2</sup>		Savings		
	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	PYs	Amts	Amts	
<b>CSPS One-Time Project Positions</b>																					
Actual/Authorized Positions	25.0		0.0		25.0		20.4				45.5		0.0		45.5		31.0				
<b>CSPS One-Time IT Project Costs</b>																					
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		4,067,487		4,885,513		
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		4,067,487		4,885,513		
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		558,000		483,000		
<b>Total One-time IT Costs</b>		<b>5,328,000</b>		<b>0</b>	<b>5,328,000</b>		<b>5,015,346</b>		<b>312,654</b>		<b>10,391,000</b>		<b>0</b>		<b>10,391,000</b>		<b>4,996,976</b>		<b>5,394,024</b>		
<b>CSPS Continuing IT Project Costs</b>																					
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		2,141,645		(331,645)		
<b>Total Continuing IT Costs</b>		<b>3,893,000</b>		<b>237,000</b>	<b>4,130,000</b>		<b>3,460,497</b>		<b>669,504</b>		<b>6,896,000</b>		<b>508,000</b>		<b>7,404,000</b>		<b>6,206,441</b>		<b>1,197,559</b>		
<b>Total CSPS Project Costs</b>		<b>9,221,000</b>		<b>237,000</b>	<b>9,458,000</b>		<b>8,475,843</b>		<b>982,157</b>		<b>17,287,000</b>		<b>508,000</b>		<b>17,795,000</b>		<b>11,203,417</b>		<b>6,591,583</b>		
<b>Project Funding</b>																					
General Fund		5,257,000		135,090	5,392,090		4,419,328		972,762		10,772,930		289,560		11,062,490		6,298,635		4,763,855		
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		
<b>Total Funding</b>		<b>9,221,000</b>		<b>237,000</b>	<b>9,458,000</b>		<b>8,475,843</b>		<b>982,157</b>		<b>17,287,000</b>		<b>508,000</b>		<b>17,795,000</b>		<b>11,203,417</b>		<b>6,591,583</b>		

State Controller's Office  
California State Payroll System Project

	FY 2022-23						FULL PROJECT TOTAL <sup>5</sup>							
	Authorized Via BCP		Adjustments <sup>3</sup>		Total Authorized	Actual Expenditures	Savings <sup>4</sup>	Authorized Via BCP		Adjustments <sup>3</sup>		Total Authorized	Actual Expenditures	Savings
	PYs	Amts	PYs	Amts	PYs	Amts	Amts	PYs	Amts	PYs	Amts	PYs	Amts	Amts
<b>CSPS One-Time Project Positions</b>														
Actual/Authorized Positions	94.5		0.0		94.5		49.3		94.5			94.5		49.3
<b>CSPS One-Time IT Project Costs</b>														
Staff (Salaries & Benefits)		435,000	0		435,000	254,573	180,427		5,414,000	(1,252,000)		4,162,000	3,598,817	563,183
Hardware Purchase		99,000	0		99,000	99,266	(266)		99,000	0		99,000	133,656	(34,656)
Software Purchase/License		83,742,000	0		83,742,000	271,105	83,470,895		84,221,000	0		84,221,000	647,015	83,573,985
Telecommunications		0	0		0	0	0		43,000	(14,000)		29,000	19,508	9,492
Contract Services		9,008,000	0		9,008,000	8,262,000	746,000		31,095,000	(326,000)		30,769,000	23,636,902	7,132,098
Legal		0	0		0	0	0		0	0		0	0	0
Non-Legal		9,008,000	0		9,008,000	8,262,000	746,000		31,095,000	(326,000)		30,769,000	23,636,902	7,132,098
Data Center Services		0	0		0	0	0		0	(2,440)		0	0	(2,440)
Agency Facilities		0	0		0	0	0		2,090,000	(66,000)		2,024,000	462,789	1,561,211
Other OE&E		317,000	0		317,000	568,717	(251,717)		2,891,000	427,000		3,318,000	2,912,846	405,154
<b>Total One-time IT Costs</b>	<b>93,601,000</b>	<b>0</b>	<b>0</b>	<b>93,601,000</b>	<b>9,455,661</b>	<b>84,145,339</b>	<b>84,145,339</b>		<b>125,853,000</b>	<b>(1,233,440)</b>		<b>124,619,560</b>	<b>31,411,534</b>	<b>93,208,026</b>
<b>CSPS Continuing IT Project Costs</b>														
Staff (Salaries & Benefits)		13,720,000	734,000		14,454,000	7,593,436	6,860,564		24,545,000	1,213,000		25,758,000	16,952,419	8,805,581
Hardware Lease/Maintenance		0	0		0	0	0		0	0		0	0	0
Software Maintenance/Licenses		491,000	0		491,000	164,936	326,064		694,000	0		694,000	289,764	404,236
Telecommunications		95,000	0		95,000	15,285	79,715		176,000	(9,000)		167,000	45,001	121,999
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	5,697	(5,697)		0	0		0	5,697	(5,697)
Agency Facilities		350,000	118,000		468,000	112,807	355,193		1,358,000	127,000		1,485,000	1,034,011	450,989
Other		681,000	(21,000)		660,000	1,133,543	(473,543)		3,881,000	466,000		4,347,000	5,054,640	(707,640)
<b>Total Continuing IT Costs</b>	<b>15,337,000</b>	<b>831,000</b>	<b>0</b>	<b>16,168,000</b>	<b>9,025,704</b>	<b>7,142,296</b>	<b>7,142,296</b>		<b>30,654,000</b>	<b>1,797,000</b>		<b>32,451,000</b>	<b>23,381,532</b>	<b>9,069,468</b>
<b>Total CSPS Project Costs</b>	<b>108,938,000</b>	<b>831,000</b>	<b>0</b>	<b>109,769,000</b>	<b>18,481,365</b>	<b>91,287,635</b>	<b>91,287,635</b>		<b>156,507,000</b>	<b>563,560</b>		<b>157,070,560</b>	<b>54,793,066</b>	<b>102,277,494</b>
<b>Project Funding</b>														
General Fund		108,938,000	831,000		109,769,000	18,481,365	91,287,635		139,916,880	260,650		140,177,530	42,370,889	97,806,641
Special Funds		0	0		0	0	0		14,646,120	296,910		14,943,030	12,422,177	2,520,853
Reimbursements		0	0		0	0	0		1,944,000	6,000		1,950,000	0	1,950,000
<b>Total Funding</b>	<b>108,938,000</b>	<b>831,000</b>	<b>0</b>	<b>109,769,000</b>	<b>18,481,365</b>	<b>91,287,635</b>	<b>91,287,635</b>		<b>156,507,000</b>	<b>563,560</b>		<b>157,070,560</b>	<b>54,793,067</b>	<b>102,277,493</b>