



Enterprise Technology Projects

Fiscal Year 2017–18
Fourth Quarter Report

Quarter Ending June 30, 2018

Enterprise Projects

Fiscal Year 2017/2018 – Fourth Quarter

CalSTRS had four major enterprise projects and 12 additional projects of under \$1 million in fiscal year 2017-18. One of the four major projects, Space Optimization, was completed during the first quarter within scope, schedule and budget. Of the under \$1M projects, four have been completed, six are on track within schedule and budget, and the remaining two have schedule adjustments forthcoming.

The Project Management Office (PMO) monitors and reports on the information technology projects' budget and enterprise projects monthly to EPIC and quarterly to the Teachers' Retirement Board.

Enterprise Program Investment Council Members

Jack Ehnes
Chief Executive Officer

Cassandra Lichnock
Chief Operating Officer

Vacant
Chief Financial Officer

Lisa Blatnick
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Executive Officer

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Andrew Roth
Benefits and Services
Executive Officer

Debra Smith
Chief Operating
Investment Officer

Major Enterprise Projects

Fiscal Year 2017/2018 – Fourth Quarter

Project Name	Duration	Project Total ¹	Total Expended ²	Schedule	Budget
<u>Major Projects</u>					
Business Transformation	Jul 2016 – Jun 2021	\$16,416,930	\$3,846,675	●	●
Data Preparation	Nov 2011 – Jun 2020	\$25,981,894	\$15,609,053	●	●
Pension Solution	Jul 2014 – Jan 2023	\$251,800,000 ³	\$105,293,533	●	⚠ ⁴
Space Optimization	Nov 2015 – Sep 2017	\$2,001,605	\$2,001,605	◆	◆

Schedule & Budget Indicators:	● On Track	⚠ Warning	◆ Critical	◆ Complete	◆ Cancelled	📅 Not Started
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¹ Project Total – Amount represents the sum of the projects' prior years' actual expended and remaining encumbrance amounts, and current and future years budgeted amounts.

² Total Expended – Amount represents the total expended amount captured in our financial systems for each project.

³ Pension Solution – Represents the total board approved budget beginning July 2014.

⁴ Pension Solution – Warning status pending formal board approval of budget changes at July 2018 board meeting.

Project Name	Purpose	Accomplishments/Progress
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Business Transformation

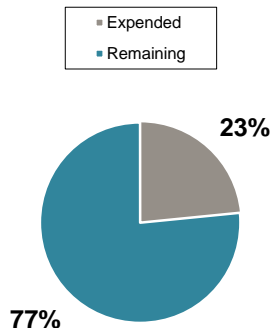
The Business Transformation project will support business areas and prepare staff for impacts, changes and benefits from large enterprise modernization efforts.

Period Ending June 30, 2018:

- Revised training plan to reflect project scope and schedule updates.
- Developed and piloted training activities.
- Began business process readiness work for business areas affected by the Pension Solution project.
- Provided change management training to leaders and sponsors throughout organization.

Total Project Budget

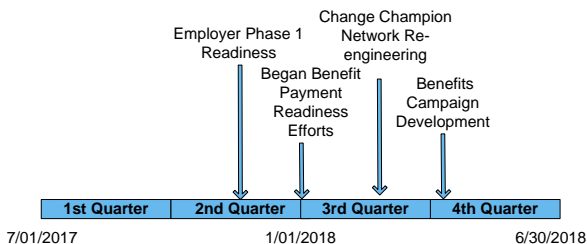
\$16.4 Million



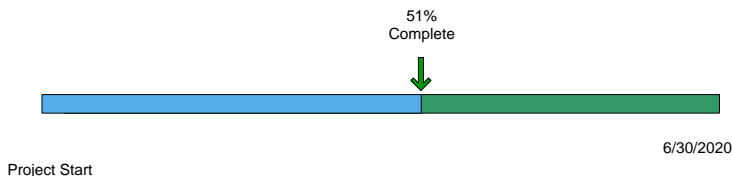
Planned Deliverables by September 30, 2018:

- Pilot Terminology learning activity.
- Deliver Case Management and Workflow learning activity.
- Finalize training plan.
- Continue business process readiness activities for business areas preparing for earliest phase of the project, currently scheduled to begin in late 2019/ early 2020.
- Complete internal review and summarization of application for internal staff business process readiness effort.
- Begin business process readiness activities for business areas preparing for second phase of the project.
- Create change management plan for proposed changes to employer reporting.
- Launch change management communications about benefits or project.

