CALSTRS

Regular Meeting

Item number 14 – Open session

Subject: Pension Solution Project update

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Item type: Information

Date and time: September 26, 2024 – 15 minutes

Attachment(s): Independent Project Oversight report

PowerPoint presentation(s):

PowerPoint 1 – Pension Solution Project update
PowerPoint 2 – Independent Project Oversight Consultants presentation

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Item purpose

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

Technology update

System integration testing (SIT)

The project team has successfully completed four of six SIT streams with stream 4 closed out on July 8, 2024. SIT stream 4 contained 337 test cases and met all the exit criteria to move into SIT stream 5. SIT stream 5 began on July 9 and contains 290 test cases. Over 40% of the scripts have passed and stream 5 is scheduled to close on October 7, 2024. To date, the planned, executed and passed test cases continue to remain on track.

Amazon Web Services migration (AWS)

The Quest migration from on premise to the AWS platform completed in July. Migration to AWS reduces operational costs, eliminates an aging infrastructure, and allows our platform to scale to meet demand. It also provides the flexibility of a modern cloud environment for the continuing Pension Solution Project activities.

This significant achievement marks a major project milestone and is a testament to the hard work, dedication, and collaboration of each team member.

Business updates

User acceptance testing (UAT)

UAT is where our CalSTRS team tests the new system to verify it meets business needs and is ready for deployment. Execution by our teams is on track to begin October 1, 2024, with a 9- month duration. UAT test case preparation continues with 413 scenarios currently identified. However, this number may fluctuate slightly as development and planning continue.

UAT testing will occur in two phases. Phase 1 is planned to include functionality from SIT streams 1-4 to ensure we are testing functionality that has already been completed by the vendor. Phase 2 will begin in January 2025and will include functionality tested in all SIT streams.

To prepare for UAT kick off and help refine and validate processes, two UAT practice sessions were held, with business testers executing scripts and applying lessons learned back to their development and preparation activities. The practice sessions were extremely successful and have allowed the team to enhance and streamline their processes as they prepare for execution in October.

Employer readiness

This summer the Employer Readiness Team began another round of readiness meetings with each of the 93 report sources and will continue meetings through the end of the year. During these customized and interactive meetings, the team shares the required readiness success criteria, discusses testing expectations, demonstrates the new system using the employer's production files, walks through new tools, and addresses any questions and concerns. The team has met in person with all the larger Southern California employers, including San Diego County, Los Angeles County, Los Angeles USD, Orange County, San Bernardino County and Riverside County. These employers represent approximately 50% of the total records reported to CalSTRS in a fiscal year. Since these activities began, employers have begun actively engaging in the process and testing in the Employer Readiness Environment again.

Transformation Readiness updates

The Transformation Readiness framework ensures alignment, acceptance, and support of the system change by focusing on the people, process, technology, and culture. TR consists of the change management, training, business readiness processes, and business transition teams. These four teams work collaboratively to support staff in transitioning to the new system.

The Change Management Team's focus is on understanding each business area's current state and future needs. The team shares key information, creates transparency, and mitigates potential risks with the goal of informed system and process adoption. This is done through stakeholder meetings, a change champion network, cross-functional decision logs, and timely, transparent communications.

The Learning & Development Team develops and delivers a training program through collaboration with business area trainers using a customized train the trainer approach. Trainers will deliver training to all system users to ensure staff are confident and competent.

The Business Process Readiness Team is responsible for security role provisioning planning, business process documentation, artificial intelligence chatbot services, and providing support for cross functional decision logs. The outcomes from these efforts inform training, change management and UAT testing.

The Business Transition Team works closely with the Pension Solution Business Team and business areas in identifying activities that need to be completed before, during, and after the cutover period by using the four phased approach: Prepare, Discover, Recommend, and Confirm.

Human Resources update

Business/Technical analysts

The project team hired five business/technical contractor analysts to support the project team with various activities including user acceptance testing, system test reviews and validations, data conversion, and the design of new business requirements. These five analysts have extensive project and pension experience and were onboarded in July. They have already had a tremendous impact by assisting with project activities and supporting our business and project teams across various workstreams.

Project vacancies

The number of vacant positions is at the lowest point in recent project history. There are currently four active recruitments as we enter the final year before implementation. Our state project manager overseeing our Project Management Office recently left, however, Jennifer Spangler, our current Assistant Project Director over Business, is the acting project manager at this time. Although, PMO is running effectively and efficiently with the combination of vendor and state staff overseeing project activities; our project leadership team is evaluating how we will move forward with this role.

Budget

Budget projections are on target for FY 2024/25. The table below identifies the project budget through go live of fall 2025 and breaks down the encumbrances and expenditures by three major categories of expenses, the CalSTRS project team, technology administrative costs, and the implementation solution vendor, as of July 31, 2024.

Pension Solution budget (Amounts in millions)	**Go live budget[1]**	**Expenditures as of 07/31/2024**	**Remaining budget available**
CalSTRS Project Team[2]	$225.3	$157.1	$68.2
Technology admin costs	$16.0	$6.7	$9.3
Solution implementation vendor costs	$281.8	$222.8	$59.0
Total Pension Solution budget for go live	**$523.1**	**$386.6**	**$136.5**

[1] An additional $104.7 million is approved for post implementation activities including maintenance and operations, and stabilization.
[2] CalSTRS Project Team includes project staff, subject matter experts and CalSTRS contractors.

On August 28, 2024, in accordance with the fiscal year 2023-24 Budget Bill Language, the CalSTRS team met with the Department of Finance for a Quarter 3 update on the project status and budget. We covered project accomplishments, system and user acceptance testing statuses, oversight vendor observations, project schedule overview, and the budget status. DOF expressed their appreciation for the update and were pleased to hear the progress of the project and the collaboration between CalSTRS and the vendor are going well. These meetings continue to be an effective communication tool for both parties. Our Quarter 4 update will be scheduled for November 2024.

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