



Enterprise Technology Projects

Fiscal Year 2016–17
Second Quarter Report

Quarter Ending December 31, 2016

Enterprise Projects

Fiscal Year 2016/2017– Second Quarter

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 \$20.2 million not expended during fiscal year 2015/2016 is available for use during fiscal year 2016/2017. As part of the Governor's 2016-17 Budget, an additional \$37.6 million was allocated specifically for the Pension Solution Project. See Appendix A for detailed budget information by appropriation.

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 2016/2017 –Second Quarter

Project Name	Duration	Project Total ¹	Total Expended ²	Schedule	Budget
<u>Major Projects</u>					
403bCompare Site Redesign	Sep 2015 – Mar 2017	\$835,173 ³	\$640,216	●	●
Data Preparation	Nov 2011 – Sept 2017	\$19,458,734	\$10,163,204	●	●
Multimodal Communication Upgrade	Nov 2015 – Apr 2017	\$5,600,000	\$3,419,640	●	●
Pension Solution	Jul 2014 – Dec 2020	\$251,800,000 ⁴	\$44,917,066	⚠ ⁵	●
Space Optimization	Nov 2015 – Jul 2017	\$1,891,900	\$1,385,634	●	●

Schedule & Budget Indicators:

● **Acceptable**

⚠ **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 403bCompare Site Redesign – Fully funded by 403b vendors. Budget reduced from 935,780 to remove budget for resources already paid for by the 403b vendor fund.

⁴ Pension Solution – Represents the total board approved budget.

⁵ Pension Solution – Delays in finalizing approval of key change requests.

403bCompare Site Redesign

The 403bCompare Site Redesign Project will modernize site design and improve usability, reduce or eliminate data integrity issues, reduce workload to monitor and govern data provided by vendors, as well as reduce site operational and maintenance costs.

Period Ending December 31, 2016:

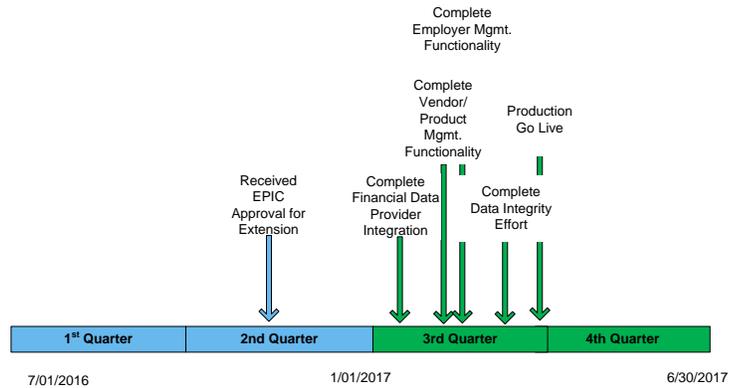
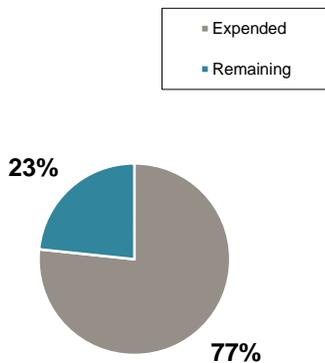
- Completed development and testing of end user functionality.
- Completed design and mockups for vendor management and product management functionality.
- Continued development and testing of vendor management and product management functionality.
- Completed design and mockups for employer management functionality.
- Continued development on financial data provider integration.

Planned Deliverables by March 31, 2017:

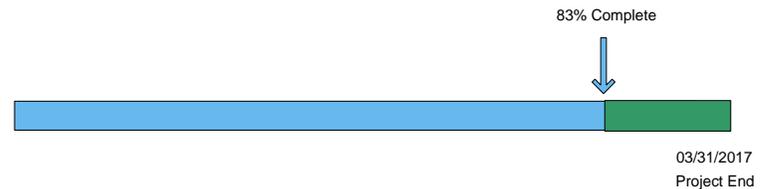
- Complete development and testing for vendor management and product management functionality.
- Complete development and testing for employer functionality.
- Complete integration with financial data provider.
- Project completion and production go live.

