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

Fiscal Year	Business Unit Number	Department
2026-2027	0555	California Environmental Protection Agency, Office of the Secretary

Hyperion Budget Request Name	Relevant Program or Subprogram
0555-002-BCP-2026-GB	0340-Support

Budget Request Title
California Environmental Reporting System Project

Budget Request Summary

The California Environmental Protection Agency requests $6,815,000 in spending authority from the Unified Program Account in 2026-27 to implement a technology refresh project on the California Environmental Reporting System (CERS) known as CERS NextGen. CERS Nextgen is an ongoing information technology project. This request includes continued funding for the 5.0 permanent positions approved in the 2022 Budget Act. The project will update the technical platform, improve data quality and the processes supporting data quality, and modernize a critical public-facing system that enables more than 160,000 businesses and 104 local regulators to meet their legal reporting obligations.

Requires Legislation (submit required legislation with the BCP)	Code Section(s) to be Added/Amended/Repealed
☐ Trailer Bill Language ☐ Budget Bill Language ☒ N/A	N/A

Does this BCP contain information technology (IT) components? ☒ Yes ☐ No *If yes, departmental Chief Information Officer must sign.*	Department CIO Mike Marshall	Date 12/23/2025

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.0555-018 **Project Approval Document:** S2AA

Approval Date: 1/10/2024 **Total Project Cost:** $29.709 million

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	Date	Reviewed By	Date
Nick Kuka	1/9/2026	Mike Marshall	1/9/2026
Department Director	**Date**	**Agency Secretary**	**Date**
Brandy Hunt	1/9/2026	Yana Garcia	1/9/2026

Department of Finance Use Only

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

Principal Program Budget Analyst	Date submitted to the Legislature
Nathanael Williams	1/9/2026

A. Problem Statement

CalEPA oversees the statewide implementation of the Unified Hazardous Waste and Hazardous Materials Regulatory Management Program (Unified Program), which applies regulatory standards to over 160,000 business facilities in California. CERS is a web-based application critical to the Unified Program. CalEPA built CERS in 2011 in response to legislation Chapter 571, Statutes of 2008 (AB 2286). The new laws required CalEPA to collect and report regulatory data from local government regulators known as Unified Program Agencies (UPAs).

Businesses regulated by UPAs under the Unified Program use CERS to submit data required by California Law. In addition to complying with California Law, some businesses use CERS data to qualify for grant funding and maintain insurance. In 2020, the CERS application received over 500,000 regulatory submissions. The CERS application has interfaces with over 60 government systems. UPAs use CERS heavily in their compliance, monitoring, and enforcement activities for environmental programs. Annually, UPA data systems complete over 1 million electronic data transfers with CERS.

CalEPA depends on CERS as it fulfills its mission to protect human health and the environment. CERS provides a critical platform for regulated businesses to comply with environmental rules and regulations and report data required by California law. CalEPA must replace the near-end-of-life technology supporting CERS to continue maintaining California's long-standing commitment to environmental stewardship.

CERS has incomplete, inadequate, and incorrect data because the current CERS application lacks sufficient data validation controls. These problems impact data transfers to external systems and reporting functionality. The issues have resulted in missing data and inconsistent reporting to external oversight agencies, including the United States Environmental Protection Agency. Failing to replace CERS will negatively impact businesses, UPAs, CalEPA Boards, Departments, and CalEPA Offices. Additionally, CalEPA built CERS using outdated technologies from the early 2000s. These platforms cannot support continual updates to align with emerging legislation. These technologies also lack current security features. CalEPA must refresh CERS and its technology to provide a stable platform that meets California's needs and aligns with modern security requirements.

Since 2019, CalEPA has planned an IT refresh project (CERS NextGen) to replace the CERS application. This proposal requests spending authority for the previously approved project budget. In the fall of 2023 CalEPA split the execution of the project into two phases and received Technology Modernization Fund (TMF) money in support of Phase 1. At the direction of the California Department of Technology (CDT), CalEPA resubmitted and gained approval of PAL Stage 2 documents aligning with the phased approach. During the 2023-24 fiscal year, the CERS NextGen project acquired all of the necessary staff resources and software licenses to begin building a replacement for the CERS application. CalEPA initiated Phase 1 of the project in the summer of 2024. The project planned to deliver Phase 1 in the summer of 2025, however, the end date for Phase 1 has been extended to January of 2026.

