



Enterprise Technology Projects

Fiscal Year 2017–18
Second Quarter Report

Quarter Ending December 31, 2017

Enterprise Projects

Fiscal Year 2017/2018 – 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 \$16.7 million of remaining available budget from fiscal year 2016/2017 is available for use during fiscal year 2017/2018. As part of the Governor's 2017-18 Budget, an additional \$27 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 2017/2018 – Second Quarter

Project Name	Duration	Project Total ¹	Total Expended ²	Schedule	Budget
<u>Major Projects</u>					
Business Transformation	Jul 2016 – Jun 2021	\$16,416,930	\$1,424,237	●	●
Data Preparation	Nov 2011 – Jun 2020	\$25,981,894	\$13,365,372	●	●
Pension Solution	Jul 2014 – Feb 2021	\$251,800,000 ³	\$83,912,687	◆ ⁴	●
Space Optimization	Nov 2015 – Sep 2017	\$2,001,605	\$1,999,709	◆	◆

Schedule & Budget Indicators:	● On Track	⚠ 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 Pension Solution – Represents the total board approved budget beginning July 2014.

⁴ Pension Solution – Critical warning status due to testing and planned implementation activities delays.

Project Name	Purpose	Accomplishments/Progress
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Business Transformation

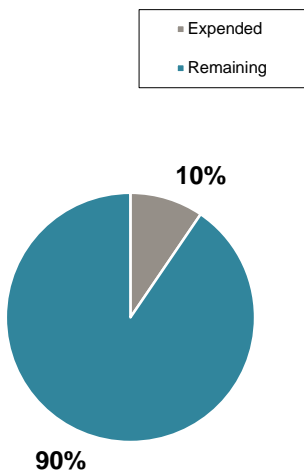
The Business Transformation project will support business areas and prepare our staff to be ready for impacts, changes and benefits from large enterprise modernization efforts.

Period Ending December 31, 2017:

- Collaborated with business areas to complete review of four computer-based training courses.
- Defined new roles, responsibilities and tools for the Change Champion Network who help convey change information to their respective business areas
- Created Business Process Readiness documentation for three Member Account Services business processes.
- On-boarded Employee Readiness consultant.

Total Project Budget

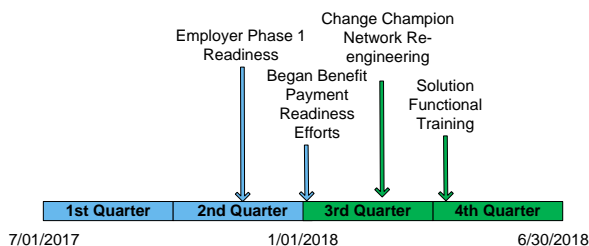
\$16.4 Million



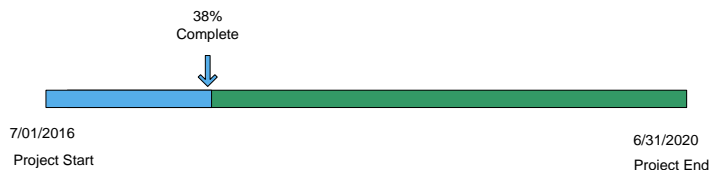
Planned Deliverables by March 31, 2018:

- Develop new training plan for the changes to the Pension Solution project and rollout schedule
- Create supplemental training activities regarding core base functionality: Case Management, Notes/Events/Alerts, and terminology.
- Finalization and approval of Employer computer-based training modules
- Provide Prosci Change Management certification for key individuals throughout the organization.
- Develop plans for Business Process Readiness documentation for critical Service Retirement and Financial Services business processes.
- Confirm Functional Rollout 1 process impacts with all business areas.
- Communicate Pension Solution schedule and approach changes.

Major Fiscal Year 2017/2018 Milestones



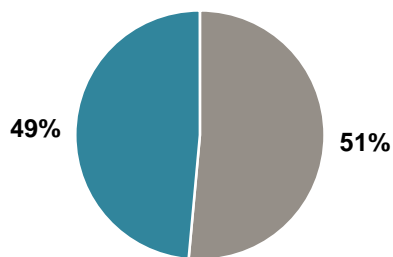
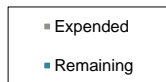
Project Schedule Status Timeline



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.

