**CALSTRS**

# Regular Meeting

## Item Number 10 – Open Session

**Subject**: Pension Solution Project Update

**Presenter(s)**: Ashish Jain, Bill Perez, Anthony Suine, and Chriss Cabodi, Guidehouse

**Item Type**: Information

**Date & Time**: March 7, 2024 – 15 minutes

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**Attachment(s)**:

Attachment 1 – Independent Project Oversight Report

Attachment 2 – Pension Solution Glossary

**PowerPoint(s)**:

PowerPoint 1 – Pension Solution Update

PowerPoint 2 – Independent Project Oversight Consultants' Presentation

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## Item Purpose

The purpose of this item is to provide a Pension Solution Project update.

*System Integration Testing*

The project team began 2024 by completing system integration test stream 2, which included 325 test scripts. This builds upon the 267 test scripts completed in SIT stream 1. Since the January board meeting, the project team commenced SIT stream 3, which includes 324 test cases. To date, the overall actual executed and passed test cases are ahead of projections and SIT stream 3 is on target to complete by the April 8, 2024 scheduled deadline.

The project team is also focused on many activities in preparation for go live. Training design and development continues in preparation for training users on the new system. In addition, planning activities for user acceptance testing and business transition are well underway. Our new Implementation Support Services Vendors were on site again the week of February 5th to meet with the project teams and impacted business areas to discuss plans and collect feedback to incorporate in documents and processes.

*Human Resources Update*

We continue to fill out our project team and recently brought aboard two new team leaders, one over Change Management and Communications and a Financial Services Branch lead on our Business Core Team. Only two vacant leadership positions remain on our team.

*Data Team*

The Data Team, which is comprised of four teams, Data Quality, CalSTRS Data Conversion, Sagitec Data Conversion, and Data Validation, continuously prepares and converts legacy system data into the new BenefitConnect format. High-quality data is crucial for accurate system processing and benefit calculations. The pension database is comprised of over 2 billion records, including more than 2 million accounts, 425 million reporting contribution lines, and 91 million payment records, just to mention a few.

The Data Team collaborates with business users, the START team, the BenefitConnect development team, and other project areas to address legacy data inconsistencies, improve ongoing conversion runs, and validate the conversion process and results. This ensures that data requirements across all project areas are met while continually refining the conversion process.

To date, the Data Team has fixed data inconsistencies in over seven million legacy records and archived approximately 170,000 accounts. The team has resolved more than 3,000 conversion defects and over the past year, data conversion defects have decreased by two-thirds. The team is on track to eliminate the remaining defect inventory before user acceptance testing activities commence later this year.

As the project prepares for go live, the Data Team will produce ongoing reconciliation reports, address any remaining legacy data and conversion issues, validate the converted data, and optimize the overall conversion process.

*Budget Update*

Our budget projections for the fiscal year remain on target through the first six months. The following table identifies the project budget through go live of fall 2025 and breaks down the encumbrances and expenditures by three major categories of expenses, the CalSTRS team, technology administrative costs, and the implementation solution vendor, from July 1, 2023 through December 31, 2023.

| Pension Solution Budget (Amounts in Millions) | Go-Live Budget[1] | Expenditures as of 12/31/2023 | Remaining Budget Available |
|---|---|---|---|
| CalSTRS Project Team[2] | $225.3 | $141.1 | $84.2 |
| Technology Admin Costs | $16.0 | $5.1 | $10.9 |
| Solution Implementation Vendor Costs | $281.8 | $198.9 | $82.9 |
| **Total Pension Solution Budget For Go-Live** | **$523.1** | **$345.1** | **$178.0** |

[1] An additional $104.7 million is approved for post implementation activities including maintenance and operations, and stabilization.
[2] CalSTRS Project Team includes project staff, subject matter experts and CalSTRS contractors.

In accordance with the fiscal year 2023-24 Budget Bill Language, the CalSTRS team met with Department of Finance for a Quarter 2 update on the project status and budget on February 2, 2024. We covered project accomplishments, testing status, oversight vendor observations, project schedule overview, and budget status. These meetings continue to be an effective communication tool for both parties. Our Quarter 3 update is scheduled for May 2024.

*IPOC Contract*

Guidehouse Inc. serves as the Board's Independent Project Oversight Consultant on the Pension Solution Project, providing an independent perspective on system implementation processes and practices. Specifically, IPOC responsibilities include:

- Monitoring the project and reporting on the project's progress and health.
- Analyzing the schedule, scope, and budget in compliance with project requirements.
- Identifying and reporting significant project risks and issues.

The current contract was executed in August 2019 originally with Grant Thornton, LLP and as a result of a company merger, the contract was updated to Guidehouse Inc. to continue to provide IPOC services on this project.

The Pension Solution Project is requesting the Board's approval to amend the current contract. The contract amendment will extend the contract term for an additional year through 5/31/2025. This will increase the contract by $642,829.56, bringing the full contract amount to 3,892,081.18. Approval of this contract amendment is critical to retain IPOC services ensuring oversight is in place to provide an independent assessment of project health.

Approval of this contract will be before the board in Regular Meeting item 11d.

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Strategic Plan Linkage:  Goal 2, Objective A of the Strategic Plan - *Implement and integrate a highly adaptive pension administration system to modernize transactional capabilities.*