Resource History
(Dollars in thousands)

Program Budget	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Authorized Expenditures	0	$1,723	$1,967	$4,315	$3,171	$6,600
Actual Expenditures	0	$1,478	$2,411	$2056	$2,779	$6,600
Revenues	0	0	$0	$0	$0	$0
Authorized Positions	0	0	4	5	5	5
Filled Positions	0	0	4	5	5	5
Vacancies	0	0	0	0	0	0

B. Justification

The legal obligation of more than 160,000 businesses and 104 UPAs is met through CERS. In addition to meeting California's regulatory needs, the designation of the California Water Boards as the primary oversight agency for Underground Storage Tanks (USTs) in the state and the federal funding tied to the designation relies on CERS data. However, modifications and updates to CERS have been hampered by the application's aged technology and original XML Schema. The technology supporting CERS is near-end-of life and must be replaced.

The state and the 160,000 regulated businesses will also be in violation of Health and Safety Code section 25404 if CERS stops operating. CERS data has financial impacts through insurance and grant funding. California has historically received significant grant money from the US EPA for the monitoring and cleanup of abandoned and leaking USTs. Current statutes require single-walled tanks to be removed by 2025. CalEPA anticipates a spike in abandoned USTs but lacks the technical infrastructure to collect and report the data because the current system cannot track abandoned tanks. Information about abandoned tanks is legally required to be tracked as part of the Federal Energy Policy Act of 2005 and annually reported to the US EPA. Without an update to CERS, which allows tracking abandoned USTs, California may be unable to maintain compliance with federal requirements and may lose grant funding.

Through the end of the 2024-25 fiscal year, CalEPA has already invested $7.3 million in the CERS NextGen project. CalEPA has completed procurement activities for the primary systems integration contract, acquired software platform licenses, and initiated work on the Phase 1 functionality to track submittals of underground storage tanks, and account for abandoned underground storage tanks throughout the state. As stated above, the primary reasons for initiating and continuing this project have not changed. The progress made over the last year will be critical to CalEPA's compliance with waterboard regulations which will begin in 2026. As of the end of December 2025, CalEPA is preparing to initiate Phase 2 of the project which will add functionality for additional environmental regulatory programs to CERS NextGen. CalEPA must replace the aging CERS application with a modern solution before obsolescence and possible system failure bring a greater risk of noncompliance with California statutes.

C. Departmentwide and Statewide Considerations

CalEPA established the Unified Program in response to Health and Safety Code Chapter 6.11. Chapter 2286, Statutes of 2008, mandated CalEPA to implement an automated web-based information system to collect regulatory information from businesses and regulators. CalEPA

completed CERS development in January 2012, and CERS has collected regulatory and compliance information for over eleven years. The use of CERS has grown. CalEPA now provides CERS data to many interfaced systems, including:

- RCRAinfo, a federal regulatory system
- The CalEPA Regulated Site Portal, a public information system mandated by statute

CalEPA also provides CERS data to the California Department of Public Health (CDPH) for Environmental & Occupational Emergency Preparedness in health and safety research. During state-level disasters, CERS data is used for hazard analysis, driving response, and recovery decisions in impacted areas. Finally, every California county and many California cities use CERS data in their local permitting processes.

The CERS NextGen project aligns with the Unified Program's strategic plan by leveraging technology and data to promote efficient Unified Program operations and functions. This alignment is designed to facilitate program consistency and clear communication among all stakeholders and support the Unified Program's mission and vision.

By replacing CERS with a modern platform that meets California's needs, CalEPA will improve our stakeholders' ability to access and interact with data that inform environmental and public health decisions. CalEPA will build a new solution using a scalable cloud-based platform that can adapt to changing regulations. These factors are in direct alignment with the following Statewide digital strategy goals:

- Enable: Empower government work and decision-making with data, evidence, and information
- Evolve: Adapt and grow with our diverse residents to meet their current needs and future expectations.

D. Outcomes and Accountability

The CERS replacement system will improve CalEPA services by:

1. Capturing critical information from regulatory agencies concerning abandoned Underground Storage Tanks (USTs), supporting US EPA regulatory requirements that are not currently being captured.
    a. Abandoned USTs are not tracked in the current system. All USTs, including abandoned ones, are required to be inspected annually. California must certify annually that all USTs comply with the 2005 Energy Policy Act Grant Guidelines. This proposal would enable tracking and reporting of regulatory information not captured by the current CERS system
    b. With the upcoming 2025 single-walled UST closure requirement, we expect the number of abandoned USTs to spike, and we require a method in CERS to track these systems.
2. Enhance stakeholder communication by adding new communication tools within the system.
    a. Enable regulated businesses to document their return to compliance (RTC) after being found violating state law. The current process of closing violations using CERS is highly manual, requiring businesses to provide RTC documentation to regulators outside of CERS, the regulators to enter RTC in a local system and upload it to CERS, or manually enter RTC information through the CERS regulator UI.
    b. Streamlining communication and allowing it to occur electronically through the online tool instead of the current external system.
3. Increase access to grant funding through assurance of accurate violation information. Over 29,000 violations (24,000 UST) in CERS have been unresolved for over a year. A UST site shown to be out of compliance has limited eligibility for select grant opportunities. The site

may have returned to compliance, but CERS may not reflect the latest status due to the current RTC process.

