



Regular Meeting

Item Number 4 – Open Session

Subject: CalSTRS Path Forward: 2021 and Beyond - Revised

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Attachment(s): None

PowerPoint(s): None

PURPOSE

This item outlines key aspects of CalSTRS work environment, technology solutions and culture. Prior to COVID-19, each of these areas had well-defined features from years of practice. Over the past ten months, each has had to be adapted to respond to our current situation. And each plays an important role impacting the structure of our future blended work solution. In this item we will touch briefly on the past that sets our foundation and consider current strategies we are employing as a reference point for new learning. With that as a backdrop, the primary focus of this item is the future state and vision for CalSTRS Blended Work Environment that is flexible and easily adaptable through the very fluid state we are in.

DISCUSSION/SUMMARY

Vision for CalSTRS Blended Work Environment

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|  <p>CalSTRS Blended Work Environment allows employees maximum flexibility while meeting or exceeding business objectives in a safe environment.</p> |  <p>The blended work environment will also evolve to embrace a new generation and expand our way of doing business.</p> |
|  <p>It provides opportunities for staff to work remotely or in the office, or to create a combined schedule, depending on operational need.</p> |  <p>It acknowledges the need to reimagine our internal operations and service models for staff, members and employers.</p> |
|  <p>It recognizes an emerging CalSTRS culture that is intentional about the core values that define our organization.</p> |  <p>It employs new technology platforms and solutions to execute business productively.</p> |

Work Environment

CalSTRS moved into its West Sacramento headquarters in 2009 and simultaneously opened the first member service center. Over the following decade, we opened offices throughout the state to be closer to where members live and work. Our work environment is predicated on providing all our employees with access to a high-quality sustainable office setting including LEED certification (Leadership in Energy and Environmental Design—an internationally recognized green building certification system). Workstations are designed with function and ergonomic considerations at the forefront.

In the remote environment we continue to focus on ensuring a safe and healthy workplace by encouraging staff to take home their monitor, keyboard, docking station, mouse and office chair to enable staff to create effective home offices. Recognizing staff need to create office spaces in their homes for an extended period, staff were offered sit-to-stand desks and tabletops for those who would benefit from them.

As CalSTRS anticipates emerging from this pandemic in the coming months, our goal is to apply thinking and practices from remote work to design space for a blended work environment. Executive staff and senior leaders are evaluating all business functions and the way in which we have performed those functions onsite or remotely. This assessment, coupled with direct and indirect input from staff, will help us determine which business areas or functions would benefit from converting to permanent remote work and which business areas or functions are essential for onsite work in the office. Other work will be conducted by staff who combine onsite work and telework as part of their regular schedule.

These decisions will inform the final specifications for the Headquarters Expansion (HQE). CalSTRS HQE team is evaluating how many workstations are required for each business area for staff who are onsite full-time and those who will work both onsite and remotely. For staff whose work environment is primarily remote, CalSTRS HQE team is assessing the number of hoteling stations needed on a daily basis. Additionally, the HQE team, along with the furniture vendor, are staying attuned to ongoing directives that will affect distancing and layout of workstations. With all these variables considered, we will design workstation configurations with adaptive features to meet changing circumstances.

Ultimately, these combined details will dictate the final layout of the expansion and will inform whether additional staff can move from the headquarters to the expansion, thus freeing up more space for leasing, or whether any space gained by those teleworking is required to provide appropriate distancing for this or future outbreaks. In all cases, our established practice of prioritizing staff health and wellbeing will dictate final solutions.

An important consideration in design acknowledges that meetings in the future will likely be conducted with both remote and onsite parties. With this in mind, meeting rooms will be enhanced to better facilitate engagement and inclusivity of all participants. Technology will play a critical role in helping achieve that goal.

Technology

CalSTRS technology practices allowed us to transition to a productive remote work environment in March 2020. Key components put in place contributed to this success, for example: laptops were distributed to replace desktops throughout the organization; the mailroom continued to leverage scanning and workflow capabilities for correspondence by placing it in queues for the business areas; and information security protocols and practices were enhanced and integrated into technology infrastructure and software to ensure information security.

Since moving to a remote work environment, Technology Services augmented technology infrastructure to improve network access and capacity to improve productivity by expanding myRemoteOffice and upgrading to Microsoft Windows 10 operating system and migrating to Microsoft Office 365 to enable all staff to securely access their work and CalSTRS network from any location. DocuSign was also implemented to streamline document review/approval and contract execution, and softphones were introduced to enable staff to remotely make outbound calls and receive inbound calls. Technology Services implemented both an Enterprise Information Management System to optimize the storage and processing of data created and used by an enterprise, and Office 365 Microsoft Cloud App Security to monitor and protect CalSTRS information systems. They replaced anti-virus software with Microsoft Office 365 Defender Advanced Threat Protection for better control and security of CalSTRS devices. Microsoft Teams was also implemented which brings together several tools and communication methods to provide better collaboration.

In preparation for the future blended work environment, CalSTRS is exploring new technology platforms and solutions to improve business productivity and member support and service delivery. An emphasis on collaborative technologies to enable onsite and remote staff to connect seamlessly will provide assistance to those working remotely and vice versa, focusing on electronic processing and information management. Current efforts underway:

- Large and medium conference rooms are being retrofitted with cameras for virtual collaboration.
- HR Link is designed to eliminate manual key entry, automate workflows, and enable self-service capabilities.
- BenefitConnect will standardize employer reporting, improve service, and provide new solutions for employers, members and staff.
- Concur travel module will allow remote entry of travel expenditures and will increase efficiencies in the reimbursement process.
- Business Intelligence/Data Warehousing capabilities will provide advanced data analytics capabilities to enhance forecasting and decision making.
- The CalSTRS.com redesign will improve the application user interface to deliver a better customer experience to our members.

