



Enterprise Technology Projects

Fiscal Year 2016–17
Third Quarter Report

Quarter Ending March 31, 2017

Enterprise Projects

Fiscal Year 2016/2017– Third 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 –Third 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	\$804,511	◆	◆
Data Preparation	Nov 2011 – Sept 2017	\$19,458,734	\$10,545,621	●	●
Multimodal Communication Upgrade	Nov 2015 – Apr 2017	\$5,600,000	\$5,017,089	●	●
Pension Solution	Jul 2014 – Feb 2021	\$251,800,000 ⁴	\$51,228,092	●	●
Space Optimization	Nov 2015 – Jul 2017	\$1,891,900	\$1,487,002	●	●

Schedule & Budget Indicators:	● Acceptable	⚠ Warning	◆ Critical	◆ Complete	◆ Cancelled	📅 Not Started
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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 beginning July 2014.

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 March 31, 2017:

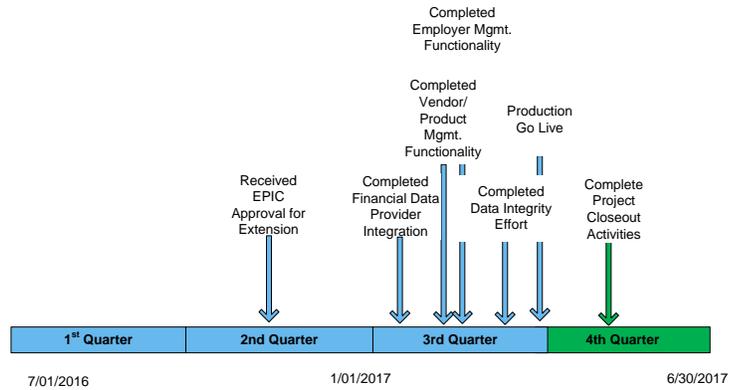
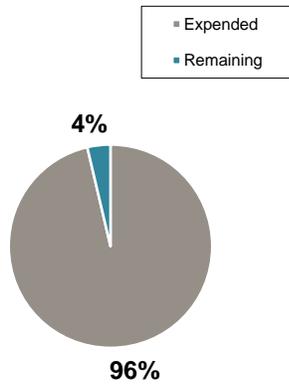
- Complete development and testing for vendor management and product management functionality.
- Complete development and testing for employer functionality.
- Complete integration with financial data provider.
- Project completion and production go live.

Planned Deliverables by June 30, 2017:

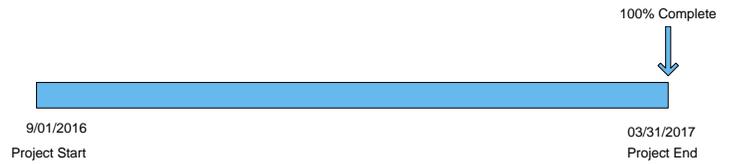
- Complete remaining project closeout activities.

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.

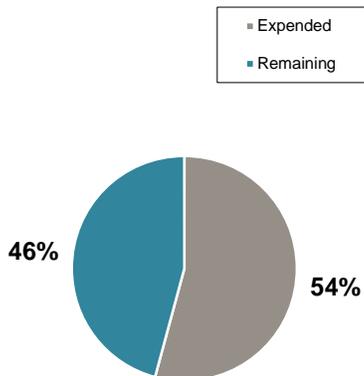
Period Ending March 31, 2017:

- Completed 98% 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.

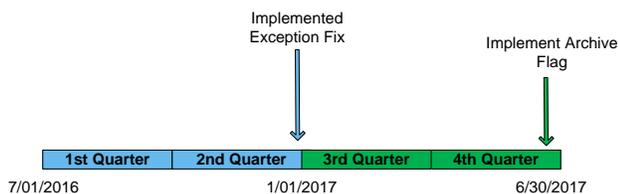
Planned Deliverables by June 30, 2017:

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

**Total Project Budget
\$19.5 Million**



Major Fiscal Year 2016/2017 Milestones



Project Schedule Status Timeline



Multimodal Communication Upgrade (MCU) Project

The Multimodal Communication Upgrade 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.

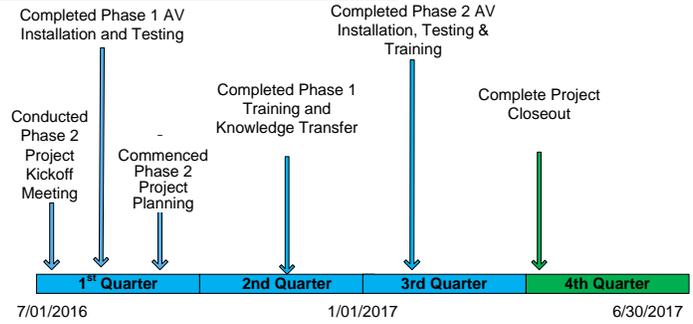
Period Ending March 31, 2017:

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

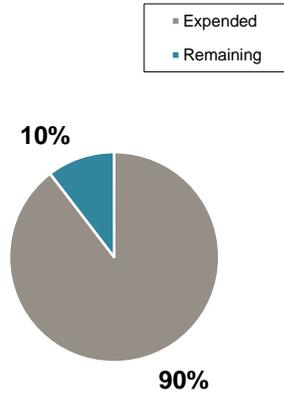
Planned Deliverables by June 30, 2017:

- Complete project closeout.