Major Fiscal Year 2017/2018 Milestones



Project Schedule Status Timeline



Data Preparation

The Data Preparation project is in the second phase of data cleansing to include data clean-up and preparation for conversion to a new pension administration system.

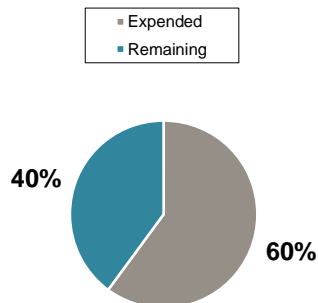
Period Ending June 30, 2018:

- Completed Archive Flag ¹Phase 2.
- Completed Phase 1 Reported vs. Calculated ²contribution line fix.
- Onboarded one new contract tester.

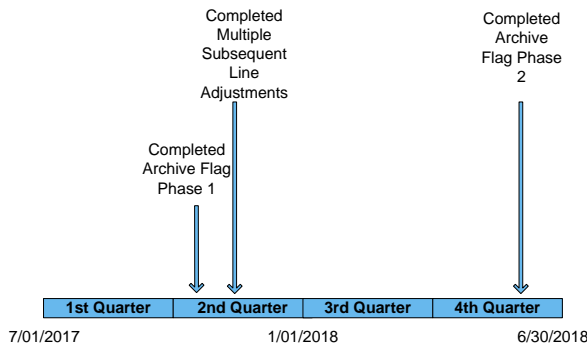
Planned Deliverables by September 30, 2018:

- Complete Phase 1 Reported vs. Calculated benefit adjustments.
- Begin User Acceptance Testing for Termination Out of Balance ³ – Nonmember Accounts.
- Begin User Acceptance Testing for Membership Lifecycle ⁴ – Membership Date Change.

**Total Project Budget
\$26 Million**



Major Fiscal Year 2017/2018 Milestones



Project Schedule Status Timeline



¹ Archive Flag - Records that are in START and flagged as obsolete will not be converted into BenefitConnect. These records will be archived in the post-conversion (view only) version of START.

² Reported vs. Calculated - Ensure the contribution amounts on individual employer reporting lines are calculated amounts rather than incorrectly reported amounts, with a tolerance of one-cent variance.

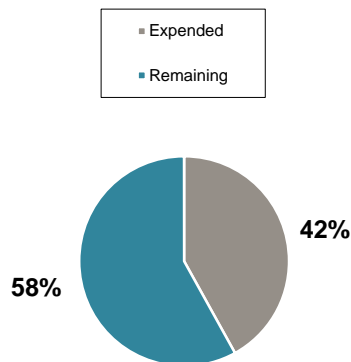
³ Termination Out of Balance - Correction of erroneous contribution and interest amounts on accounts that have not closed out correctly after benefit inception or there should not be contributions and interest.

⁴ Member Lifecycle - Changes to membership dates and/or employer reporting lines which will not convert successfully because they do not occur within begin and end dates of member lifecycles as defined in BenefitConnect.

Pension Solution

The Pension Solution project will replace CalSTRS legacy pension administration system in order to increase the organization’s ability to respond to business and customer needs; enhance services to members, beneficiaries and employers; gain long-term operational efficiencies; and improve internal controls.

Total Project Budget
\$251.8 Million



Period Ending June 30, 2018:

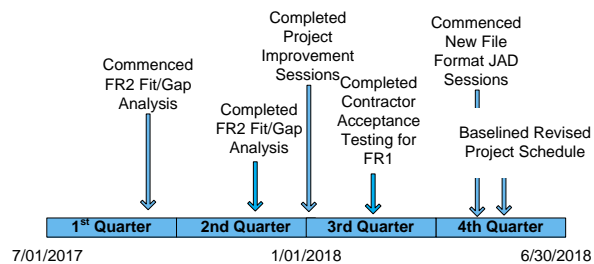
- Continued:
 - Data conversion activities and mock conversions.
 - User acceptance test (UAT) planning activities.
- Continued Functional Rollout 2:
 - Joint Application Development (JAD) sessions.
 - Coding and Unit Testing.
 - Contractor Acceptance Testing planning activities.
- Commenced:
 - External Partner engagement regarding interface design and changes.
 - New File Format JAD sessions.
- Reviewed and Baselined revised project schedule.

