

California State Assembly



Agenda

Assembly Budget Subcommittee No. 5 on State Administration

Assemblymember Sharon Quirk-Silva, Chair

Tuesday, April 21, 2026

1:30 P.M. – State Capitol, Room 447

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Items to be Heard

0509 Governor's Office of Business and Economic Development

Issue 1: Overview

The Governor's Office of Business and Economic Development (GO-Biz) provides financial incentives, technical consulting, and marketing assistance through a variety of programs with the goal of creating economic activity and job growth in California.

Background

The GO-Biz provides a single point of contact for economic development, business assistance and job creation efforts. The GO-Biz works with companies and organizations across the nation to market the benefits of doing business in California, recruit new businesses, retain businesses, and support private sector job growth. The GO-Biz serves as the Governor's lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, economic growth, export promotion, permit assistance, innovation and entrepreneurship. The Governor's budget proposes a budget of \$572.4 million, of which \$150.3 million is General Fund, with a total of 194.3 positions for GO-Biz.

Panel

- Dee Dee Myers, Senior Advisor and Director, Governor's Office of Business and Economic Development (GO-Biz)

Staff Comment

This item is presented for information only.

Issue 2: Jobs First Administrative Resources Reappropriation and TBL

The Governor’s Budget includes a reappropriation from previous Budget Acts to extend the encumbrance periods from two appropriations. The extended encumbrance period will allow GO-Biz, Employment Development Department (EDD), and Labor Workforce Development Agency (LWDA) to expend administrative resources for Jobs First program aligning with the lifecycle of the program which is operable until June 30, 2030.

Additionally, the Governor’s budget includes trailer bill language to codify the Jobs First program.

Background

The Budget Acts of 2024 and 2025 appropriated \$50 million in funding each year for California Jobs First (formerly known as the Community Economic Resilience Fund (CERF)), within the Employment Development Department’s (EDD) budget.

The Budget Acts include an encumbrance deadline of June 30, 2026, and June 30, 2027, and an additional two years for expending funds. The Budget Acts also allow up to 5 percent of the funds to be used for administrative costs by GO-Biz, Labor & Workforce Development Agency (LWDA), and EDD. The extension would allow the three entities to have the resources necessary to administer the program through its full completion.

Table 1 - PROGRAM BUDGET INFORMATION

PROGRAM	BUDGET ACT	ITEM OF APPROPRIATION	ENCUMBRANCE	EXTEND TO
California Jobs First	2024	7100-101-0001	June 30, 2026	June 30, 2028
California Jobs First	2025	7100-101-0001	June 30, 2027	June 30, 2029

Trailer Bill Language:

The TBL proposes to codify the Office of Regional Economic Development Initiatives program under Go-Biz. The office shall do the following:

- (1) Maintain, update, and implement, in coordination with the Labor and Workforce Development Agency, the California Jobs First State Economic Blueprint, which is a statewide economic development strategy built on the priorities of California’s distinct regions.

(2) Coordinate interagency activities to promote job creation, attraction, and access in alignment with the statewide economic development strategy and with feedback from employers and industry, as appropriate.

(3) Support regional partners in developing, maintaining, and implementing their regional economic development strategies.

(4) Provide technical assistance to local governments and economic development partners, including, but not limited to, project financing, utilizing place-based and other geographically targeted economic development programs, and conducting site development and certification activities.

(5) Collaborate with the Office of Emergency Services to support disaster preparedness and response activities, as well as recovery efforts, with regard to regional economic impact.

Panel

- Derek Kirk, Senior Advisor for Economic Policy, GO-Biz
- Emily Desai, Chief Deputy, GO-Biz
- Jessie Romine, Principal Program Budget Analyst, Department of Finance (DOF)
- Justin Adelman, Assistant Program Budget Manager, DOF
- Rowan Isaaks, Economist, Legislative Analyst's Office (LAO)

Staff Comments

The Subcommittee may wish to ask,

1. How much of the total \$100 million has been expended or encumbered? To date, how has the funding been used?
2. How does the trailer bill language interact with the existing statute for the CERF program?

