

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
DF-46 (REV 07/23)

Fiscal Year 2025-26	Business Unit Number 1703	Department California Privacy Protection Agency
Hyperion Budget Request Name 1703-003-BCP-2025-GB		Relevant Program or Subprogram 1600

Budget Request Title

Data Broker Deletion Request Opt-Out Platform

Budget Request Summary

The California Privacy Protection Agency requests an increase in expenditure authority of \$2.477 million Data Broker's Registry Fund in 2025-26, \$2.34 million in 2026-27 and 2.0 positions phased-in over two years to meet the Agency's responsibilities under Chapter 709, Statutes of 2023 (SB 362), known as the California Delete Act.

Requires Legislation (submit required legislation with the BCP) ☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A	Code Section(s) to be Added/Amended/Repealed N/A	
Does this BCP contain information technology (IT) components? ☒ Yes ☐ No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO Ashkan Soltani	Date 1/10/2025

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), the approval date, and the total project cost.

Project No. 1703-001 **Project Approval Document:** Project Delegation Request

Approval Date: Pending January 2025 **Total Project Cost:** \$7,551,744

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No

Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Phil Laird	Date 1/10/2025	Reviewed By Tiffany Garcia	Date 1/10/2025
Department Director Ashkan Soltani	Date 1/10/2025	Agency Secretary N/A	Date N/A

Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ Dept. of Technology

Principal Program Budget Analyst Charlene Manning	Date submitted to the Legislature 1/10/2025
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A. Problem Statement

Effective January 1, 2026, Chapter 709, Statutes of 2023 (SB 362), also known as the California Delete Act, transferred responsibility of the Data Broker Registry from the Department of Justice (DOJ), to the California Privacy Protection Agency (CPPA or Agency), and further mandated the Agency to establish an accessible deletion mechanism. This mechanism must allow consumers to request the deletion of personal information maintained by data brokers and their associated service providers beginning January 1, 2026. The system needs to maintain reasonable security procedures and practices, provide an interface for making and altering deletion requests, and allow consumers to verify the status of their requests. Additionally, by August 2026, data brokers will be required to access this deletion mechanism every 45 days to ensure compliance with consumer requests. The challenge lies in developing and implementing this comprehensive system that can handle high volumes of requests, maintain data security, and ensure seamless interaction between consumers, data brokers, and the Agency. This requires robust infrastructure, ongoing support, and effective coordination among all stakeholders.

The 2024 Budget Act includes resources to plan for the implementation of SB 362 and to assist in the development of the deletion mechanism. Planning has been underway, and the Agency is prepared to move forward with system development and the execution of the accessible deletion mechanism. To support the establishment of the mechanism, the Agency is requesting \$2.477 million in 2025-26 and \$2.34 million in 2026-27 for contracting costs and 2.0 additional positions dedicated to overseeing the technical and program requirements of the Deletion Request and Opt-out Platform (DROP).

Resource History (Dollars in thousands)

Program Budget	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Authorized Expenditures	n/a	n/a	n/a	n/a	n/a	901
Actual Expenditures	n/a	n/a	n/a	n/a	n/a	TBD
Revenues	n/a	n/a	n/a	n/a	n/a	TBD
Authorized Positions	n/a	n/a	n/a	n/a	n/a	3.0
Filled Positions	n/a	n/a	n/a	n/a	n/a	2.0
Vacancies	n/a	n/a	n/a	n/a	n/a	1.0

Workload History

Workload Measure	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Data Brokers Registered	206	321	439	576	540	600
Deletion Requests	n/a	n/a	n/a	n/a	n/a	n/a

B. Justification

Pursuant to SB 362, the Agency is requesting resources to develop the DROP. The Agency is tasked with building the two-sided DROP for consumers to establish accounts, verify residency, and to request the deletion of personal information from data brokers who registered with the Agency. Data brokers will also be required to establish accounts, to provide specific and legally required registration information, and to pay an annual registration fee.

Additionally, data brokers are required to access the system every 45 days to ingest the list of consumer deletion requests, delete the consumers' non-exempt personal information, and report back to the Agency on the status of each deletion request. The Agency's personnel will be able to use the application to communicate with data brokers, track deletion requests, and enforce data broker compliance.

Through a combination of staff resources, coordination with the California Department of Technology (CDT), and the use of contracted support, CPPA will implement the necessary technological infrastructure, develop the DROP, coordinate necessary residency verification procedures, and open the platform to Californians by January 1, 2026.

