CALSTRS.
HOW WILL YOU SPEND YOUR FUTURE?

Enterprise Technology Projects

Fiscal Year 2018–19
First Quarter Report

Quarter Ending September 30, 2018

Enterprise Projects
Fiscal Year 2018/2019 – First Quarter

At the start of fiscal year 2018-19, CalSTRS had three major enterprise projects and eight additional projects of under $1 million. Of the projects less than $1 million, one has been completed, one has a pending change request, one has been implemented and is being closed, and five are on track to be completed within schedule and budget.

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

Enterprise Program Investment Council Members

Jack Ehnes
Chief Executive Officer

Cassandra Lichnock
Chief Operating Officer

Julie Underwood
Chief Financial Officer

Lisa Blatnick
Chief of Administrative Services

Grant Boyken
Public Affairs
Executive Officer

Ashish Jain
Chief Technology Officer

Andrew Roth
Benefits and Services
Executive Officer

Debra Smith
Chief Operating
Investment Officer

Major Enterprise Projects
Fiscal Year 2018/2019 – First Quarter

Project Name	Duration	Project Total [1]	Total Expended [2]	Schedule	Budget
Major Projects					
Business Transformation	Jul 2016 – Jun 2021	$16,416,930	$4,453,465	●	●
Data Preparation	Nov 2011 – Jun 2020	$25,981,894	$16,365,903	●	●
Pension Solution	Jul 2014 – Jan 2023	$285,833,040 [3]	$131,800,000 [4]	●	●

Schedule & Budget Indicators:	● *On Track*	▢ *Warning*	◆ *Critical*	◆ *Complete*	◆ *Cancelled*	▨ *Not Started*

[1] Project Total Budget – Amount represents the sum of the projects' prior years' actual expended, remaining encumbrances, 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 as of July 2018.
[4] Pension Solution – Represents the actual and projected amounts for the project thru September 30, 2018.

Quarter Ending September 30, 2018

Business Transformation

The Business Transformation project supports business areas and prepares staff for impacts, changes and benefits from large enterprise modernization efforts.

Total Project Budget

$16.4 Million
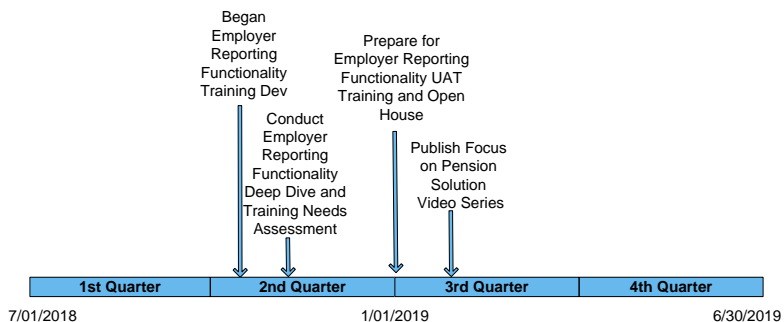
■ Expended ■ Remaining

27%

73%
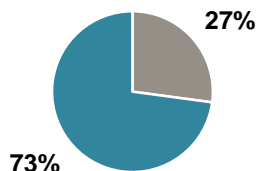
Period Ending September 30, 2018:
- Conducted employer reporting functionality demonstrations for staff and board members
- Delivered training activities for:
  - Notes
  - Events and Alerts
  - Introduction to Workflow
- Provided organization-wide change management training to leaders and sponsors
- Aligned training plan with change of project scope and schedule
- Began business process readiness for impacted business areas
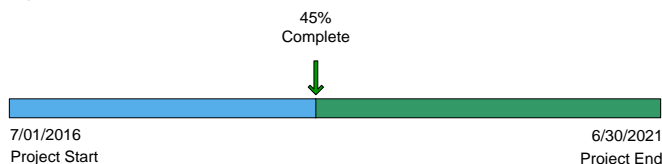- Began employer reporting functionality curriculum and course outlines for training materials

Planned Deliverables by December 31, 2018:
- Complete the approach to curate a list of business-specific terminology changing as a result of the Pension Solution project
- Conduct soft launch training needs assessment for Member Account Services
- Create change management plan for employer reporting proposed changes
- Deliver director Business Process Readiness summaries for:
  - Service Retirement Application
  - Disability Benefit Application
  - Service Retirement Disability Allowance to Service Retirement and Pre-Retirement Election of Option processes