Staff Recommendation: Hold Open

Issue 3: California Export Promotion Program (CAL EXPORT)

The Governor's budget includes \$1.4 million (General Fund) annually, with up to five percent available for administration costs, to scale export promotion efforts and create the California Export Promotion Program (CAL EXPORT) within the Governor's Office of Business and Economic Development (GO-Biz) International Affairs and Trade Unit. CAL EXPORT will provide export promotion and supply chain resiliency programming for small businesses as California's flagship trade program.

Background

In 2024-25, GO-Biz requested funding from the Federal Trust Fund, ongoing for federal awards received by the California Business Investment Services. The GO-Biz, International Affairs and Trade (IAT) program administers State Trade Expansion Program (STEP), which is a federal grant program under the United States Small Business Administration (U.S. SBA). GO-Biz IAT has historically applied for and received funding every federal fiscal year.

The California Department of Food and Agriculture (CDFA) previously administered the STEP program on behalf of California. When CDFA was applying for and administering STEP grants on behalf of California, GO-Biz IAT served as a close collaborator. Over time, GO-Biz IAT's expansive networks have proven so critical to identifying potential STEP grantees that both GO-Biz and CDFA determined it made more sense for the GO-Biz IAT team to lead California's participation in the program. The result is that GO-Biz IAT applied for and received federal STEP funds and continues to apply for and receive grant funding.

According to GO-Biz, since 2022, it has helped more than 534 small businesses generate over \$141 million in export sales, achieving a return on investment (ROI) of \$119 for every dollar spent, small businesses reported the creation and retention of 656 jobs. However, the program's future is uncertain, threatened both by shifting federal priorities and annual administrative grant cycles that make long-term planning challenging. Without stable, dedicated state-level funding, California cannot guarantee consistent programming, inclusive outreach, or the presence at global trade shows that small businesses rely on to compete and/or protect market share.

The resources requested allow California to establish CAL EXPORT as a permanent, statewide program rather than a year-to-year federal grant-dependent effort, positioning California more competitively with peer states that have had similar programming and dedicated state resources for years. To the extent federal funding is not available in the future, this General Fund augmentation allows GO-Biz to maintain their existing efforts in promoting international trade for California. Up to five percent of funds will support administration, while the remaining resources will be invested directly in programming such as direct small business grants to support export activities via our existing export voucher model, state pavilions at international trade shows,

business matchmaking, export training, and supply chain resiliency initiatives. This ensures exporters can plan participation well in advance, improving outcomes and inclusivity.

Resource History
State Funding Match for STEP (dollars in thousands)

Program Budget	PY - 3	PY - 2	PY - 1	PY	CY
	2021-2022*	2022-2023	2023-2024	2024-25	2025-26*** PROJECTED
Total Federal and State Expenditures	N/A	\$923,076	\$1,076,922	\$1,384,614	\$1,384,614
Federal Award	N/A	\$600,000	\$700,000	\$900,000	\$900,000
Authorized State Expenditures	N/A	\$323,076	\$376,922	\$484,614	\$484,614
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions Dedicated to STEP**	N/A	2	2	2	2
Filled Positions	N/A	1	2	2	2
Vacancies	N/A	1	0	0	0

*Note: The federal award for 2025-26 has not been awarded and may not be. In that case, total federal and state expenditures for export activity would be \$0.

Panel

- Emily Desai, Chief Deputy, (GO-Biz)
- Tricia Utterback, Trade and Investment Representative – Europe, MEA, India, GO-Biz
- Jessie Romine, Principal Program Budget Analyst, DOF
- Justin Adelman, Assistant Program Budget Manager, DOF
- Rowan Isaaks, Economist, LAO

LAO Comments

While enhancing export assistance to small firms could provide benefits, we have comments regarding the justification for creating a new permanent state-funded export promotion program.

Proposal Premature Given Continued Availability of Federal STEP Funding. The proposal is justified in part by concerns about instability in federal funding through the State Trade Expansion Program (STEP). However, the federal government continues to operate the program and provide grants to states for export assistance activities, and the proposal does not provide evidence that the program is expected to be discontinued in the near term. In fact, the federal government continues to solicit applications for STEP grants from states. As a result,

establishing an ongoing General Fund program at this time could duplicate federal support for activities that are currently funded through federal grants.