**Total Project Budget
\$26 Million**



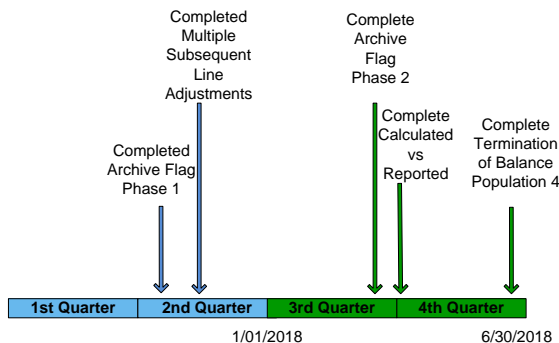
Period Ending December 31, 2017:

- Completed the first phase of the Archive Flag effort which supports adding archive functionality to the START corporate database.
- Began development of second phase of the Archive Flag effort to support additional archive related functionality.
- Completed the Multiple Subsequent Year Line Adjustments complex data issue.
- Completed populations 1 and 4 of the Member Lifecycle issue in partnership with Technology Services.
- Began testing for the Reported versus Calculated complex issue.
- Released Request for Offer (RFO) for additional development and test resources.

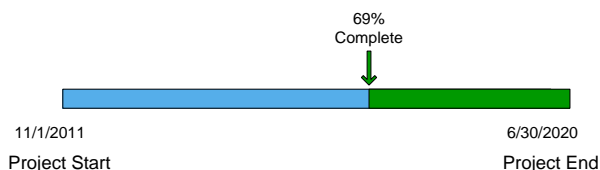
Planned Deliverables by March 31, 2018:

- Implement the second phase of the Archive Flag effort.
- Implement line level fixes for the Reported versus Calculated complex issue.
- Onboard additional contract development and test resources.

Major Fiscal Year 2017/2018 Milestones



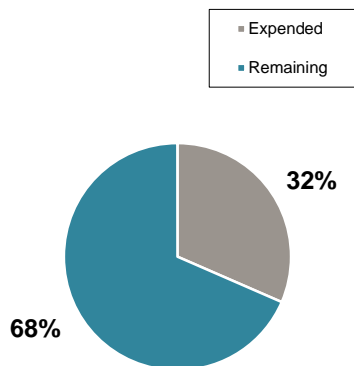
Project Schedule Status Timeline



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, 2017:

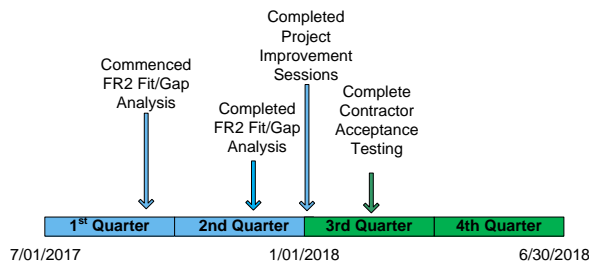
- Continued data conversion activities and performed mock conversions.
- Continued planning for user acceptance test (UAT) activities.
- Continued Contractor Acceptance Testing for Functional Rollout 1.
- Continued Joint Application Development (JAD) sessions for Functional Rollout 2.
- Continued Coding and Unit Testing for Functional Rollout 2.
- Completed Fit/Gap Analysis for Functional Rollout 2.
- Completed Project Improvement Idea sessions.

Planned Deliverables by March 31, 2018:

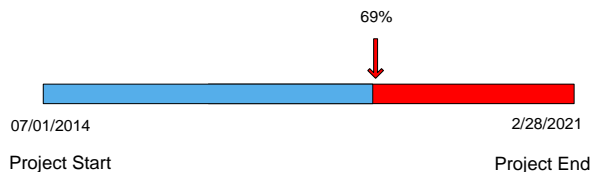
- Continue data conversion activities and perform mock conversions.
- Continue planning for user acceptance test (UAT) activities.
- Complete Contractor Acceptance Testing for Functional Rollout 1.
- Continue Joint Application Development (JAD) sessions for Functional Rollout 2.
- Continue Coding and Unit Testing for Functional Rollout 2.
- Finalize agreement with CalSTRS and CGI and baseline revised project schedule.

Schedule Warning: Critical status due to delays in Contractor Acceptance Test activities not meeting the schedule baselined completion date and Functional Rollout 1 not meeting the planned baselined implementation date. The schedule is expected to be revised early in 2018 as a result of the Fit/Gap Analysis and Process Improvement Idea activities.

Major Fiscal Year 2017/2018 Milestones



Project Schedule Status Timeline¹



¹Pension Solution Status Timeline represents the project period beginning with the fiscal year 14/15 board approved budget. Pre-implementation project activities date back to 12/1/2010.

