CALSTRS

Benefits & Services Committee
Item Number 3 – Open Session

Subject: Impacts of Pension Solution Activities on Service Levels

Presenter(s): Bill Perez

Item Type: Information

Date & Time: June 11, 2021 – 30 minutes

Attachment(s): None

PowerPoint(s): Pension Solution- Impacts to Service Levels

PURPOSE

To provide the committee information about impacts to member, beneficiary, and employer service levels due to work associated with the Pension Solution Project.

DISCUSSION/SUMMARY

In the last 12 months, resource commitment to the Pension Solution Project increased across the organization. This expected increase resulted largely from efforts related to testing the new system, specifically user acceptance testing (UAT). While the original intent of this item was to highlight potential impacts of system implementation (go-live) on member and employer service levels, the extended implementation date of the project allows us to instead highlight the impacts of the UAT effort.
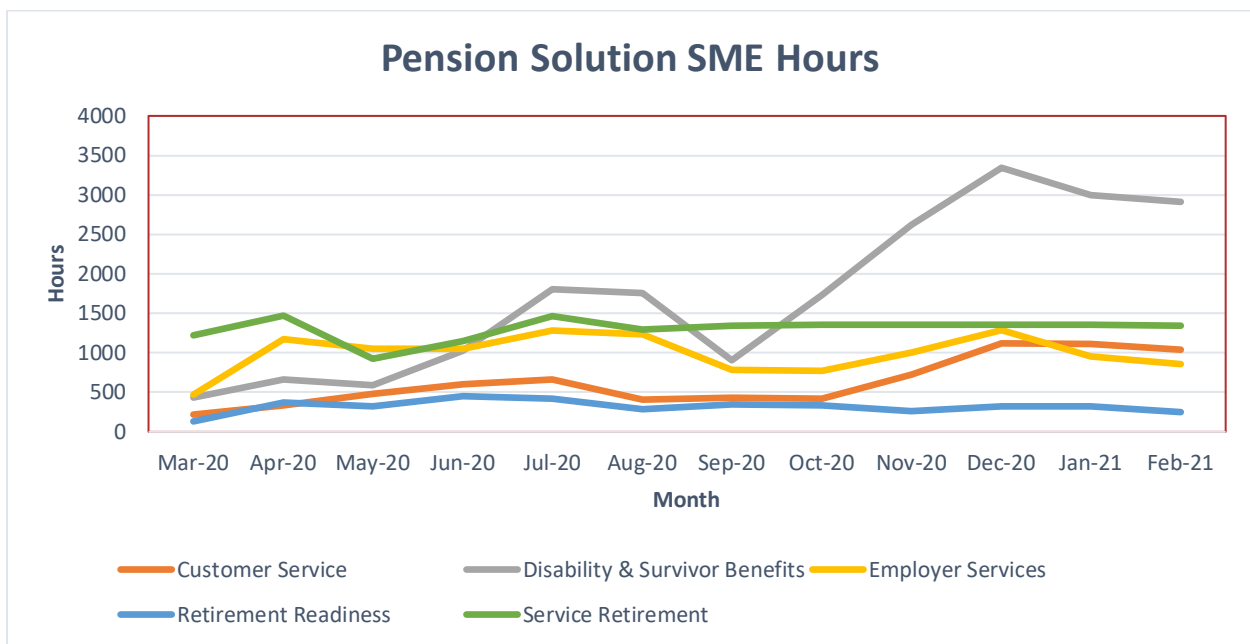
While this UAT effort requires careful resource management, the effort is critical for project success. This phase of the project also provides insight on preparations for implementation when resources again will be stretched during transition to the new system. We will continue with efficiencies created during this time and apply successful risk mitigation strategies to best prepare for the demands of system go-live.

The staff working on the UAT effort have been focused on three main activities:

- Writing test cases to test the new system functionality
- Collecting test data required to test each design specification
- Executing test cases to identify defects

While earlier phases and overlapping tasks of the project such as joint application design required more total hours from a smaller staff cohort (for example, 50,000+ hours across approximately 29 staff in FY19/20), the total number of cross-functional staff utilized in the last 12 months has been higher than all other efforts (46,000+ hours across approximately 40 staff) largely due to UAT efforts.

The chart below shows the resource usage across the five Benefits and Services business areas for the last 12 months. Disability and Survivor Benefits has seen the greatest resource strain primarily due to recent testing activity for two distinct and complex lines of business. Service Retirement is currently redirecting additional resources to project testing to keep pace with upcoming test activities for retirement application and benefit calculation functionality.

Business-area staff also continue to support other project tasks, such as data conversion, Functional Rollout 3 (FR3) preparation, training development and change management activities.

Impacts to Service Levels and Challenges

Due to the project's need for business-area testers, operations across our customer-facing areas have been impacted by the reduced staff capacity. Staff have largely been able to prioritize work and balance demands, though some areas have seen reduced performance.

Disability and Survivor Benefits

Since UAT began in November, a monthly average of 25% (or 23) of DaSB's 92 full-time-equivalent (FTE) staff have been redirected to support project activities. DaSB continues to

prioritize timely benefit application and payment processing, though processing times and open caseload volumes are increasing.

As of March 2021:

- 73% (target ≥ 90%) of all eligible disability applications were completed within 150 days or less.
- Disability application average processing time has increased by 17 days (from 97 days to 114 days) over the prior fiscal year average.
- 84% (target ≥ 90%) of survivor benefit applications were processed within 30 days of receipt of all necessary information.
- Survivor Benefits average case processing time has increased by 17 days (from 99 days to 116 days) over the prior fiscal year average.