Legislature Could Consider More Limited Alternatives. California faces both potential and actual reductions in federal support across a range of policy areas, including major programs such as Medi-Cal. Given the state's structural budget deficit, the Legislature will need to consider which programs should be prioritized for replacement with General Fund resources should federal funding decline. Approving ongoing funding for this proposal would effectively commit the state to backfilling a relatively small federal program before federal funding has actually been reduced. This raises the question of why this program is being prioritized over others facing federal funding changes. If the Legislature wishes to maintain the state's export promotion capacity while federal funding levels remain uncertain, it could consider more limited approaches:

- **Conditional funding.** The Legislature could make state funding contingent on the availability of federal STEP funding, allowing the state to backfill any reduction in federal support while avoiding duplication if federal funds remain available.
- **Limited-term funding.** The Legislature could approve funding on a limited-term basis rather than establishing an ongoing General Fund commitment. This would allow the state to maintain export promotion services while monitoring federal funding trends before creating a permanent state program.

Staff Comments

The Legislature will have to prioritize which programs it will want to save due to the actions of the federal government. This subcommittee, along with all of the subcommittees, are going to be asked to backfill programs because of the loss of federal dollars. Although the investments in small businesses through the STEP program and through a possible CAL EXPORT program have merit, the Legislature will have to look at its priorities across the budget and decide what it wants to fund.

The Subcommittee may wish to ask the following:

1. Why make this program an ongoing program? There will likely be changes at the federal level with a new administration. In those cases, wouldn't the state want to access federal dollars instead of state general fund?
2. How many other states have their own state program similar to CAL EXPORT? Do those states rely on federal grants or their own state dollars?
3. Explain how a business applies to the STEP or future CAL EXPORT program.

4. Under the BCP, GO-Biz discusses the data that it collects on all the businesses who receive funding. Is that data public and is it posted on GO-Biz's website?

Staff Recommendation: Hold Open.

Issue 4: Film and Television Tax Credit Staffing

The Governor's Budget includes \$472,000 General Fund, and 3.0 permanent positions in 2026-27, and \$472,000 General Fund ongoing, to support the expansion of the California Film & Television Tax Credit Program.

Background

Recent changes to the film tax credit increased the workload for the California Film Commission. First, the 2025 Budget Act increased the annual tax credit amount for the California Film & Television Tax Credit 4.0 (Program 4.0) from \$330 million to \$750 million. Program 4.0. was also made a refundable tax credit in 2023, the state's first large-scale refundable credit for business taxpayers. The taxpayer may elect to take the credit as refundable at a discounted 90 percent rate and the refundable credit is taken over five years. This change and the increase in the amount was intended to make California's tax credit competitive with other states and keep the film industry in California.

Additionally in 2025, AB 1138 (Chapter 27, Statutes of 2025) made several changes to Program 4.0 and the Soundstage Program. These changes included increasing the base credit percentage from 20 percent to 35 percent, increasing budget thresholds, and broadening the definition of a "qualified motion picture" to include animated TV shows and films, large-scale competition shows, and TV episodes that are 20-minutes or longer.

To address the increase in workload from the increase in annual funds \$330 million to \$750 million, and the changes to Program 4.0, CFC requests the following three positions:

1. 1.0 Analyst II – Implementation of the DEIA provisions: Until very recently, the DEIA Supervisor I was the sole reviewer of all DEIA documents. Two additional Analyst IIs have been successfully onboarded. However, with the recent approval of the \$750 million and AB 1138, the volume of DEIA documents to be reviewed is expected to increase by 127 percent.
2. 1.0 Motion Picture Production Analyst – Public need and Runaway Production Mitigation: Currently, the CFC has two Motion Picture Production Analysts (MPPAs) to review tax credit applications for each fiscal year. Historically, on average, 210 applications are reviewed annually. However, since launching Program 4.0 and opening the first window of applications, the CFC has seen a nearly 400 percent increase in application volume. As such, the CFC conservatively estimates that with the \$750 million expansion, the number of applications will increase by 115 percent to 450 each fiscal year.
3. 1.0 Research Data Specialist – Program Transparency and Integrity: The CFC currently does not have a Research Data Specialist I (RDS I) to track, collect, and analyze data for the tax credit program. All data collection is being handled by one Analyst II and more

advanced reporting responsibilities are shared by the Film and Television Tax Credit Program Deputy Director and the Program Manager. Therefore, a Research Data Specialist I is mission critical to ensure that the CFC complies with current and future reporting requirements.