Planned Deliverables by September 30, 2018:

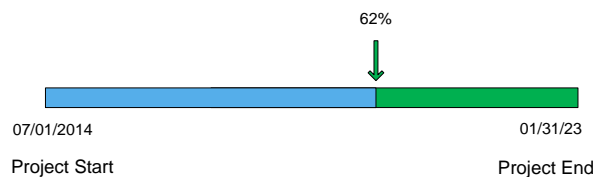
- Continue:
 - Data conversion activities and mock conversions.
 - User acceptance test (UAT) planning activities.
- Continue Functional Rollout 2:
 - Joint Application Development (JAD) sessions.
 - Coding and Unit Testing.
 - Contractor Acceptance Testing planning activities.
- Continue:
 - External partner engagement regarding interface design and changes.
 - New file format JAD sessions.
- Provide demonstration of pension solution functionality.

Budget Warning: At the end of the fourth quarter the project was in Warning status pending board approval of the re-baselined budget as a result of the schedule extension and agreements between CalSTRS and CGI. The board approved the budget on July 19, 2018. The 2018/19 First Quarter Report will reflect the approved budget and remove the Warning status.

Major Fiscal Year 2017/2018 Milestones



Project Schedule Status Timeline¹



¹Pension Solution Status Timeline represents the project period beginning with the fiscal year 14/15 board approved budget. Pre-implementation project activities date back to 12/1/2010.

Project Name	Purpose	Accomplishments/Progress
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Space Optimization

The Space Optimization project optimized workspace throughout the building in order to provide for current business needs and expected short-term growth.

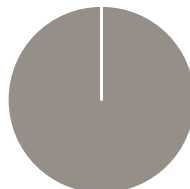
Project completed within scope, schedule and budget during the first quarter.

Total Project Budget

\$2 Million

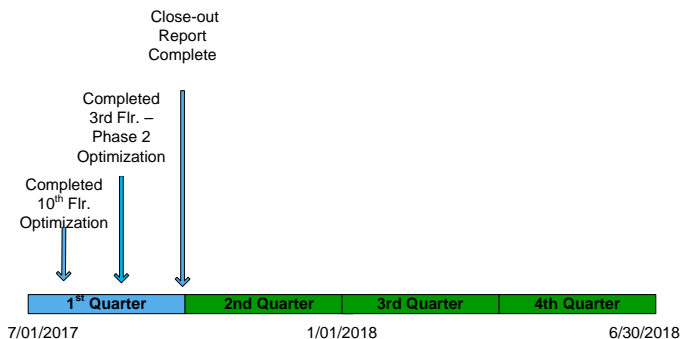
■ Expended ■ Remaining

0%

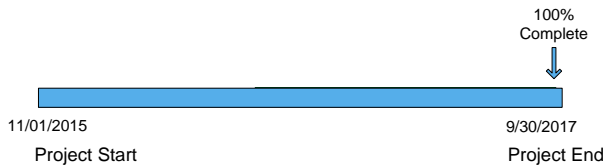


100%

Major Fiscal Year 2017/2018 Milestones



Project Schedule Status Timeline



Other Enterprise Projects- Under \$1 Million Fiscal Year 2017/2018 – Fourth Quarter