Major Fiscal Year 2016/2017 Milestones

Total Project Budget
\$835 Thousand



Project Schedule Status Timeline



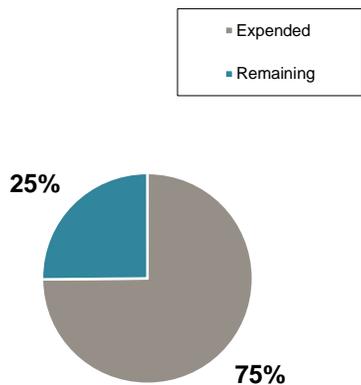
Data Preparation

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 December 31, 2016:

- Completed 92% of basic issue cleansing related to Pension Solution's Functional Rollout 1.
- Continued to align Data Preparation activities with the Pension Solution's Functional Rollout Plan.
- Implemented complex data issue fix for Exceptions.
- Received approval from the Enterprise Program Investment Count (EPIC) to extend the scope, schedule and budget and gain additional resources to address basic issues and complex issues.

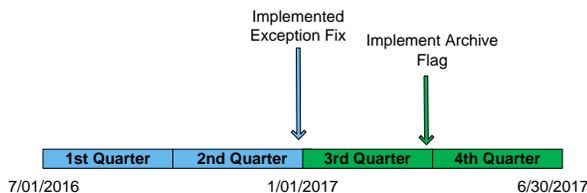
**Total Project Budget
\$13.6 Million**



Planned Deliverables by March 31, 2017:

- Complete highest priority data cleaning activities related to the Pension Solution Functional Rollout 1 including basic issues and the Archive Flag complex issue.
- Begin requirements identification for complex data issues including Benefit Continuity; Termination Out of Balance; and Benefit Account Updates.
- Continue to align Data Preparation activities with the Pension Solution's Functional Rollout Plan.

Major Fiscal Year 2016/2017 Milestones



Project Schedule Status Timeline



Multimodal Communication Upgrade (MCU) Project

The Multimodal Communication Upgrade – The project consists of two phases to upgrade the audio visual equipment throughout the headquarters building. Phase 1 includes equipment in the Board Room, Sacramento River, American River, Caucus Room, 15th Floor Control Room, and 15th Floor Edit Suite. Phase 2 includes all medium and large conference rooms, training rooms and building displays.

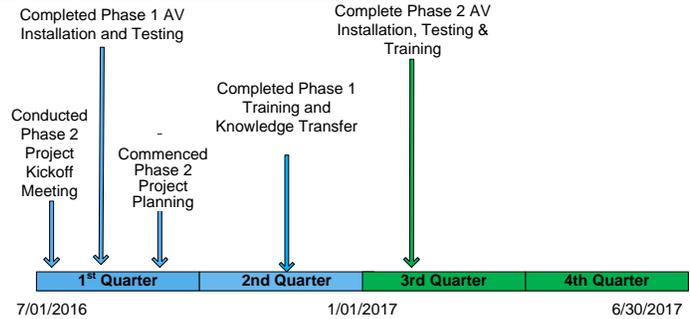
Period Ending December 31, 2016:

- Completed Phase 1 testing and training.
- Continued Phase 2 construction and equipment commissioning.
- Commenced Phase 2 testing and training.

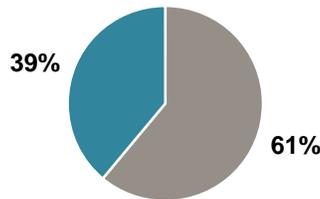
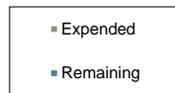
Planned Deliverables by March 31, 2017:

- Complete Phase 1 documentation and knowledge transfer.
- Continue Phase 2 construction and equipment commissioning.
- Complete Phase 2 testing and training.
- Complete Phase 2 documentation and knowledge transfer.

Major Fiscal Year 2016/2017 Milestones



Total Project Budget
\$5.6 Million



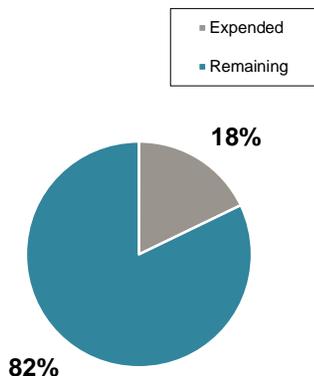
Project Schedule Status Timeline



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



Period Ending December 31, 2016:

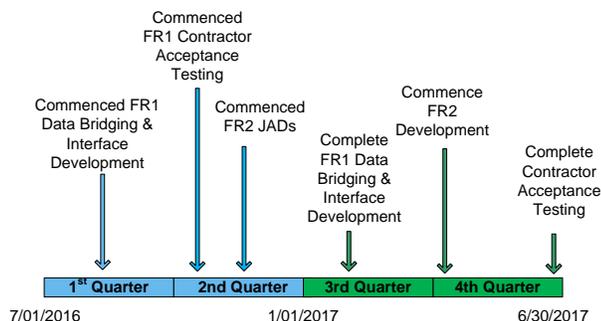
- Continued development activities for interfaces and bridges required for the first functional rollout.
- Continued data conversion activities and performed mock conversions.
- Continued planning for user acceptance test (UAT) activities.
- Continued Infrastructure installs for second build out phase
- Obtained approval of detailed conversion plan.
- Obtained approval of technical design document.
- Delivered training to CalSTRS staff performing UAT.
- Commenced Contractor Acceptance Testing for Functional Rollout 1.
- Commenced Joint Application Development (JAD) sessions for Functional Rollout 2.