4. Provide a tool for regulators to actively work with businesses to make minor submission adjustments, reducing the workload for regulated entities and UPAs.
    a. Currently, the business must enter all corrections through additional submissions.
    b. Additional submissions create a significant administrative tracking burden for businesses and regulators.
5. The solution's regulatory reporting will be updated to improve and maintain data quality through significant validation improvements. There is an increased demand for validated environmental data to aid in policy decisions and ensure equity and environmental justice for Californians.

Projected Outcomes

Workload Measure	**2025-26**	**2026-27**	**2027-28**	**2028-29**
UST Violations older than 1 year will be closed once the new solution is deployed	29,755	7,439 (75% Reduction)	75% Reduction	Additional 5% Reduction (80%)
Time required to complete bi-annual UST Reports after the new solution is deployed	4 Hours	10 Minutes	10 Minutes	10 Minutes
Underground Storage Tanks will have unique profiles in the new solution	0	90%	90%	95%

E. Implementation Plan *(Provide key milestones, deliverables, and timeline for implementation)*

Upon approval, CalEPA will follow the plan below to continue the implementation phase.

Proposed Schedule

August 2024 – January 2026(Phase 1, platform configuration and UST Tracking)

- Configuration of the CERS NextGen Solution
- Organizational Change Management Activities
- Independent Validation and Verification activities
- Training Knowledge Transfer activities
- Iterative testing and acceptance of work products

October 2025 – January 2027 (Phase 2, Remaining CalEPA Programs)

- Configuration of the CERS NextGen Solution
- Organizational Change Management Activities
- Independent Validation and Verification activities
- Training Knowledge Transfer activities
- Iterative testing and acceptance of work products

January 2027 - January 2028

- Monitored Maintenance and Operations

BCP Fiscal Detail Sheet

(Dollars in Thousands)

BCP Title: California Environmental Reporting System Project

BR Name: 0555-002-BCP-2026-GB

Budget Request Summary

Personal Services

Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Salaries and Wages Earnings - Permanent	0	646	0	0	0	0
Total Salaries and Wages	**$0**	**$646**	**$0**	**$0**	**$0**	**$0**
Total Staff Benefits	0	427	0	0	0	0
Total Personal Services	**$0**	**$1,073**	**$0**	**$0**	**$0**	**$0**

Operating Expenses and Equipment

Operating Expenses and Equipment	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5301 - General Expense	0	10	0	0	0	0
5302 - Printing	0	5	0	0	0	0
5304 - Communications	0	10	0	0	0	0
5320 - Travel: In-State	0	20	0	0	0	0
5322 - Training	0	5	0	0	0	0
5324 - Facilities Operation	0	50	0	0	0	0
5340 - Consulting and Professional Services - External	0	2,518	0	0	0	0
5340 - Consulting and Professional Services - Interdepartmental	0	75	0	0	0	0
5346 - Information Technology	0	3,049	0	0	0	0
Total Operating Expenses and Equipment	**$0**	**$5,742**	**$0**	**$0**	**$0**	**$0**

Total Budget Request

Total Budget Request	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Budget Request	**$0**	**$6,815**	**$0**	**$0**	**$0**	**$0**

Fund Summary

Fund Source

Fund Source	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
State Operations - 0028 - Unified Program Account	0	6,815	0	0	0	0
Total State Operations Expenditures	**$0**	**$6,815**	**$0**	**$0**	**$0**	**$0**
Total All Funds	**$0**	**$6,815**	**$0**	**$0**	**$0**	**$0**

Program Summary

Program Funding

Program Funding	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
0340 - Support	0	6,815	0	0	0	0
Total All Programs	**$0**	**$6,815**	**$0**	**$0**	**$0**	**$0**

Personal Services Details

Staff Benefits

Staff Benefits	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
5150900 - Staff Benefits - Other	0	427	0	0	0	0
Total Staff Benefits	**$0**	**$427**	**$0**	**$0**	**$0**	**$0**

Total Personal Services

Total Personal Services	FY26 Current Year	FY26 Budget Year	FY26 BY+1	FY26 BY+2	FY26 BY+3	FY26 BY+4
Total Personal Services	**$0**	**$427**	**$0**	**$0**	**$0**	**$0**