CALSTRS

HOW WILL YOU SPEND YOUR FUTURE?

Enterprise Technology Projects

Fiscal Year 2017–18
Third Quarter Report

Quarter Ending March 31, 2018

The Enterprise Program Investment Council (EPIC) is responsible for governance of all enterprise projects which includes prioritization, resource allocation, and oversight of the $18.5 million annual EPIC projects budget. An additional $16.7 million of remaining available budget from fiscal year 2016/2017 is available for use during fiscal year 2017/2018.   As part of the Governor's 2017-18 Budget, an additional $27 million was allocated specifically for the Pension Solution Project.

The Project Management Office (PMO) monitors and reports on the EPIC 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

Robin Madsen
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

Major Enterprise Projects
Fiscal Year 2017/2018 – Third Quarter

Project Name	Duration	Project Total [1]	Total Expended [2]	Schedule	Budget
Major Projects					
Business Transformation	Jul 2016 – Jun 2021	$16,416,930	$3,445,402	●	●
Data Preparation	Nov 2011 – Jun 2020	$25,981,894	$14,494,320	●	●
Pension Solution	Jul 2014 – Jan 2023	$251,800,000[3]	$93,397,556	●	▱[4]
Space Optimization	Nov 2015 – Sep 2017	$2,001,605	$1,999,709	◆	◆

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

[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 approval of budget changes.

Quarter Ending March 31, 2018

Business Transformation

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

Total Project Budget
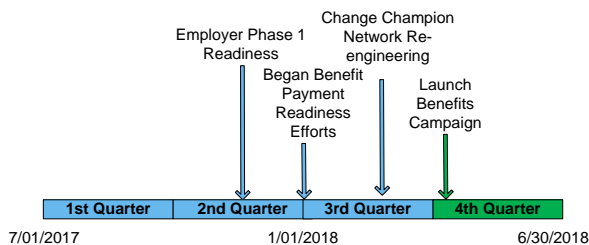
$16.4 Million

- Expended
- Remaining

21%

79%
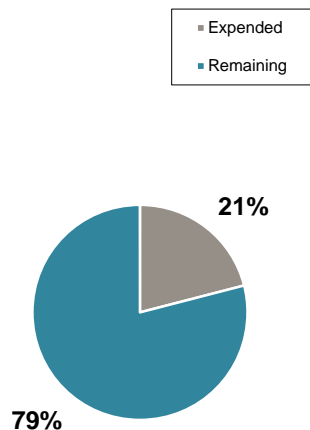
Period Ending March 31, 2018:
- Utilized Change Champion Network to communicate changes to Pension Solution project scope and schedule.
- Updated training plan to reflect Soft Launch approach and schedule.
- Delivered Notes learning activity to pilot group and finalized two other system functionality learning activities.
- Began Business Process Readiness work with the Service Retirement division, drafted plan for areas affected by the second and largest Pension Solution functional rollout.
- Certified all Change Management Team staff (and key business peers) in Prosci ADKAR methodology.
- Rolled out updated Change Champion roles and responsibilities and provided introductory change management training to Change Champions.
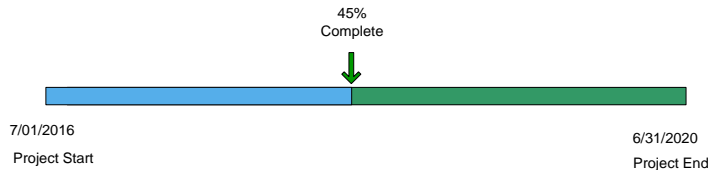
Planned Deliverables by June 30, 2018:
- Pilot Terminology learning activity.
- Pilot Business Process Management (Case Management and Workflow) learning activity.
- Finalize soft launch training plan.
- Begin Business Process Readiness work with the Disability Services program area.
- Create Change Management plan for proposed changes to employer reporting.
- Execute a campaign to increase awareness of the Pension Solution project's benefits.