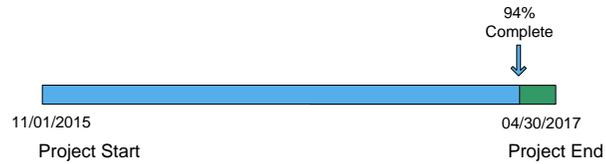
Major Fiscal Year 2016/2017 Milestones



Total Project Budget
\$5.6 Million



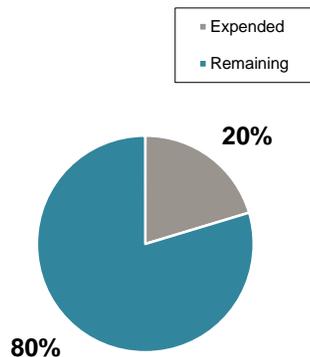
Project Schedule Status Timeline



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



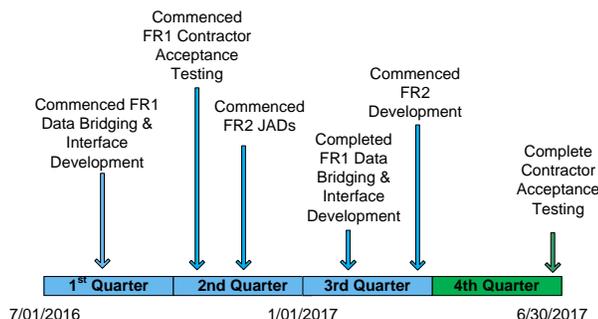
Period Ending March 31, 2017:

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

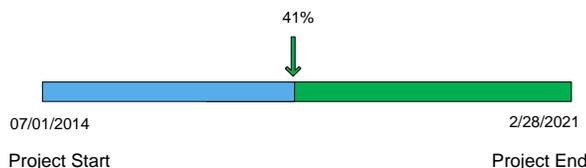
Planned Deliverables by June 30, 2017:

- Continue data conversion activities and perform mock conversions.
- Continue planning for user acceptance test (UAT) activities.
- Obtain approval of Staff Readiness Plan.
- Obtain approval of Leadership Readiness Plan.
- Obtain approval of Business Transformation Plan.
- Obtain approval of Functional Rollout 1 Change Impact Inventory.
- Obtain approval of Employer Training Plan.
- Complete Contractor Acceptance Testing for Functional Rollout 1.
- Continue Joint Application Development (JAD) sessions for Functional Rollout 2.
- Continue Coding and Unit Testing for Functional Rollout 2.

Major Fiscal Year 2016/2017 Milestones



Project Schedule Status Timeline¹



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 12/1/2010.

Project Name	Purpose	Accomplishments
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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).

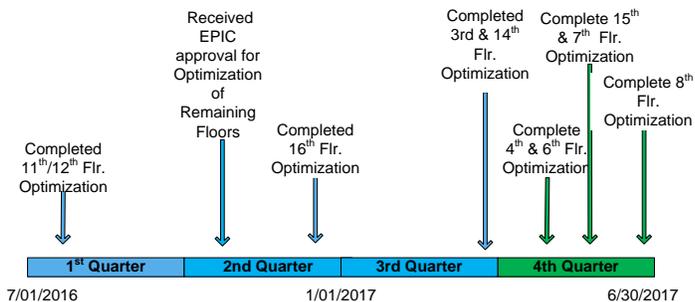
Period Ending March 31, 2017:

- Completed 14th floor optimization.

Planned Deliverables by June 30, 2017:

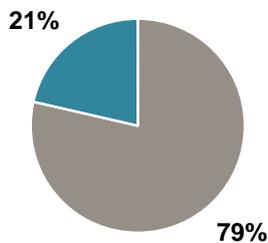
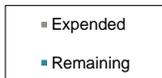
- Complete optimization activities for floors: 4, 6, 7, 8 & 15.

