

# CALIFORNIA STATE GOVERNMENT SPENDING ON RESTRICTED TECHNOLOGY

FEBRUARY 2023

## Overview

- Between 2019 and 2022, the state of California spent \$2,910,769 on restricted Chinese technology from Lenovo, Inc. and Lexmark, Inc. Just a few of the agencies holding sensitive information that have purchased these products include:
  - The Department of Social Services
  - The Department of Water Resources
- All Lexmark technology was purchased by the Department of Social Services.

## The Problem

- Chinese government-owned technology manufacturers Lenovo and Lexmark have been restricted from U.S. military and intelligence agencies due to their connection to the Chinese government and military. While federal policy directs information security at the federal level, states must determine their own security standards making states vulnerable to intrusion through the purchase of these risky Chinese technology products. For more detail on these two manufacturers and others, see our briefing paper at [www.StatesStopChinaTech.com](http://www.StatesStopChinaTech.com).

## The Process

- China Tech Threat (CTT) originally reached out to the California Department of General Services on August 15, 2022 requesting the exact numbers, dollars spent, products and services purchased, quantity of products and services purchased, remaining timeline of Lexmark and Lenovo contracts. We received a response from a Contract Specialist on August 16, 2022, with copies of the contracts with Lenovo from 2019 to 2021. In January 2023, CTT obtained detailed financial records of payments to Lexmark and Lenovo, showing amounts, dates and check numbers, payor agencies or departments, and descriptions of services from FI\$CAL, the financial information system of California made available to improve transparency.
- However, purchases of restricted technology through third-party resellers, which can be significant, are not yet captured in our research. For example, the National Association of State Procurement Officers identifies the following [qualified resellers](#) in California: CDWG, Datel Systems Incorporated, Omnipro Systems, Inc., PO Specialists, Inc. (dba Technology Integration Group), Broadway Typewriter Company, Inc. (dba Arey Jones),

Insight Public Sector, Inc., among others. Any future efforts to identify and restrict purchases of Chinese-owned technology manufacturers should include resellers.

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## Lenovo

In 2023, \$244,450 of Lenovo technology purchased, including:

- The State Legislature: \$234,925
- Select purchases by the Department of Labor and the Department of Natural Resources

In 2022, \$143,723 of Lenovo technology purchased, including:

- The State Legislature: \$138,829
- Select purchases by the Department of Labor and Workforce Development and the Office of the Governor

In 2021, \$602,809 of Lenovo technology purchased:

- The State Legislature

In 2020, \$282,426 of Lenovo technology purchased, including:

- The State Legislature: \$232,431
- Select purchases by the Department of Labor and Workforce Development and the Department of Natural Resources

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Between 2020 and 2022, the state of California purchased \$213,213 of Lexmark technology; all purchases by the Department of Social Services.

- \$22,236 in 2022
- \$91,271 in 2021
- \$99,706 in 2020