<u>Other Projects</u>	<u>Duration</u>	<u>Project Total Budget</u> ¹	<u>Total Expended</u> ²	<u>Schedule</u>	<u>Budget</u>
AB 1875 Special Needs Trust The Special Needs Trust project will ensure compliance with AB 1875, signed into law effective January 1, 2017, which allows for election of a Special Needs Trust as an option or annuity beneficiary. This project is necessary to ensure the development of accurate and consistent business practices to process AB 1875 cases.	May 2017 – Sep 2017	\$0 ⁺	\$0	◆	◆
Contact Center Migration Project The Contact Center Migration project will migrate from the existing Contact Center solution to the new cloud platform with 'like-for-similar' functionality and processes.	Jun 2017 – Aug 2018	\$401,428	\$237,025	●	●
CMS Removal of SSN The Centers for Medicare & Medicaid Services (CMS) Removal of SSN project will update CalSTRS current pension administration system to accommodate the replacement of the SSN with the new Medicare Beneficiary Identifier number as required by the CMS.	Feb 2018 – Jun 2018	\$0 ⁺	\$0	◆	◆
EIM Initiatives The Enterprise Information Management (EIM) Initiatives consist of three initiatives achieving CalSTRS' goals of having safe, secure and trusted information. The initiatives are: Mitigate information- and data-related operation and reputational risk details; Contribute to CalSTRS employee productivity through improved information management; and Mature CalSTRS EIM capabilities.	Jan 2017 – Dec 2020	\$643,184	\$238,080	●	●
EIM Software Tool The EIM Software Tool project includes procurement and implementation of a tool that will support effective information management and governance throughout the enterprise's repositories. It will manage and enforce internal controls for unstructured data such as electronic documents and emails related to members and internal enterprise operations.	Jun 2018 – Jan 2020	\$495,000	\$0	●	●
FI\$Cal R17 Changes The FI\$Cal R17 Changes project will update file formats and file transfer processes necessary to support the exchange of files associated with the FI\$Cal project. Note: the State Controller's Office has contacted CalSTRS and is in the process of resuming this effort with limited scope of just two of the six interfaces originally identified.	Dec 2016 – Jan 2019	\$319,965	\$209,926	●	●
Final Compensation (SB 1220/SB 1352) The Final Compensation project will enhance START, CalSTRS legacy pension administration system, to make changes to the calculation of final compensation to comply with SB 1220 and changes to the calculation of disability and survivor benefits to comply with SB 1352.	Apr 2018 - Apr 2019	\$0 ⁺	\$0	●	●

Schedule & Budget Indicators:

● On Track

▣ Warning

◆ Critical

◆ Complete

◆ Cancelled











📅 Not Started

* Projects utilize internal resources and operational program budgets.

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² Total Expended – Amount represents the total expended amount captured in our financial systems for each project.

Other Enterprise Projects- Under \$1 Million Fiscal Year 2017/2018 – Fourth Quarter

Other Projects	Duration	Project Total Budget ¹	Total Expended ²	Schedule	Budget
Fixed Credited Interest The Fixed Credited Interest project will modify START to ensure that Defined Benefit, Defined Benefit Supplement and Cash Balance contribution interest accrues correctly in compliance with SB 1352.	May 2018 – Sep 2018	\$0*	\$0	 ³	
GASB 74/75 The GASB 74/75 project will implement business functionality and processes to comply with new GASB standards that require our employers to book a proportionate share of our Other Post Employment Benefits liability (calculated by our external actuary) in their financial statements.	Jan 2017 - Feb 2018	\$732,500	\$732,500		
IT DR Gap Analysis and Risk Assessment The product of the IT Disaster Recovery (DR) Gap Analysis and Risk Assessment project was a Gap Analysis, Risk Assessment, and a Mitigation Plan for CalSTRS IT Disaster Recovery.	Nov 2016 – Jan 2018	\$500,000	\$498,870		
IT Service Management System The IT Service Management (ITSM) System project will replace the current, unsupported Service Desk system with a modern and hosted ITSM solution.	May 2016 – Jul 2018	\$475,000	\$182,300	 ⁴	
LAUSD Systemic Sick Leave Correction The Los Angeles Unified School District (LAUSD) Systemic Sick Leave Correction project will correct the sick leave balances of LAUSD member accounts, as a result of a systemic audit finding, and will ensure that the accurate payment of benefits is documented in the members' account.	Aug 2017 – Jun 2018	\$0*	\$0		

Schedule & Budget Indicators:

 **On Track**

 **Warning**

 **Critical**

 **Complete**

 **Cancelled**

 **Not Started**

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³ Project schedule is delayed one month due to competing projects and resource constraints.

⁴ ITSM – Implementation delay due to User Interface assessment. Project change request planned for first quarter.