Panel

- Emily Desai, Chief Deputy, (GO-Biz)
- Leah Medrano, Deputy Director of the CA Film & Television Tax Credit Program, GO-Biz
- J.T. Creedon, Finance Budget Analyst, DOF
- Jacob Kirn, Principal Program Budget Analyst, DOF
- Rowan Isaaks, Economist, LAO

Staff Comments

With the increase in work from the changes in Program 4.0 and AB 1138, CFC is likely to need additional staff to implement the new provisions. However, the fiscal analysis for AB 1138 stated that \$330,000 would be needed to implement these changes. The Subcommittee may wish to ask the CFC to explain why the budget request is higher than the fiscal analysis of the bill.

The Subcommittee may wish to ask the following:

1. Can CFC discuss the increase in work with Program 4.0 including how many applications were received for the refundable credit and what was the average amount of credit that went to grantees? Are productions mostly in Los Angeles or are they moving throughout the state?
2. Can you discuss what is happening with the diversity work plan. Are applicants opting out? After a diversity workplan is submitted, what role does CFC have in posting information about the workplans and how will the new position help with this work?

Staff Recommendation: Hold Open.

Issue 5: Innovation and Emerging Technologies

The Governor's budget requests \$400,000 (General Fund) ongoing, and one permanent position to operationalize and expand GO-Biz's work to attract, retain, and grow innovation and emerging technology sectors in California. The funding will support a repeatable, statewide cadence of sector convenings, demo days, monthly working groups, in-region activities, federal funding bid support, and marketing resources and materials for these sectors. This funding will encompass the one permanent position and administrative support including graduate student assistants.

Background

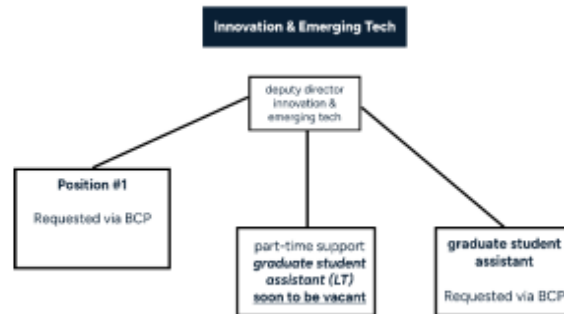
The goal of the funding, according to GO-Biz, is to address a gap in GO-Biz's ability to engage California's high-growth business sectors. These sectors primarily fall under the North American Industry Classification System (NAICS) codes of Information (51) and Professional, Scientific, & Technical Services (54) –such as artificial intelligence (AI), quantum, cloud/data platforms, robotics, and software technology.

Due to the demand from these sectors and to align with objectives in the California Jobs First State Economic Blueprint, GO-Biz repurposed an existing Deputy Director in 24-25 to stand up an Innovation & Emerging Technologies function for GO-Biz with the aim to:

- Deliver GO-Biz's core business investment services for attraction, expansion, and retention to these sectors
- Establish first-ever technology transfer and commercialization relationships with R1 universities, national laboratories, federally funded research and development centers (FFRDCs), and Department of Defense (DOD) University Affiliated Research Centers (UARCs)
- Produce sector marketing materials that reflect California's assets
- Provide site selection and real estate financing technical assistance to research parks; and
- Coordinate incentive realignment with state agencies and departments so emerging-tech firms can utilize California's suite of incentive offerings for attraction, expansion, and retention purposes.

The Deputy Director performs these functions in addition to managing GO-Biz's two port data grant programs. With only one senior staff position standing up this portfolio with support from an AGPA and graduate assistant, GO-Biz cannot (a) meet firm-level demand at scale for core business investment services (e.g. primarily incentive navigation and incentive technical assistance), (b) convert "lab-to-market" opportunities by coordinating with universities and federal labs on technology commercialization and transfer, and (c) keep pace with time sensitive federal funding windows (e.g. DOE, DARPA, NSF, DOD) where state support can influence federal award outcomes.