Technology Services' overall goals for supporting a blended work environment include:

- Supporting a blended work environment that allows employees to stay connected in distributed work locations while balancing information security and operational risk.
- Unifying communications by keeping employees connected through multiple devices and communication channels to provide anytime, anywhere access to tools and corporate information.
- Enhancing productivity by providing employees with the right tools and right information at the right time.
- Focusing on customer experience for members, employers and CalSTRS staff to ensure the best user experience.
- Evolving and expanding member and employer communication channels to improve engagement and targeted communications based on preferred methods of connecting with CalSTRS.

Teamwork and Communication

A longstanding strength of CalSTRS culture is the sense of comradery and teamwork around a common mission to secure California's public educators' retirement. Fostering open, transparent and respectful communication has been essential in building the CalSTRS organization and culture.

Over the past ten months of remote work, we have learned communication becomes more difficult particularly across divisions that are not in constant dialogue and where day-to-day deliverables

may not always seem aligned around the greater mission. However, by effectively leveraging technology, we are now able to communicate more often, create more organized meetings and reach larger groups of teams.

The Pillars Project support of the Collaborative Model stands out as a successful example of a cross division collaboration in a fully remote work environment. While we do have the technology to foster greater communication, the most important elements were serendipitously accomplished just prior to the pandemic. What the Pillars Project has shown is that forming strong collaboration and work relationships lays the groundwork for achieving success in projects when we need to work remotely or in a blended structure. In addition, having a strong governance structure (defined leadership, accountability, vision, objectives, deliverables) to the project is also critical. The Pillars Project continues to provide necessary support in helping the Investments Branch exceed its goals fiscal year-to-date returning 12.5% and outperforming benchmarks by 96 bps (vs 40 bps target) as of November 2020.

It will be even more important to adopt a collaboration mindset and employ collaboration strategies within a blended work environment. Overall, there is an opportunity with a blended workforce to not only be an employer of choice, but also to strengthen the structure of our teams and communication.

Culture

CalSTRS has a strong culture defined by its mission, vision and core values, as well as board strategic plan and operational priorities established over many years. Before becoming operationalized as an ongoing function, previous strategic plans had a targeted objective to become an employer of choice where employees feel valued. This drove foundational work in designing the West Sacramento headquarters centered on sustainable practices, creating an award-winning recognition program, building an extensive professional development program, opening the Learning Center, establishing an onboarding program, and focusing on leadership development so all managers are skilled to model CalSTRS' culture and to coach and lead effective teams. CalSTRS has worked to be a listening organization providing opportunities for employee input and member feedback. We have established performance management metrics for customer service and internal operations to hold ourselves accountable and instituted an internal controls campaign and put risk mitigating strategies in place. We work to practice transparency at the board and all staff levels, including annual certification of policies and standards, and boardroom values. And, we focus on providing an inclusive setting that supports diverse views and experiences, so staff can work with dignity in a respectful environment.

This well-established culture has served the organization well over the past ten months of remote work. CalSTRS has maintained the essence of its culture with a high performing professional workforce dedicated to the mission, committed to ethics and transparency, and understanding how each contributes to the enterprise. During this period:

- Staff continues to be dedicated to CalSTRS mission, member experience and retirement outcomes.
- Member Service Center activities have been adapted to serve members remotely and, in doing so, have been able to reach larger audiences.
- Service Performance Objective metrics remain high and have even increased in some services to members and employers.
- Investments successfully manages the portfolio.
- Internal training staff has converted services to webinars and online learning for staff and leaders.
- Microsoft Office 365 Teams enables greater collaboration, video conferencing and document sharing.
- Yammer offers an online social network solution for staff to engage on a personal level.
- Remote board meetings support the commitment to transparency.

As CalSTRS prepares for a post-pandemic era when vaccines are readily available, we recognize an emerging culture that is intentional in its design. Our objective is to incorporate the core of who we are with what we have discovered we can be, to develop fresh practices for a blended work environment and the next generation. Our goal is to preserve the best of who we are and evolve as an industry role model. Findings and actions include:

- Staff has demonstrated it can operate successfully in a remote environment and appreciate the opportunity to work from home. Telework will be a strong component of our future state.
- Certain aspects of work benefit from in-person interactions, such as projects and collaboration meetings and we will encourage onsite opportunities to support these productive encounters.
- We know other social interactions such as sharing the elevator, bumping into someone in the café or visiting in the core area, all contribute to culture and a feeling of belonging. We will work to preserve these opportunities.
- Human Resources is identifying clear roles for staff and leaders in the blended environment and creating training to support leaders in managing under new circumstances.
- Internal Communications and Human Resources are committed to fostering excellent communication and a high level of employee engagement.

As CalSTRS approaches this new work era, we recognize the world has changed and the way we conduct our business has shifted. We are not content to return to how we have always operated. We are carefully considering outcomes tied to our mission and cognizant not only of what we want to achieve but how we achieve it in an ethical, equitable and socially responsible manner. We will continue to monitor and evaluate our approach in the design of the work environment, explore new technology solutions and find innovative ways to grow and enhance our culture. We expect today's challenges and solutions will not be tomorrow's and will keep the board informed as we are deliberate in our adaptation to changing conditions.