



Regular Meeting

Item Number 6 – Open Session

Subject: Pension Solution Project Update

Presenter(s): Ashish Jain / Bill Perez / Graeme Finley, Guidehouse

Item Type: Information

Date & Time: January 25, 2023 – 20 minutes

Attachment(s):

Attachment 1 – Independent Project Oversight Report

Attachment 2 – Pension Solution Glossary

PowerPoint(s):

PowerPoint 1 – Pension Solution Update

PowerPoint 2 – Independent Project Oversight Consultants' Presentation

Item Purpose

The purpose of this item is to provide a Pension Solution Project update.

Recommendation

This is an information item only.

Executive Summary

Project Director Vacancy Update:

The Pension Solution Project Director position became vacant April 1, 2022. An initial recruitment did not identify suitable candidates. A second recruitment for the position is underway and will continue to be posted until it is filled. Until then, the Interim Project Director, Mary Winkley, will continue serving in that role.

Project Manager Recruitment Update:

Two Requests for Offer (RFO) have been issued to acquire a vendor to provide Project Management services. The first resulted in no qualified candidates. The second procurement revised the requirements to assist in finding a viable candidate. Team members have taken on some of the project management responsibilities in the interim.

Project Activities:

Since November 2022, staff continue to work on these important initiatives:

- Interim Services Period Planning and Execution
- Project Status Assessment
- Procurement for Implementation Vendor
- Project Improvements

Interim services period (ISP) planning and execution: Starting officially in mid-October, CalSTRS and Sagitec partnered to jointly plan and address issues with system functionality in a pilot that prioritized functionality by Business Scenario Groups (BSG). By the end of December 2022, testing for BSG Track 1 was completed. The following functions, as tested, are now materially complete, subject to final User Acceptance Testing:

Members will be able to:

- *securely update bank account information online.*
- *select how they want to receive benefit payment statements and other correspondence (e.g., U.S. Post Office, email).*
- *be notified electronically when there are documents available to view.*

Employers will be able to:

- *update member account information and process transactions online including program enrollment, termination, and sick leave.*
- *associate contribution payments to the appropriate files.*
- *enable Report Sources to submit files via the Employer Portal contribution file.*

CalSTRS staff will be able to:

- *process members' most common service credit requests.*
- *validate that member and employer contributions are correctly posted to the financial system known as BusinessDirect (BD).*
- *process beneficiary elections for: one-time death benefits, preretirement options, and replacement beneficiaries, and send appropriate communication confirming the changes.*

The structure of the contract is enabling both teams to make progress and we are working very collaboratively. Work will continue on the BSGs while the project also undertakes additional initiatives, including work to strengthen its foundation, which was kicked off in November.

Strengthening the foundation is important to best prepare the project and team to successfully deploy the project.

Work to strengthen the foundation includes, among other areas, the test approach, resolving critical PIRs, updating tools to enable us to track progress, and implementing additional lessons learned.

Report on progress toward achieving these goals will be made at the March Board meeting.

Project Status Assessment: As previously reported, CalSTRS hired a contractor (Weaver) to document the project status and help inform the scope of work for the future procurement. Weaver reviewed project artifacts, interviewed project staff and developed findings and recommendations. Independent Verification and Validation (IV&V), Independent Project Oversight Consulting (IPOC), and the team will review their findings and develop action items to address the findings.

Procurement for implementation vendor: A procurement team developed a procurement approach with input from the California Department of Technology, CalSTRS procurement, IV&V, and IPOC. The approach included issuing a Request for Information (RFI) and then issuing a Request for Proposal (RFP). An RFI was issued to the vendor community that described the project's status and requested vendors to let CalSTRS know what information they needed to bid the remaining work and what aspects of the work they were interested in. We received 10 responses to the RFI. If clarity was needed, interviews with respondents were scheduled. Follow-up interviews were conducted with 7 of the 10 respondents on December 21 and 22, 2022. The procurement team is currently developing its recommendation for the procurement approach once their analysis is complete in mid-January. At the March meeting, the Project will provide an update to the Board.

Project improvements: As reported at the November 2022 Board meeting, project improvement sessions to identify potential improvement opportunities were completed in October 2022; the team identified root causes and drafted recommendations to address these findings.

Sagitec established a three-member panel of its own employees to evaluate what they could do on their team to improve the quality of the product during the interim services period. These findings were incorporated into CalSTRS' master list of project improvements.

These findings are being prioritized and the recommendations are being implemented. Examples will be provided at the Board meeting.

There are recommendations that are not just process improvements but wholesale changes to how work is performed (e.g., test approach). These are included in the work to strengthen our foundation.

Summary of Top Challenges and Mitigations

Staff continue to monitor and address the significant challenges facing the project. The top challenges and associated mitigation strategies include:

Challenges	Mitigation Strategies
Timely recruitment to fill the Pension Solution Project Director position that became vacant on April 1, 2022.	Recruitment process is underway. Until that person is hired, the Interim Project Director will continue to establish strategy and lead the team.
Timely recruitment to fill the Senior Project Manager position.	Recruitment for a Senior Project Manager from the vendor community is underway.
Reducing the impacts to downstream activities due to the departure of the prior vendor.	Hiring staff and procuring vendor services to perform the work previously performed by outgoing vendors are a top priority for the project.
Providing timely availability and continuity of business area resources (subject matter experts) for the duration of the project.	We have identified the needs and are working with Human Resources to move forward to fill them with staff.

Overall, the Interim Service Period has resulted in great productivity and a quality work product; CalSTRS is pleased with the progress made during this period which has leveraged lessons learned and rejuvenated the team. We will continue to focus on bringing the resources needed on the project as we define the path forward.

Strategic Plan Linkage: Goal 2, Objective A of the Strategic Plan - *Implement and integrate a highly adaptive pension administration system to modernize transactional capabilities.*