Major Fiscal Year 2017/2018 Milestones

Employer Phase 1 Readiness

Began Benefit Payment Readiness Efforts

Change Champion Network Re-engineering

Launch Benefits Campaign

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

7/01/2017   1/01/2018   6/30/2018

Project Schedule Status Timeline

45% Complete

7/01/2016
Project Start

6/31/2020
Project End

Quarter Ending March 31, 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 a new pension solution.
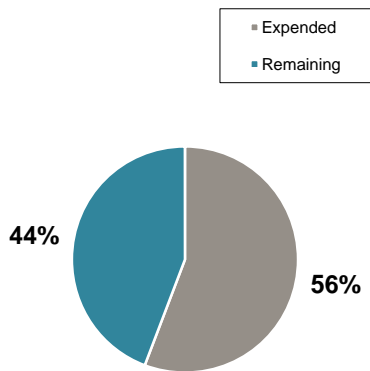
Period Ending March 31, 2018:
- Completed the development phase for the Reported versus Calculated and the Archive Flag Phase 2 efforts.
- Began the testing phase for Reported versus Calculated and Archive Flag Phase 2 efforts.
- Onboarded one new contract developer.
- Completed the contract developer and test resources interview processes.
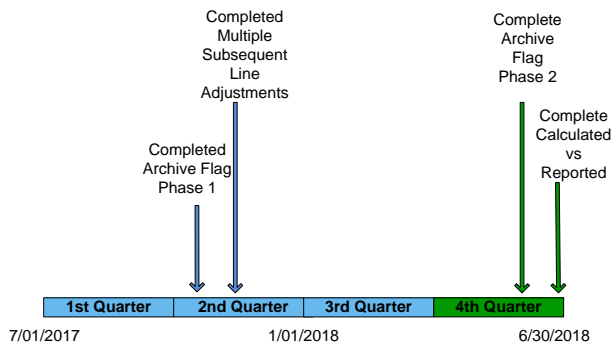
Planned Deliverables by June 30, 2018:
- Implement the Reported versus Calculated and the Archive Flag Phase 2 efforts.
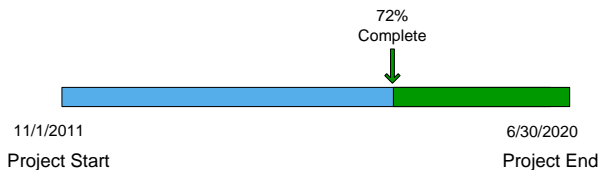- Onboard additional contract development and test resources.

Total Project Budget
$26 Million

- Expended
- Remaining

44%

56%

Major Fiscal Year 2017/2018 Milestones

Completed Multiple Subsequent Line Adjustments

Complete Archive Flag Phase 2

Completed Archive Flag Phase 1

Complete Calculated vs Reported

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

7/01/2017   1/01/2018   6/30/2018

Project Schedule Status Timeline

72% Complete

11/1/2011
Project Start

6/30/2020
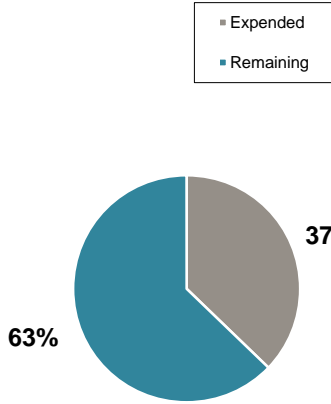Project End

Project Name	Purpose	Accomplishments/Progress

Pension Solution

The Pension Solution project will replace our existing pension administration system in order to strengthen automated internal controls and bring consistent and sustainable business processes for member data.

Total Project Budget
$251.8 Million

- Expended
- Remaining

63%   **37%**
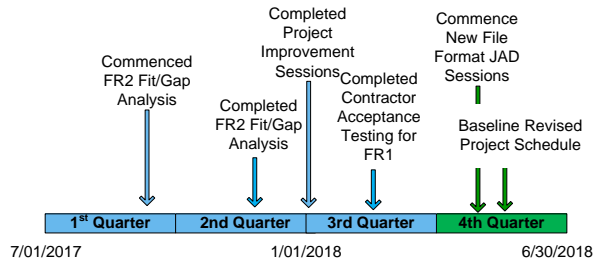
Period Ending March 31, 2018:
- Continued data conversion activities and performed mock conversions.
- Continued planning for user acceptance test (UAT) activities.
- Completed Functional Rollout 1 Contractor Acceptance Testing.
- Continued Functional Rollout 2 Joint Application Development (JAD) sessions.
- Continued Functional Rollout 2 Coding and Unit Testing.
- Commenced Functional Rollout 2 Contractor Acceptance Testing planning activities.
- Finalized agreement with CalSTRS and CGI regarding project scope and schedule.
- Obtained Teacher's Retirement Board approval for a $34 million contract increase to CGI along with a 2-year project schedule extension to cover additional required scope and give the CalSTRS and CGI project teams sufficient time to design, develop, test, and implement the solution.

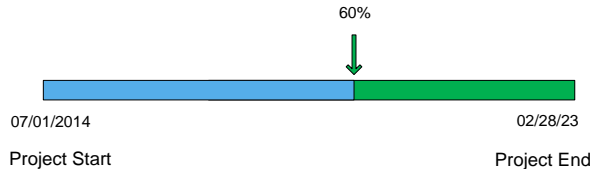**Planned Deliverables by June 30, 2018:**
- Continue data conversion activities and perform mock conversions.
- Continue planning for user acceptance test (UAT) activities.
- Continue Functional Rollout 2 Joint Application Development (JAD) sessions.
- Continue Functional Rollout 2 Coding and Unit Testing.
- Continue Functional Rollout 2 Contractor Acceptance Testing planning activities.
- Commenced External Partner engagement regarding interface design and changes.
- Commence New File Format JAD sessions.
- Review and baseline revised project schedule.