Fiscal Year 2018/2019 Major Milestones

Began Employer Reporting Functionality Training Dev

Conduct Employer Reporting Functionality Deep Dive and Training Needs Assessment

Prepare for Employer Reporting Functionality UAT Training and Open House

Publish Focus on Pension Solution Video Series

| 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |

7/01/2018   1/01/2019   6/30/2019

Project Schedule Status Timeline

45% Complete

7/01/2016
Project Start

6/30/2021
Project End

Quarter Ending September 30, 2018

Project Name	Purpose	Accomplishments/Progress

Data Preparation

The Data Preparation project is in the second phase of data cleansing to include data clean-up and preparation for conversion to the new pension administration system.
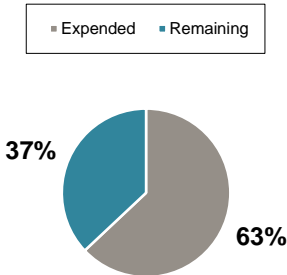
Total Project Budget
$25.9 Million

- Expended - Remaining

37%

63%

Period Ending September 30, 2018:
- Baselined approved schedule revisions
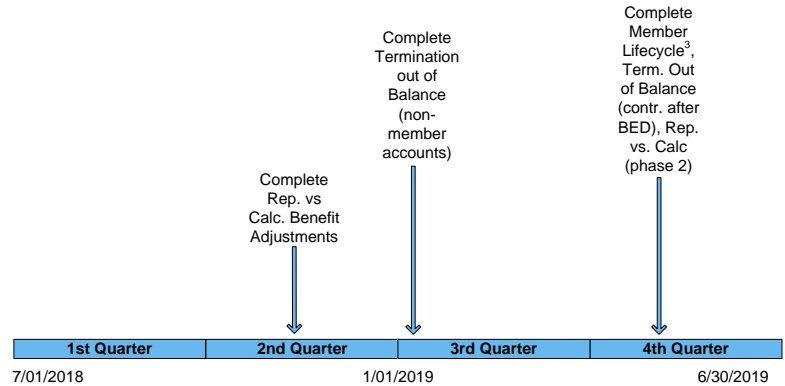- Began testing Phase 1 of Reported vs. Calculated[1] Benefit Adjustments

Planned Deliverables by December 31, 2018:
- Complete Phase 1 Reported vs. Calculated[1] Benefit Adjustments
- Complete testing for Termination Out of Balance[2] – Non-Member Accounts
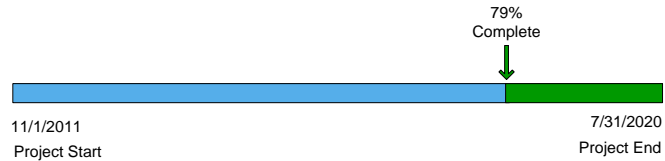
Fiscal Year 2018/2019 Major Milestones

Complete Member Lifecycle[3], Term. Out of Balance (contr. after BED), Rep. vs. Calc (phase 2)

Complete Termination out of Balance (non-member accounts)

Complete Rep. vs Calc. Benefit Adjustments

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter

7/01/2018   1/01/2019   6/30/2019

Project Schedule Status Timeline

79% Complete

11/1/2011
Project Start

7/31/2020
Project End

---

[1]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.

[2]Termination Out of Balance - Correction of erroneous contribution and interest amounts on accounts that were not closed out correctly after benefit inception or for which there should not be contributions and interest remaining.

[3]Member Lifecycle - Changes to membership dates and/or employer reporting lines that will not convert successfully because they do not occur within begin and end dates of member lifecycles as defined in the new pension administration system. Includes three discreet fixes: Change of Membership Date, Reverse and Re-report of lines, and Splitting of Lines.

Quarter Ending September 30, 2018

Project Name	Purpose	Accomplishments/Progress

Pension Solution

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

Total Project Budget
$285.8 Million
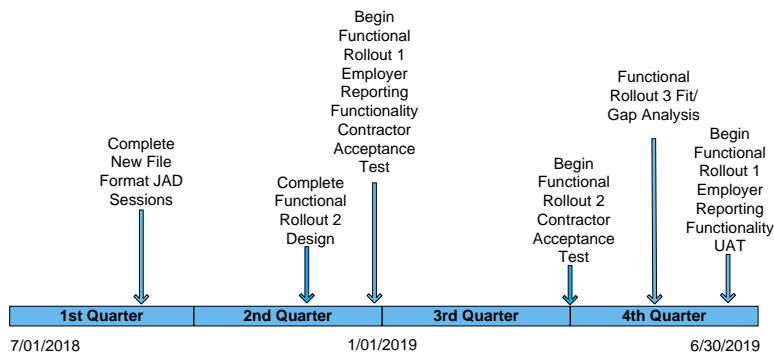
- Expended - Remaining