Planned Deliverables by March 31, 2017:

- Complete development activities for interfaces and bridges required for the first functional rollout.
- Continue data conversion activities and perform mock conversions.
- Continue planning for user acceptance test (UAT) activities.
- Continue Infrastructure installs for second build out phase.
- Obtain approval of Organizational Change Management Plan.
- Obtain approval of Transition Plan.
- Commence Business Transformation Plan.
- Continue Contractor Acceptance Testing for Functional Rollout 1.
- Continue Joint Application Development (JAD) sessions for Functional Rollout 2.
- Commence Coding and Unit Testing for Functional Rollout 2.

Schedule Warning: Project is at risk due to delays in finalizing approval of key change requests which have an impact on scope and schedule.

Major Fiscal Year 2016/2017 Milestones



Project Schedule Status Timeline¹



¹Pension Solution Status Timeline reflects the percent complete from the project Discovery phase through the first functional rollout.

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).

Period Ending December 31, 2016:

- Received approval from Enterprise Program Investment Council (EPIC) to extend the project schedule to include activities for remaining tower floors 3-4, 6-8, 10, and 14-16.
- Approved proposed optimized plans for floors 3 - 4, 6 – 8, 10, and 14 - 16.
- Completed 16th floor optimization.

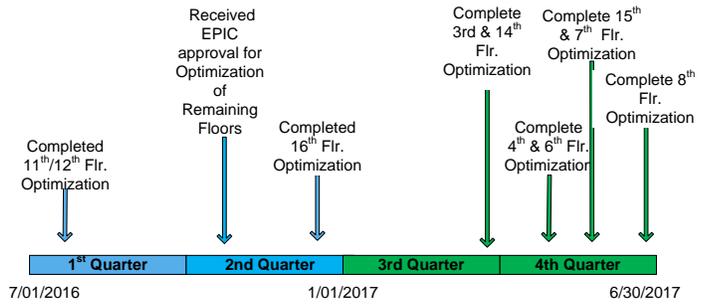
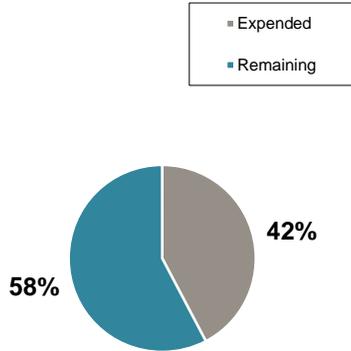
Planned Deliverables by March 31, 2017:

- Complete floor 14 optimization activities.

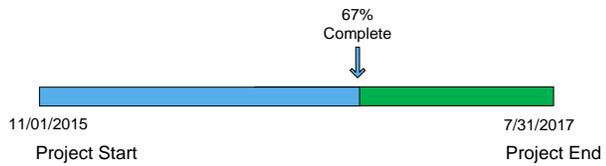
Major Fiscal Year 2016/2017 Milestones

2015/2016 Project Budget

\$1.9 Million



Project Schedule Status Timeline



Other Enterprise Projects- Under \$1 Million Fiscal Year 2016/2017 – Second Quarter

<u>Other Projects</u>	<u>Duration</u>	<u>Total Budget</u>	<u>Total Expended</u>	<u>Schedule</u>	<u>Budget</u>
Additional Earnings/Credit 2014 & 2015 The Additional Earnings and Annuity Credit 2014 & 2015 project implements the system changes and business processes that allows CalSTRS to credit or pay the Additional Earnings Credits for 2014 and 2015.	Jan 2016 – Oct 2016	\$143,350	\$56,769	◆	◆
Confirmation of Account Changes The Confirmation of Account Change project adds a layer of communication that will give members the ability to identify when changes to their myCalSTRS account are initiated.	Jun 2016 – Dec 2016	\$0 [*]	\$0	◆	◆
Defined Benefit Supplement (DBS) Single Life Annuity (SLA) and Period Certain Annuity (PCA) Calculation Updates The Defined Benefit Supplement (DBS) Single Life Annuity (SLA) and Period Certain Annuity (PCA) Calculation Updates Project will update CalSTRS corporate database system functionality to accurately calculate DBS SLA with a cash refund account at the time of death and; calculate members' reinstatement with a PCA using the present value 'table in effect' at the time of the original benefit effective date.	Jun 2016 – Jun 2017	\$0 [*]	\$0	●	●
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.	Dec 2016 – Jul 2017	\$0 [*]	\$0	●	●
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 – May 2017	\$475,000	\$0	⚠	●
IT DR Gap Analysis and Risk Assessment The product of the IT DR Gap Analysis and Risk Assessment project will be a Gap Analysis, Risk Assessment, and a Mitigation Plan for CalSTRS IT Disaster Recovery.	Nov 2016 – Jun 2017	\$500,000	\$85,172	●	●
Remove Estimation for Service Credit and Final Compensation The Remove Estimation for Service Credit and Final Compensation project will result in increasing benefit payment accuracy by utilizing the actual data residing in the corporate database for the initial benefit calculations instead of the estimated payment information.	Jun 2016 – Nov 2016	\$0	\$0	◆	◆