DROP Development and Implementation Costs

(Dollars in thousands)

Cost Detail	2025-26	2026-27
Infrastructure	\$282	\$ 273
Development/Post Implementation	\$1,183	\$427
Residency Verification	\$343	\$879
Overhead	\$144	\$52
CDT Project Management	\$300	\$300
Support Ticketing System	\$10	\$10
Staff and General OE&E	\$215	\$399
Total	\$ 2,477	\$ 2,340

Infrastructure

The DROP will be developed to operate within the California Managed Cloud (CAMC) which offers several technological and financial efficiencies compared to a private, locally housed and maintained system. CDT will be contracted to utilize CAMC. The solution will be a custom-developed application that will not incur any long-term licensing costs. While normal infrastructure, operating system, and database platform licensing and maintenance costs will apply, a cloud first approach will minimize hardware and software acquisition maintenance costs. CPPA requests \$282,000 in 2025-26 and \$273,000 in 2026-27 to fund the necessary infrastructure for this platform.

Development and Post Implementation Support

The system will be developed from January to December of 2025 by utilizing CDT and contractors to develop the platform to fulfill the requirements of SB 362. Through the PAL process, CPPA has worked closely with CDT to minimize risk and design a product that can be developed, tested, and implemented within the necessary timeline. This will initially be funded with resources included in the 2024 Budget Act. In addition to those resources, costs to support the development, testing, and post implementation modifications of the DROP are anticipated to be \$1.183 million in 2025-26 and \$427,000 in 2026-27.

Residency Verification

Once implemented and accessible to both the public and Data Brokers, the system will require user residency verification to create a secure environment that combats system misuse by consumers outside of California while ensuring equitable access to the DROP. The system will employ a robust, multi-step verification process to ensure the consumer's residency is verified, and their phone number and email is authenticated in a secure and privacy-

protective manner. The system will use an advanced residency matching algorithm to cross verify the information provided by the consumer. This algorithm will ensure that the consumer is a California resident accurately and consistently. CPPA is conservatively estimating that upon initial rollout of the DROP in the middle of 2025-26, approximately 250,000 consumers will utilize the system and have their residency verified. In year two, the population is estimated to grow to approximately one million users. Based on projected utilization, residency verification is anticipated to cost \$343,000 in 2025-26 and \$879,000 in 2026-27.

Residency Verification Costs
(Dollars in thousands)

Description	2025-26 Estimated Cost	2026-27 Estimated Cost
Residency Verification Setup Fee	\$24	\$0
Residency Verification Licensee Fee	\$135	\$135
Residency Verification Fee	\$184	\$744
Total Estimated Cost	\$343	\$879

Overhead

CDT and the Department of General Services (DGS) charge varying percentages of all costs provided by, or passing through, the organization as a cost distribution. Based on the estimated platform cost, these charges are estimated to be \$144,000 in 2025-26 and \$52,000 in 2026-27.

CDT Project Management

CPPA will continue to contract with the CDT for Project Management support. Given the size of the Agency, no existing resources exist to support project management for SB 362 implementation. The Agency will leverage the CDT's Project Management Office (PMO) to assist with managing the project. The PMO resources will assist with project needs for the planning and development stages. Failure to obtain the needed resources could prevent the Agency from meeting its responsibilities under SB 362, including to adequately develop and implement the DROP. CPPA requests \$300,000 in 2025-26 and 2026-27 to fund project management costs.

Staffing Resources

The Agency requests 2.0 positions, phased-in effective January 1, 2026, as the DROP is implemented. It is important to note that while staff resources were approved in the 2024 Budget Act, these positions were originally requested to support both the Data Broker's Registry and the DROP, which are separate systems. During initial discussions with CDT, it became clear to the CPPA that there will be far more public facing and technical work for the DROP. This is mainly because the DROP will be accessible by all California residents, creating the likelihood for significant issue triage and tracking, system modifications, and associated communication and knowledge transfer. CPPA requests \$215,000 in 2025-26 and \$399,000 in 2026-27 for these positions. The workload for the requested positions is as follows:

1.0 Staff Services Manager II – This position will be responsible for the complex operation of the DROP as it pertains to Data Brokers, the public, and CPPA staff working in the platform. This manager will be a subject matter expert for the Delete Act and the DROP, including user requirements, the residency verification process, and the requirements associated with opt-out requests. This position will be the single point of contact that consults with parties working in the system, notes potential system issues, and coordinates with the Information Technology Specialist when technical issues need to be documented and resolved. As the DROP goes live, this position will use real-time information to create and update user guides and FAQs while serving as the Delete Act program lead. This position will also develop and lead a marketing campaign to educate Californians on the existence and utilization of the platform. It is essential for CPPA to have this program expert coordinating the roll-out and collecting data that will inform necessary updates to the program and platform.