Major Fiscal Year 2016/2017 Milestones

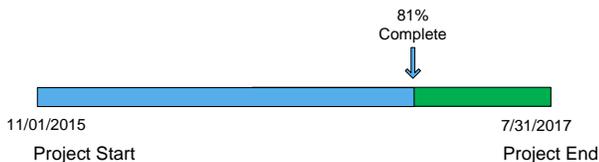


2015/2016 Project Budget

\$1.9 Million



Project Schedule Status Timeline



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

<u>Other Projects</u>	<u>Duration</u>	<u>Project Total Budget</u> ¹	<u>Total Expended</u> ²	<u>Schedule</u>	<u>Budget</u>
<p>Additional Earnings/Credit 2014 & 2015</p> <p>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.</p>	Jan 2016 – Oct 2016	\$143,350	\$56,769	◆	◆
<p>Confirmation of Account Changes</p> <p>The Confirmation of Account Change project adds a layer of communication that will give members the ability to identify when changes to their <i>myCalSTRS</i> account are initiated.</p>	Jun 2016 – Dec 2016	\$0*	\$0	◆	◆
<p>Defined Benefit Supplement (DBS) Single Life Annuity (SLA) and Period Certain Annuity (PCA) Calculation Updates</p> <p>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.</p>	Jun 2016 – Jun 2017	\$0*	\$0	●	●
<p>EIM Initiatives</p> <p>The 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.</p>	Jan 2017 – Dec 2020	\$643,184	\$7,167	●	●
<p>FI\$Cal R17 Changes</p> <p>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.</p>	Dec 2016 – Jul 2017	\$319,165	\$15,415	●	●
<p>GASB 74/75</p> <p>The GASB 74/75 project will implement business functionality and process 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. Our Medicare Premium Payment Program is considered an OPEB plan and is impacted by these new accounting standards.</p>	Jan 2017 - Jul 2017	\$633,180	\$26,950	⚠ ³	●

Schedule & Budget Indicators:	● Acceptable	⚠ Warning	◆ Critical	◆ Complete	◆ Cancelled	📅 Not Started
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* 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.

³ GASB 74/75 – Warning status due to change of approach and project scope.

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

Other Projects	<u>Duration</u>	<u>Project Total Budget</u> ¹	<u>Total Expended</u> ²	<u>Schedule</u>	<u>Budget</u>
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	\$81,737		
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
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* 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.

³ IT Service Management System – Warning status due to procurement delays.

Appendix A

Technology Project Appropriations Report

Fiscal Year 2016/2017 – Third 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	\$ 4,191,019	\$ -	\$ -
BusinessRenew Program Support	\$ 124,044	\$ 8,010	\$ 8,010
Data Preparation	\$ 3,180,743	\$ 1,128,705	\$ 1,127,615
EIM Initiative	\$ 106,259	\$ 6,021	\$ 6,021
Independent Project Oversight	\$ 743,292	\$ 459,756	\$ 94,512
IT DR Gap Analysis and Risk Assessment	\$ 500,000	\$ 500,000	\$ 500,000
Pension Solution Project	\$ 4,377,352	\$ 4,377,352	\$ 1,177,192
Pension Solution Staff Augmentation	\$ 5,277,291	\$ 617,194	\$ 617,194
Grand Total	\$ 18,500,000	\$ 7,097,038	\$ 3,530,544

FY 2016-17 Technology Project Reappropriation (originally from FY 2014-15)			
	Budget	Consumed	Expended
Remaining Available Budget	\$ 44,494	\$ -	\$ -
Additional Earnings/Annuity Credit	\$ 64,551	\$ -	\$ -
Data Preparation Project	\$ 3,929,470	\$ 2,825,485	\$ 284,457
FI\$Cal R17	\$ 319,965	\$ 15,415	\$ 15,415
IT Services Management System	\$ 475,000	\$ -	\$ -
Multimodal Communication Upgrade	\$ 1,400,776	\$ 1,079,999	\$ 1,079,999
Pension Solution Staff Augmentation	\$ 898,960	\$ 898,960	\$ 12,928
Grand Total	\$ 7,133,216	\$ 4,819,859	\$ 1,392,799

FY 2016-17 Technology Project Reappropriation (originally from FY 2015-16)			
	Budget	Consumed	Expended
Remaining Available Budget	\$ 9,592,158	\$ -	\$ -
Additional Earnings/Annuity Credit Project	\$ 119,535	\$ 14,913	\$ 14,913
BusinessRenew Program Support	\$ 25,108	\$ -	\$ -
Data Preparation Project	\$ 2,647,131	\$ -	\$ -
GASB 74/75	\$ 633,180	\$ 26,950	\$ 26,950
Grand Total	\$ 13,017,113	\$ 41,863	\$ 41,863

Pension Solution Project (appropriated to date)			
	Budget	Consumed	Expended
FY 2014-15 Pension Solution	\$ 61,564,000	\$ 58,033,029	\$ 17,376,684
FY 2015-16 Pension Solution	\$ 63,099,000	\$ 56,774,004	\$ 7,410,667
FY 2016-17 Pension Solution	\$ 37,553,000	\$ 26,493,563	\$ 7,701,937
Grand Total	\$ 162,216,000	\$ 141,300,595	\$ 32,489,289