The funds in this BCP will be used for one position, either an Assistant or Associate Deputy Director appointee and fund two graduate assistants as shown below.



Panel

- Emily Desai, Chief Deputy, (GO-Biz)
- Trelynd Bradley, Deputy Director of Innovation & Emerging Technologies, GO-Biz
- Jessie Romine, Principal Program Budget Analyst, DOF
- Justin Adelman, Assistant Program Budget Manager, DOF
- Rowan Isaaks, Economist, LAO

Staff Comments

The Subcommittee may wish to ask the following:

1. The BCP only discusses the pay for one new position- can GO-Biz explain how the graduate assistants will be paid? Also, can GO-Biz explain why the position they are hiring is set between an Assistant or an Associate Deputy Director -how do those two positions differ in pay.
2. Last year, the Governor’s budget included \$4 million for funding for quantum. The Subcommittee may wish to ask GO-Biz for an update on how the funding is being utilized and how it relates to this proposal.
3. Last year, the Governor’s budget included \$25 million to support capital expenditures incurred during the construction of the National Semiconductor Technology Center’s Design and Collaboration Facility. Can GO-Biz provide a status update on that project.

Staff Recommendation: Hold Open.

0950 State Treasurer's Office**Issue 6: Electronic Resources Augmentation**

The Governor's budget includes resources for the State Treasurer's Office (STO) Investment Division for an ongoing augmentation in reimbursements to meet the increasing cost of electronic services necessary to safely and prudently invest state money for the Pooled Money Investment Account (PMIA). Annual service fees have increased over the past four years. Since the division operates on a tight budget, without an increase in reimbursement funding, essential services will need to be eliminated.

Background

The STO's Investment Division currently utilizes seven fee-based electronic subscriptions services daily. These services are critical to the business and operational needs of the division, as well as standard in the investment community. The PMIA has grown by over \$77 billion in the past five years, from \$100.1 billion on June 30, 2020, to \$178.1 billion on June 30, 2025. To fulfill its obligation of investing taxpayers' money, the Investment Division requires access to these resources. This funding request does not consider any new or improved services that may become available in the future.

In 2021-22, the budget approved \$400,000 in reimbursement authority on an ongoing basis for electronic services. This BCP would add an additional \$101,000 in 2026-27, \$153,000 in 2027-28, \$215,000 in 2028-29, \$282,000 in 2029-30, \$353,000 in 2030-31, and ongoing.

Panel

- Jeff Wurm, Director, Investments Division, STO
- Karma Manni, Director, Administration Division, STO
- Tuyen Le, Finance Budget Analyst, DOF
- Alex Bentz, Economist, LAO

Staff Comments

The Subcommittee may wish to consider whether there needs to be a check-in to monitor future reimbursement costs and growth.

The Subcommittee may wish to consider the following:

1. How did they calculate the increase over time?

Staff Recommendation: Hold Open.

Issue 7: Investment Portfolio Tracking System

The Governor's budget proposes an ongoing reimbursement funding for a third-party vendor to provide a modern portfolio tracking system platform that will improve transparency, streamline workflows, ensure regulatory compliance, and provide analytics. This system will replace the current portfolio which is outdated and no longer meets the Investment Division's needs for accurate reporting, maintaining operational efficiency, and providing risk management.

This proposal requests reimbursement authority of \$440,000 in 2026-27, \$484,000 in 2027-28, \$532,400 in 2028-29, \$585,640 in 2029-30, and \$644,204 in 2030-31, and ongoing.

Background

The Investment Division invests temporarily idle funds in the Centralized Treasury System in the Pooled Money Investment Account (PMIA) portfolio. The PMIA, created by legislation in 1955, is made up of commingled monies from the General Fund, Surplus Money Investment Fund (SMIF), and the Local Agency Investment Fund (LAIF). SMIF represents the cash available from all the special funds which do not have investment authority of their own and from those special funds which have independent investment authority but choose to participate in the program.