1.0 Information Technology Specialist I – This position will be involved in the planning, development, and implementation of technological solutions critical to the overall success of the DROP. This would include security and hardware infrastructure support, testing support, process refinements/improvements, requirements traceability, risk management, and knowledge transfer from contractors to state staff. As the DROP is implemented, it is essential that CPPA have a specialist who can:

- Understand emerging technological issues within the DROP
- Consult on technical development and configuration
- Provide system testing
- Triage technological issues with the platform
- Provide technical troubleshooting to staff, Californians, and Data Brokers
- Gather enhancement requirements
- Track and maintain system and product change requests
- Coordinate with CDT and contracted developers, when necessary, to resolve issues
- Collaborate with various staff to provide knowledge transfer and training

Support Request Ticketing System

The Agency will require a support ticketing system to manage the influx of requests for technical and program support as the system goes live. While the number of requests for support will vary based on the number of Californians accessing the system, it will be important for CPPA to be able to track support requests to streamline and expedite responses to common questions and to identify opportunities for system updates, modifications to user guides and updates to FAQs. Software solutions for this function are estimated at \$10,000 annually.

Registration Fees and Proposal Funding

Data Brokers pay an annual registration fee pursuant to Civil Code § 1798.99.82 and California Code of Regulations Title 11 § 7600. Based on the current number of registered Data Brokers, the existing balance of the Data Brokers' Registry Fund, and the estimated cost of DROP, the Agency has determined that the annual registration fee must be increased from \$400 to \$6,600. The Agency's Board recently acted to increase the registration fee accordingly in preparation of the need to fund this system. The fund is anticipated to sustain the cost of the platform for the foreseeable future. In accordance with Civil Code § 1798.99.82(b)(1), Agency staff will continue monitoring the fund balance and expenditures of the Data Brokers' Registry Fund to adjust fees in the coming years to appropriately match the reasonable costs of maintaining the Data Broker Registry and the DROP.

C. Departmentwide and Statewide Considerations

This proposal is consistent with the Agency's [Strategic Plan \(https://cppa.ca.gov/pdf/strategic_plan_2024_2027.pdf\)](https://cppa.ca.gov/pdf/strategic_plan_2024_2027.pdf) and mission to protect Californians' privacy, ensure that consumers are aware of their rights, businesses are well informed of their obligations, and vigorously enforce the law against businesses that violate consumers' privacy rights. The system will be developed with the intention for it to be equally accessible by all. The development and oversight of DROP will rely heavily on the CDT., which concurs with this proposal.

D. Outcomes and Accountability

Through the development, testing, and final implementation of the DROP, California's consumers will be able to delete all non-exempt personal information from a Data Broker's record. After two years of implementation, the Agency expects to register and verify the residency of over 1 million Californian consumers and 500-1,000 Data Brokers. In future years, Agency expects consumer enrollment to gradually increase as awareness spreads and will design the system to be capable of accommodating all Californians (approximately 40 million). Over the first five years of implementation, the Agency expects Data Broker registration to increase to approximately 2,000. Success will be measured through the number

of deletion requests and enforcement actions against Data Brokers not complying with the Delete Act.

The requested funding and staffing are required to make certain CPPA has sufficient resources to implement the DROP.

Projected Outcomes

Workload Measure	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Data Brokers Registered	600	880	1,160	1,440	1,720	2,000
Residencies Verified ¹	250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Deletion Requests ²	12,500	50,000	50,000	50,000	50,000	50,000
Support Requests Resolved (all user types) ³	1,300	5,000	5,000	5,000	5,000	5,000
Technical Issues Resolved ⁴	63	250	250	250	250	250

¹ assumes approximately 1 million Californian's will verify their residence annually, however this will be reliant on consumer interest, the effectiveness of marketing campaigns, and other factors.

² assumes 5 percent of all Californian's who verify their residence will request deletion. As the system goes online, CPPA will monitor verifications and deletion requests to analyze assumptions, adjust system capabilities, and ensure reasonable staff response times.

³ assumes approximately one-half of one percent of platform users (data brokers and Californians) will request support.

⁴ assumes approximately 5 percent of support requests will result in a technical issue that constitutes a system defect, requires a technical fix, or initiates a system enhancement.

E. Implementation Plan

- January – October 2025: Development of the DROP and the necessary cloud infrastructure.
- November – December 2025: User testing, first residency verifications completed, critical system updates.
- January 2026 – DROP live for use by Data Brokers and consumers.