☐ **Budget Warning**: Warning status pending formal approval for budget changes as a result of the agreements between CalSTRS and CGI. Formal board approval is anticipated in July 2018.

Major Fiscal Year 2017/2018 Milestones

Commenced FR2 Fit/Gap Analysis

Completed FR2 Fit/Gap Analysis

Completed Project Improvement Sessions

Completed Contractor Acceptance Testing for FR1

Commence New File Format JAD Sessions

Baseline Revised Project Schedule

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

7/01/2017   1/01/2018   6/30/2018

Project Schedule Status Timeline[1]

60%

07/01/2014   02/28/23

Project Start   Project End

[1] Pension 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.

Quarter Ending March 31, 2018

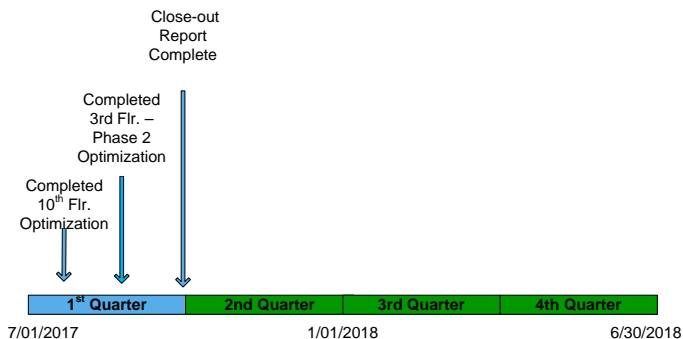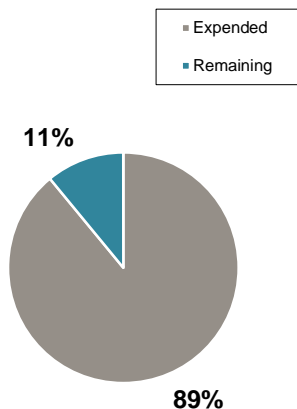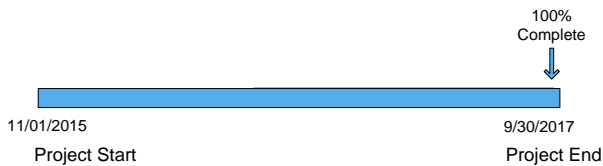| Project Name	Purpose	Accomplishments/Progress
Space Optimization	The Space Optimization project will optimize workspace throughout the building in order to provide growth for current business needs and the expected short-term growth. The current scope and schedule represents optimization activities on all remaining HQ floors (3, 4, 6, 7, 8, 10, 14, 15 and 16).	**Project completed within scope, schedule and budget during the first quarter.**

Major Fiscal Year 2017/2018 Milestones

Total Project Budget

$2 Million

- Expended
- Remaining

11%

89%

Close-out
Report
Complete

Completed
3rd Flr. –
Phase 2
Optimization

Completed
10th Flr.
Optimization

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

7/01/2017   1/01/2018   6/30/2018

Project Schedule Status Timeline

100%
Complete

11/01/2015   9/30/2017

Project Start   Project End

Quarter Ending March 31, 2018

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

Other Projects	Duration	Project Total Budget[1]	Total Expended[2]	Schedule	Budget
AB 1875 Special Needs Trust The Special Needs Trust project will ensure compliance with AB 1875, signed into law effective January 1, 2017, and allows 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 – Jul 2018	$401,428	$189,686	●	●
CMS Removal of SSN The 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 Centers for Medicare & Medicaid Services (CMS).	Feb 2018 – Jun 2018	$0 [*]	$0	●	●
EIM Initiatives The Enterprise Information Management (EIM) Initiatives project will implement three initiatives in order to reach CalSTRS' goals of having safe, secure, and trusted information. The initiatives are: Mitigate information/data related operation and reputation risk details; Contribute to CalSTRS employee productivity through improved information management; and Mature CalSTRS EIM capabilities.	Jan 2017 – Dec 2020	$643,184	$257,186	●	●
FI$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: This effort is currently on hold pending the restart of FI$Cal's testing effort.	Dec 2016 – Sep 2018	$319,965	$209,926	●	●
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 OPEB liability (calculated by our external actuary) in their financial statements.	Jan 2017 - Feb 2018	$732,500	$732,500	◆	◆

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 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.

Quarter Ending March 31, 2018

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

Other Projects	Duration	Project Total Budget[1]	Total Expended[2]	Schedule	Budget
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	$172,300	🟢	🟢
IT DR Gap Analysis and Risk Assessment The product of the IT 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	$495,808	🔷	🔷
LAUSD Systemic Sick Leave Correction The 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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