Schedule & Budget Indicators:

● Acceptable ⚠ Warning ◆ Critical ◆ Complete ◆ Cancelled ⏸ Not Started

* Projects utilize internal resources and operational program budgets.

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.

Appendix A

Technology Project Appropriations Report

Fiscal Year 2016/2017 – Second Quarter

The Technology Project Appropriations Report provides information on the budgetary status¹ of current technology appropriations and reappropriations. For Fiscal Year 2016/2017, the current technology appropriations and reappropriations available for encumbrance and expenditure include:

- Fiscal Year 2016-17 Technology Appropriation
- Two Technology Reappropriations from Fiscal years 2014-15 and 2015-16
- Three Pension Solution Appropriations

FY 2016-17 Technology Project Appropriation

Project Name	Budget	Consumed	Expended
Remaining Available Budget	\$ 3,993,818.79	\$ -	\$ -
BusinessRenew Program Support	\$ 124,043.79	\$ 15,936.34	\$ 15,936.34
Data Preparation	\$ 3,180,743.00	\$ 789,636.54	\$ 789,534.54
Pension Solution Project	\$ 4,377,352.42	\$ 4,377,352.42	\$ 588,769.58
Pension Solution Staff Augmentation	\$ 5,580,750.00	\$ 1,168,014.44	\$ 383,694.44
Independent Project Oversight	\$ 743,292.00	\$ 459,756.00	\$ -
IT DR Gap Analysis and Risk Assessment	\$ 500,000.00	\$ -	\$ -
Grand Total	\$ 18,500,000.00	\$ 6,810,695.74	\$ 1,777,934.90

FY 2016-17 Technology Project Reappropriation (originally from FY 2014-15)¹

	Budget	Consumed	Expended
Remaining Available Budget	\$ 661,658.65	\$ -	\$ -
Additional Earnings/Annuity Credit	\$ 64,550.54	\$ -	\$ -
Multimodal Communication Upgrade	\$ 1,300,776.30	\$ (617,462.54)	\$ (617,462.54)
IT Services Management System	\$ 475,000.00	\$ -	\$ -
Pension Solution Staff Augmentation	\$ 701,760.00	\$ 701,760.00	\$ -
Data Preparation Project	\$ 3,929,470.18	\$ 1,731,480.00	\$ 84,600.00
Grand Total	\$ 7,133,215.67	\$ 1,815,777.46	\$ (532,862.54)

FY 2016-17 Technology Project Reappropriation (originally from FY 2015-16)

	Budget	Consumed	Expended
Remaining Available Budget	\$ 10,225,338.27	\$ -	\$ -
Additional Earnings/Annuity Credit Project	\$ 119,535.41	\$ 5,262.44	\$ 5,262.44
BusinessRenew Program Support	\$ 25,107.76	\$ -	\$ -
Data Preparation Project	\$ 2,647,131.29	\$ -	\$ -
Grand Total	\$ 13,017,112.73	\$ 5,262.44	\$ 5,262.44

Pension Solution Project (appropriated to date)

	Budget	Consumed	Expended
FY 2014-15 Pension Solution	\$ 61,564,000.00	\$ 57,973,172.00	\$ 14,683,543.00
FY 2015-16 Pension Solution	\$ 63,099,000.00	\$ 46,822,115.07	\$ 7,303,013.00
FY 2016-17 Pension Solution	\$ 37,553,000.00	\$ 24,082,539.56	\$ 4,621,924.00
Grand Total	\$ 162,216,000.00	\$ 128,877,826.63	\$ 26,608,480.00

¹ Timing differences between expenses recognized and incurred by property manager generated credit of budgetary expenditures in the second quarter. Expenditures will be recognized in the third quarter.