54%   46%
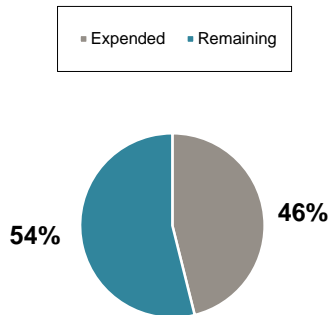
Period Ending September 30, 2018:
- Completed new file format[1] joint application development (JAD) sessions
- Conducted BenefitConnect[2] functionality demonstrations (1 of 5) for Functional Rollout 2
- Continued Functional Rollout 1:
  - Data conversion activities and mock conversions
  - Test planning activities
  - Employer outreach and readiness
- Continued Functional Rollout 2:
  - Data conversion mapping and business rule analysis
  - JAD sessions
  - Solution coding and unit testing
  - Test planning activities
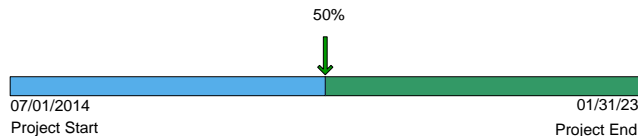 - System test case creation and review

Planned Deliverables by December 31, 2018:
- Conduct BenefitConnect functionality demonstrations (2 of 5) for Functional Rollout 2
- Complete Functional Rollout 2 JAD sessions
- Continue Functional Rollout 1:
  - New file format coding and testing
  - Data conversion activities and mock conversions
  - Test planning activities
  - Employer outreach and readiness assessments
- Continue Functional Rollout 2:
  - Solution coding and unit testing
  - Test planning activities
  - System test case creation and review

Fiscal Year 2018/2019 Major Milestones

Complete New File Format JAD Sessions

Complete Functional Rollout 2 Design

Begin Functional Rollout 1 Employer Reporting Functionality Contractor Acceptance Test

Begin Functional Rollout 2 Contractor Acceptance Test

Functional Rollout 3 Fit/Gap Analysis

Begin Functional Rollout 1 Employer Reporting Functionality UAT

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter

7/01/2018   1/01/2019   6/30/2019

Project Schedule Status Timeline[3]

50%

07/01/2014   01/31/23
Project Start   Project End

---

[1]New File Format – A work effort that will result in the update of data files sent from employers to CalSTRS.

[2]BenefitConnect – The name of the new pension administration system developed in Neospin that will replace the current system (START).

[3]Pension Solution Status Timeline represents the project period beginning with the Fiscal Year 2014-15 board-approved budget. Pre-implementation project activities date back to December 1, 2010.

Quarter Ending September 30, 2018

Other Projects	Duration	Project Total Budget[1]	Total Expended[2]	Schedule	Budget
2% @ 62 Retirement Formula The 2% @ 62 Retirement Formula project will enhance the current pension administration system functionality to meet the requirements of Education Code section 24202.6.	Oct 2018 – May 2019	$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	$336,085	▱ [3]	🟢
EIM Initiatives[4] 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 – Jun 2018	$643,184	$289,517	◆ (blue)	◆ (blue)
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	🟢	🟢
Final Compensation (SB 1220/SB 1352) The Final Compensation project will enhance the current 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 *	$0	◆ [5] (red)	🟢
FI$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	🟢	🟢
Fixed Credited Interest The Fixed Credited Interest project will modify the current pension administration system to ensure that Defined Benefit, Defined Benefit Supplement and Cash Balance contribution interest accrues correctly in compliance with SB 1352.	May 2018 – Oct 2018	$0 *	$0	🟢	🟢
ITSM System The Information Technology Service Management (ITSM) System project will replace the current, unsupported Service Desk system with a modern and hosted ITSM solution.	May 2016 – Dec 2018	$475,000	$207,750	🟢	🟢

Schedule & Budget Indicators:	🟢 *On Track*	▱ *Warning*	◆ *Critical*	◆ *Complete*	◆ *Cancelled*	▨ *Not Started*

* Projects utilize internal resources and operational program budgets.

[1] Project Total Budget – Amount represents the sum of the projects' prior years' actual expended, remaining encumbrances, 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] Project is "In Service" (Implemented), but outstanding defects are pending resolution before officially closing the project.

[4] As of July 1, 2018, this project was operationalized within the program area and the EPIC funding ceased as of June 30, 2018.

[5] Final Compensation has an active Change Request submitted to governance in the second quarter of FY 2018-19 for solution approach change, which impacts the schedule and resources.

Quarter Ending September 30, 2018