Project Name	Purpose	Accomplishments/Progress
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Space Optimization

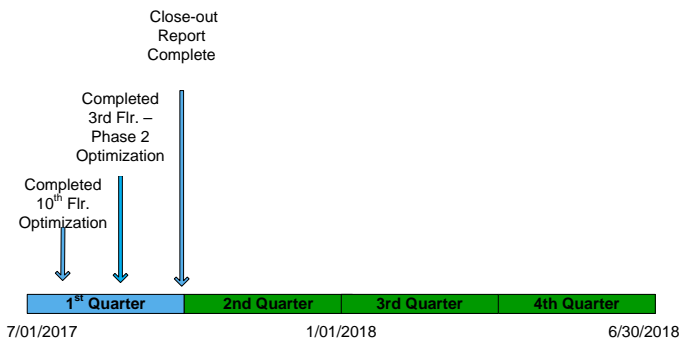
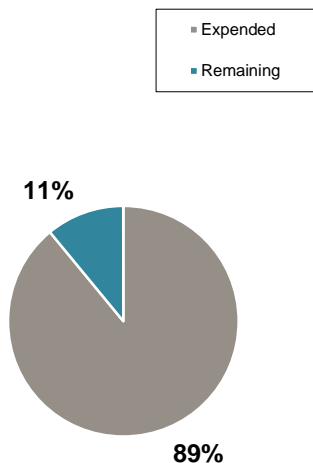
The Space Optimization project will optimize workspace throughout the building in order to provide growth for current business needs and the expected short-term growth. The current scope and schedule represents optimization activities on all remaining HQ floors (3, 4, 6, 7, 8, 10, 14, 15 and 16).

Project completed within scope, schedule and budget during the first quarter.

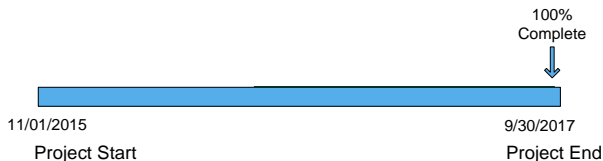
Major Fiscal Year 2017/2018 Milestones

Total Project Budget

\$2 Million



Project Schedule Status Timeline



Other Enterprise Projects- Under \$1 Million Fiscal Year 2017/2018 – Second 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>
AB 1875 Special Needs Trust The Special Needs Trust project will ensure compliance with AB 1875, signed into law effective January 1, 2017, and allows election of a Special Needs Trust as an option or annuity beneficiary. This project is necessary to ensure the development of accurate and consistent business practices to process AB 1875 cases.	May 2017 – Sep 2017	\$0 ⁺	\$0		
Contact Center Migration Project The Contact Center Migration project will migrate from the existing Contact Center solution to the new cloud platform with 'like for similar' functionality and processes.	Jun 2017 – Jul 2018	\$401,428	\$75,717		
EIM Initiatives The Enterprise Information Management (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.	Jan 2017 – Dec 2020	\$732,675	\$141,810		
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. Note: This effort is currently on hold pending the restart of FI\$Cal's testing effort.	Dec 2016 – Sep 2018	\$319,965	\$209,926		
GASB 74/75 The GASB 74/75 project will implement business functionality and processes 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.	Jan 2017 - Jan 2018	\$732,500	\$517,043		
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 – Jan 2018	\$475,000	\$103,000		
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 – Jan 2018	\$500,000	\$364,215		
LAUSD Systemic Sick Leave Correction The LAUSD Systemic Sick Leave Correction project will correct the sick leave balances of LAUSD member accounts, as a result of a systemic audit finding, and will ensure that the accurate payment of benefits is documented in the members' account.	Aug 2017 – Jun 2018	\$0 ⁺	\$0		

Schedule & Budget Indicators:

On Track
 Warning
 Critical
 Complete
 Cancelled
 Not Started

* 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 due to delay of system implementation to early February.

⁴ IT Service Management System – Critical warning due to extended procurement and delayed project start. The project is requesting approval of a revised schedule in January 2018.

Appendix A

Technology Project Appropriations Report

Fiscal Year 2017/2018 – Second Quarter

The Technology Project Appropriations Report provides information on the budgetary status of current technology appropriations and reappropriations. For Fiscal Year 2017/2018, the current technology appropriations and reappropriations available for encumbrance and expenditure include:

- Fiscal Year 2017-18 Technology Appropriation
- Three Technology Appropriations/Reappropriations from Fiscal Years 2014-15, 2015-16 and 2016-17
- Four Pension Solution Appropriations