As of June 30, 2025, the LAIF balance was \$24.5 billion with over 2,334 participating agencies. The PMIA also manages the Time Deposit Program (TDP) which provides money to community banks at competitive rates. Eligible institutions are commercial banks, savings banks and credit unions that are federally insured and licensed to accept time deposits in California. This program allows banks that receive time deposit funds to use the money to expand economic opportunities and create jobs in their communities. As of June 30, 2025, there were 145 time deposits totaling \$5.3 billion in 54 institutions.

The goal of the Investment Division is to prudently manage and safely invest the State's idle or surplus monies to maximize the earnings and to meet the cash flow needs of the State. There is a high degree of visibility and sensitivity regarding the investment of public funds and the subsequent outcome of these investments. The investment program includes a wide variety of complex investment instruments which require ongoing analysis and review from the management team. The program utilizes more than 100 brokers, dealers, banks and direct issuers of commercial paper and corporate debt. As of June 30, 2025, the PMIA totaled \$178.1 billion with daily investment activity for the month averaging \$3.184 billion.

A new portfolio tracking system will:

- Increase process automation and reduce manual errors
- Ensure compliance with industry regulations and accounting standards
- Enhance reporting and analytic capabilities for better decision making

- Improve efficiency through streamlined operations and modern user interfaces
Ramifications of not outsourcing for a new portfolio tracking system:

Panel

- Jeff Wurm, Director, Investments Division, STO
- Karma Manni, Director, Administration Division, STO
- Tuyen Le, Finance Budget Analyst, DOF
- Alex Bentz, Economist, LAO

Staff Comments

The Subcommittee may wish to consider whether there needs to be a check-in to monitor future reimbursement costs and growth.

The Subcommittee may wish to ask the following:

1. How much does the current system cost? Will the resources requested be in addition to the current costs or is this reimbursement authority on top of those costs?
2. Other departments, such as Franchise Tax Board and the California Department of Tax and Fee Administration have to come back on an annual basis to request resources, will that be the case for this IT project request as well?

Staff Recommendation: Hold Open.

0971 California Alternative Energy and Advanced Transportation Financing Authority**Issue 8: Expanded Staff Resources for Administration of the Sales Tax Exclusion (STE) Program (SB 86)**

The Governor's budget proposes limited-term funding authority for 3 new positions, as well as continued authority for 2 previously established positions at the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to support the Sales and Use Tax Exclusion (STE) program.

Background

Since 2010, CAEATFA has provided financial incentives to cutting-edge companies by offering a Sales and Use Tax Exclusion (STE) program to manufacturers that promote alternative energy and advanced transportation. These manufacturers create high-paying, permanent jobs that bolster the state's economy. The STE Program is currently authorized until January 1, 2028, and has an annual cap of \$100 million.

According to CAEATFA, the program has consistently been oversubscribed. The oversubscription prompted regulatory modifications to realign projects per year and year-end adjustments.

To adjust for the oversubscription CAEATFA adopted regulations that changed the program's competitive criteria to prioritize applicants that align more with the state's environmental policy goals and priorities and reduced the \$20 million in STE project cap to \$10 million. Moreover, in September 2020, CAEATFA adopted regulations that designated \$20 million in STE specifically for small projects requesting \$2 million or less in STE, and \$15 million in STE for large projects requesting more than the \$10 million STE project cap. Such changes allow CAEATFA to support as many businesses as possible, while ensuring large projects receive the help they need without inadvertently absorbing the entire STE allocation.

SB 86 (McNerney, Chapter 211, Statutes of 2026) extends the current January 1, 2026, sunset date for the California Alternative Energy and Advanced Transportation Authority's sales and use tax exclusion program to January 1, 2028, adds fusion energy as an eligible alternative source, and modifies the stated purpose of the program.

In addition to expanding eligible technologies, SB 86 also introduced labor-related provisions that must now be taken into consideration. These provisions obligate large companies (500+ employees) to provide comparatively good wages and benefits to employees (direct or indirect), invest in workforce development and training, and adopt participatory workplace cultures. Depending on how these provisions are implemented through future regulatory changes, staff may be required to evaluate and monitor additional criteria.