F. Supplemental Information (If Applicable)

Attachment A – Workload Analyses

Workload Analysis: Staff Services Manager II

Task Description	Quantity	Duration (hours)	Total Time (hours)
Developing and administering DROP marketing campaign.	1	120	120
Generation, analysis, and presentation of weekly reports on DROP utilization to executive staff.	52	2	104
Development and update of user guides, FAQs, etc.	4	40	160
Interaction/issue detection with Data Brokers.	9	0.25	2
Interaction/issue detection with consumers.	5,000	0.25	1250
Referral to ITS I on issues identified during client/staff interactions.	250	1	250
Weekly DROP team meetings.	52	1	52
Development of status updates, materials, etc. for Board meetings and executive briefings.	4	4	16
Communicating solutions to clients.	250	0.5	125
Total Hours	-	-	2,079
Total Positions (total hours / 1,800)	-	-	1.2

Workload Analysis: Information Technology Specialist I

Task Description	Quantity	Duration (hours)	Total Time (hours)
Facilitate the investigation and triage of system defect/enhancement/change requests referred by SSMII through client interactions. Collaboration on problems, service requests, and incidents.	250	2.5	625
Coordinate with CDT on system issues, required patches, enhancements, and change requests.	250	2	500
Testing implemented system solutions and formally resolving the issue.	250	1.5	375
Develop and update existing system design documents and manuals as needed.	12	8	96
Weekly DROP team and CDT meetings.	104	2	208
Total Hours	-	-	1,804
Total Positions (total hours / 1,800)	-	-	1.0

BCP Fiscal Detail Sheet

BCP Title: Data Broker Registry Opt-Out Platform

BR Name: 1703-003-BCP-2025-GB

Budget Request Summary

Personal Services

Personal Services	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Positions - Permanent	0.0	1.0	2.0	0.0	0.0	0.0
Total Positions	0.0	1.0	2.0	0.0	0.0	0.0
Earnings - Permanent	0	108	216	0	0	0
Total Salaries and Wages	\$0	\$108	\$216	\$0	\$0	\$0
Total Staff Benefits	0	66	133	0	0	0
Total Personal Services	\$0	\$174	\$349	\$0	\$0	\$0

Operating Expenses and Equipment

Operating Expenses and Equipment	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
5301 - General Expense	0	5	10	0	0	0
5302 - Printing	0	2	4	0	0	0
5304 - Communications	0	2	4	0	0	0
5306 - Postage	0	1	2	0	0	0
5320 - Travel: In-State	0	3	6	0	0	0
5322 - Training	0	1	2	0	0	0
5324 - Facilities Operation	0	7	14	0	0	0
5340 - Consulting and Professional Services - External	0	1,164	1,201	0	0	0
5340 - Consulting and Professional Services - Interdepartmental	0	1,098	740	0	0	0
5344 - Consolidated Data Centers	0	4	8	0	0	0
5368 - Non-Capital Asset Purchases - Equipment	0	16	0	0	0	0
Total Operating Expenses and Equipment	\$0	\$2,303	\$1,991	\$0	\$0	\$0

Total Budget Request

Total Budget Request	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Total Budget Request	\$0	\$2,477	\$2,340	\$0	\$0	\$0

Fund Summary

Fund Source

Fund Source	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
State Operations - 3372 - Data Brokers' Registry Fund	0	2,477	2,340	0	0	0
Total State Operations Expenditures	\$0	\$2,477	\$2,340	\$0	\$0	\$0
Total All Funds	\$0	\$2,477	\$2,340	\$0	\$0	\$0

Program Summary

Program Funding

Program Funding	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
1600 - Administration of the California Consumer Privacy Act	0	2,477	2,340	0	0	0
Total All Programs	\$0	\$2,477	\$2,340	\$0	\$0	\$0

Personal Services Details

Positions

Positions	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
1402 - Info Tech Spec I (Eff. 01-01-2026)	0.0	0.5	1.0	0.0	0.0	0.0
4801 - Staff Svcs Mgr II (Eff. 01-01-2026)	0.0	0.5	1.0	0.0	0.0	0.0
Total Positions	0.0	1.0	2.0	0.0	0.0	0.0

Salaries and Wages

Salaries and Wages	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
1402 - Info Tech Spec I (Eff. 01-01-2026)	0	54	107	0	0	0
4801 - Staff Svcs Mgr II (Eff. 01-01-2026)	0	54	108	0	0	0
Total Salaries and Wages	\$0	\$108	\$215	\$0	\$0	\$0

Staff Benefits

Staff Benefits	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
5150900 - Staff Benefits - Other	0	66	133	0	0	0
Total Staff Benefits	\$0	\$66	\$133	\$0	\$0	\$0

Total Personal Services

Total Personal Services	FY25 Current Year	FY25 Budget Year	FY25 BY+1	FY25 BY+2	FY25 BY+3	FY25 BY+4
Total Personal Services	\$0	\$174	\$348	\$0	\$0	\$0