FY 2017-18 Technology Project Appropriation			
Project/Project Support Activity	Budget	*Consumed	Expended
Remaining Available Budget	\$ 5,238,837	\$ -	\$ -
EIM Initiatives	\$ 210,519	\$ 92,357	\$ 92,357
EPIC Funded Backfill	\$ 100,000	\$ -	\$ -
Data Preparation	\$ 2,164,499	\$ 765,045	\$ 765,038
Space Optimization	\$ 92,997	\$ 92,997	\$ 92,997
Multimodal Comm Upgrade	\$ 33,589	\$ 16,895	\$ 16,985
Business Transformation	\$ 4,184,501	\$ 152,907	\$ 135
Pension Solution	\$ 2,355,078	\$ 2,355,078	\$ 588,770
Pension Solution Staff Augmentation	\$ 4,119,980	\$ 527,031	\$ 527,031
	\$ 18,500,000	\$ 4,002,311	\$ 2,083,313

FY 2016-17 Technology Project Appropriation			
Project/Project Support Activity	Budget	*Consumed	Expended
Remaining Available Budget	\$ 7,250,551	\$ -	\$ -
EIM Initiative	\$ 56,012	\$ 49,462	\$ 49,462
BusinessRenew Program Support	\$ 8,010	\$ 8,010	\$ 8,010
Data Preparation	\$ 1,462,091	\$ 1,462,193	\$ 1,462,091
Independent Project Oversight	\$ 743,292	\$ 459,756	\$ 459,756
Space Optimization	\$ 109,705	\$ 107,809	\$ 107,809
Business Transformation	\$ 2,754,105	\$ 1,968,285	\$ 1,802,205
IT DR Gap Analysis and Risk Assessment	\$ 500,000	\$ 364,215	\$ 364,215
Pension Solution Project	\$ 4,377,352	\$ 4,377,352	\$ 4,377,352
Pension Solution Staff Augmentation	\$ 1,238,883	\$ 1,236,854	\$ 1,237,262
Grand Total	\$ 18,500,000	\$ 10,033,935	\$ 9,868,161

* Consumed represents the portion of the budgeted amount committed in a contract or purchase order and any funds expended for salaries and benefits while the expended amount includes the salaries and benefits and any portion of the contract or purchase order that has been paid out.

Appendix A – Continued Technology Project Appropriations Report Fiscal Year 2017/2018 – Second Quarter

FY 2016-17 Technology Project Reappropriation (originally from FY 2015-16)			
Project/Project Support Activity	Budget	*Consumed	Expended
Remaining Available Budget	\$ 4,178,609	\$ -	\$ -
Data Preparation Project	\$ 1,895,270	\$ 685,000	\$ 685,000
Independent Project Oversight	\$ 743,292	\$ 459,756	\$ 109,764
Miscellaneous Project Support	\$ 752,109	\$ 752,109	\$ 346,109
Business Transformation	\$ 4,135,792	\$ 692,000	\$ -
Additional Earnings/Annuity Credit Project	\$ 14,913	\$ 14,913	\$ 14,913
GASB 74/75	\$ 732,500	\$ 687,643	\$ 517,043
Contact Center System Migration	\$ 401,428	\$ 401,422	\$ 75,717
Pension Solution Staff Augmentation	\$ 163,200	\$ 163,200	\$ -
Grand Total	\$ 13,017,113	\$ 3,856,043	\$ 1,748,545

FY 2016-17 Technology Project Reappropriation (originally from FY 2014-15)			
Project/Project Support Activity	Budget	*Consumed	Expended
Remaining Available Budget	\$ -	\$ -	\$ -
Data Preparation Project	\$ 4,038,514	\$ 2,621,199	\$ 1,162,438
FI\$Cal R17 Changes	\$ 319,965	\$ 272,107	\$ 209,926
IT Services Management System	\$ 475,000	\$ 385,715	\$ 103,000
Multimodal Communication Upgrade	\$ 1,400,776	\$ 1,400,776	\$ 1,400,776
Pension Solution Staff Augmentation	\$ 898,960	\$ 898,960	\$ 543,405
Grand Total	\$ 7,133,216	\$ 5,578,757	\$ 3,419,545

Pension Solution Project Appropriation

Appropriated to Date			
	Budget	*Consumed	Expended
FY 2014-15 Pension Solution	\$ 61,564,000	\$ 58,294,704	\$ 36,246,606
FY 2015-16 Pension Solution	\$ 63,099,000	\$ 56,768,269	\$ 8,996,947
FY 2016-17 Pension Solution	\$ 37,553,000	\$ 27,785,969	\$ 10,076,560
FY 2017-18 Pension Solution	\$ 26,982,000	\$ 12,574,711	\$ 5,243,756
Grand Total	\$ 189,198,000	\$ 155,423,653	\$ 60,563,869

* Consumed represents the portion of the budgeted amount committed in a contract or purchase order and any funds expended for salaries and benefits while the expended amount includes the salaries and benefits and any portion of the contract or purchase order that has been paid out.