Panel

- Christina Sarron, Executive Director, CAEATFA
- Lynn Cach, Deputy Executive Director, CAEATFA
- Tuyen Le, Finance Budget Analyst, DOF
- Alex Bentz, Economist, LAO

Staff Comments

According to CAEATFA with further program changes and the upward trajectory of the program to date, it is essential the level of administrative support be adjusted accordingly. The over-reliance on a limited number of staff has created attrition issues, workload gaps, and burnout risks. An increase in staff support would allow CAEATFA more time to support businesses that want to expand or build in the state. The current 4 permanent positions allocated to support the program are inadequate to meet the growing needs and demands of the program.

According to the SB 86 fiscal analysis, the costs were to be absorbable. This proposal would request limited resources, which were not identified as the bill moved through the legislative process.

Staff Recommendation: Hold Open.

Non-Presentation Items

Non-Presentation Items

Non-Presentation Items: Staff have suggested the following items do not receive a formal presentation from the Administration in order to focus time on the most substantial proposals. Members of the Subcommittee may ask questions or make comments on these proposals at the time designated by the Chair of the Subcommittee or request a presentation by the Administration at the discretion of the Chair of the Subcommittee. Members of the public are encouraged to provide public comment on these items at the designated time.

7501 – Department of Human Resources (CalHR)

Issue 9: Information Security Workload

The California Department of Human Resources (CalHR) is requesting 1 new position (an Information Technology Specialist II) and \$214,000 annually starting in FY 2026-27, funded across five sources: General Fund (\$86K), Reimbursements (\$84K), Central Service Cost Recovery Fund (\$28K), Deferred Compensation Fund (\$14K), and FlexElect Benefit Fund (\$2K).

The position will focus on infrastructure security, directly supporting the Security Operations Center (SOC). The new position will significantly reduce response times, improve incident remediation, and enhance CalHR's overall security posture. It will also support the department's cloud migration efforts. This engineer will help implement secure configurations, manage secrets and APIs, and participate in enterprise architecture planning to ensure security is embedded in all infrastructure decisions.

7920 – California State Teachers' Retirement System (CalSTRs)

Issue 10: Enterprise Strategic Support

The California State Teachers' Retirement System (CalSTRS) is requesting \$15.3 million in permanent annual funding starting in 2026-27, broken into two components:

- \$5.3 million for 31 new permanent positions across three focus areas:
 - 1. Strengthening Risk & Compliance Infrastructure — \$1.9M, 11 positions
 - Mature enterprise compliance and cybersecurity programs
 - Implement Zero Trust security governance

- Manage third-party vendor risk tracking
- Handle investment accounting (GAAP/GASB compliance)
- Process legal matters like powers of attorney, conservatorships, and court orders
- 2. Advancing Business Capabilities — \$1.8M, 10 positions
 - Build out AI governance frameworks and integration
 - Enhance data analytics and business intelligence reporting
 - Manage IT procurement and contract negotiation
 - Foster cost-conscious culture and resource optimization
- 3. Enhancing Service Delivery — \$1.6M, 10 positions
 - Implement a resource capacity management program
 - Improve workforce training and talent retention
 - Provide AV/tech support for headquarters and Member Service Centers
 - Drive IT service standardization and continuous improvement
- \$10.0 million for IT and innovation service contracts (consulting, cloud modernization, AI integration, software licenses, and maintenance)

All funding comes from the Teachers' Retirement Fund — no General Fund impact.

Issue 11: Investment Portfolio Management

The California State Teachers' Retirement System (CalSTRS) is requesting \$5.7 million in permanent annual funding starting in FY 2026-27 to establish 25 new positions in the Investments Branch. All funding comes from the Teachers' Retirement Fund.

CalSTRS argues that their \$367.7 billion portfolio has grown nearly 95 percent since 2015 at an average of 7.9 percent annually, and that growth is expected to continue. The existing investment team infrastructure hasn't scaled to match, creating risk exposure and limiting CalSTRS' ability to compete with other top global allocators — sovereign wealth funds, endowments, and other large pension funds — for investment opportunities.

According to CalSTRS these positions are meant to help CalSTRS meet or exceed its 7 percent actuarial annual rate of return and outperform portfolio benchmarks — the two metrics that determine whether the fund stays on track toward full funding of its Defined Benefit obligations by 2046.