Other impacts not reflected in service levels:

- The Survivor Benefits open application caseload volume trend is increasing, currently at 3,725 compared to the prior fiscal year's monthly average of 2,179.
- Increased response times to phone calls, a move from two to five business days for call returns.

Service Retirement

Service Retirement (SR) continues to focus on and prioritize paying initial benefits accurately and timely. We continue to pay 98% of initial service retirement benefits within 30 days of the benefit effective date or date the application is received (whichever is later).

Support for the pension project has impacted other workloads. Member inquiries that require account research and detailed communications are taking longer than usual. Historically SR teams resolve most inquiries within 30 days; today, approximately 10% exceed 30 days. To mitigate this workload constraint, staff deprioritized workloads that didn't have an immediate impact to members. For instance, a Pre-Retirement Option Election historically processed within 30 days may now take up to 60 days to process. Manual complex retirement estimates that previously completed within two weeks may now take up to three weeks to complete.

Employer Services

There have been no immediate service level impacts to the performance objectives in Employer Services as the employers we rely on have not yet been greatly impacted by their preparation to report production data in the new system. Member-facing workloads (e.g., processing forms submitted on members' behalf by employers) continues at or around historic averages.

Also, due to the incremental rollout of employer-facing functionality since 2019 (Functional Rollout 1 Soft Launch, Maintenance Release 1, Maintenance Release 2), the staff working on testing have had a more consistent schedule with fewer peaks and valleys which smooths out the testing work and concomitant resource needs. The Employer Readiness Environment also acts as

an "always-on" testing environment. When employers use the environment and report defects, staff escalates and addresses those as they arise.

Employer Services has prioritized resources to handle the most essential efforts and workloads and has taken on employer-facing inquiry and analysis workloads from other business areas to allow testers in those areas to concentrate on UAT.

Retirement Readiness

Retirement Readiness (RR) has experienced minimal service level impacts during testing and correspondence validation work efforts. These ongoing testing efforts have had little to no impact to the respective teams' workloads or individual workloads as we have been able to shift and modify our member services as needed.

As we begin to move into FR3 test case writing and testing, more Retirement Readiness staff resources will be tasked to participate to ensure that these upcoming project workloads complete successfully. In April, RR reallocated 12 FTE positions for FR3 test activities. These additional resources have been assigned from RR support teams and Member Service Center teams across the state.

Retirement Readiness does have some unique advantages by adjusting services accordingly to meet member demand. For example, to meet benefit planning session demand, RR can shift by offering less individual benefit planning sessions and providing additional group benefit planning sessions that will accommodate more members with benefit planning needs. In addition, we can look to increase capacity of our virtual webinars to meet member education demands.

Customer Service

The impact of Pension Solution on Service Levels has been minimal and expected to remain manageable with no noticeable impact to the Contact Center and only minimal impact to processing time for paper transactions, as the paper transaction times remain within the 10-day target.

Utilizing one Quality Assurance team analyst nearly full-time for testing has impacted the volume of quality assurance reviews completed, however staff are working on efficiencies which will negate that impact.

Customer Service testing resources will increase significantly for FR3 UAT. This functionality contains the customized processes and interfaces that Contact Center agents will use to respond to member inquiries (they will use the core BenefitConnect application without customizations to answer inquiries between FR2 and FR3). This testing effort and the required training for Customer Service staff remain the biggest forecasted resource needs for Customer Service.

Member Services Outside of Benefits and Services

The Financial Services Branch (FSB) processes member requests for service credit purchases and works in partnership with Service Retirement to process refund applications. FSB prioritized all tasks that could impact the members. As a result, certain administrative tasks have experienced delays. Additionally, FSB has had limited ability or has not participated in other process improvement efforts, due to the lack of resources as a result of diverting resources to the Pension Solution project.

Challenges Common to All Areas

In addition to the specific impacts for each area mentioned above, all these member- and employer-facing business areas experience and manage common challenges related to testing:

- Strain on testing resources to create test cases, execute test cases and mine data to prepare for testing
- Strain on training teams to create system training materials and still provide normal education opportunities for employers and staff
- Strain on leadership to evaluate and maintain operational activities against the resource demands of assigning staff to testing
- Operating at less capacity than expected when normal turnover occurs on a team already impacted by testing
- Deferring or extended timelines for process improvements or strategic initiatives until we have increased capacity for those efforts
- Maintaining staff engagement and motivation under stressful circumstances

Mitigation Efforts

In early project planning efforts, there was recognition that substantial program resources would be needed to support the project and balance core workload. The Benefits and Services branch established 25 backfill positions across the five divisions to support ongoing project tasks. These positions and the funding credits provided by the project have helped to mitigate resource constraints throughout each stage of the project and continue now during UAT. SR and DaSB have also added part-time student resources to process forms and mitigate the risk of workload backlogs.

In partnership with the Contact Center, Technology Services, and Administrative Services, DaSB has implemented multiple operational efficiencies to create staff capacity in an effort to mitigate the resource strain. Examples include use of encrypted email communication, streamlined electronic batch mailings, and redirection of general phone calls to the Contact Center.

Leadership teams in the impacted business areas work to support each other by shifting resources from one to team to another to manage priority workloads. For example, Employer Services will assist Service Retirement by handling employer inquiries related to members working after

retirement. Staff also share experiences, best practices and lessons learned to support peer business areas.

Finally, leadership works diligently on setting realistic expectations and communicating frequently with affected leaders and staff to gauge stress and workload levels to ensure staff feel supported, celebrated, and valued.