



CALSTRS

# AI at CalSTRS - Continuing the AI journey

# **Brief recap of July Offsite AI discussion**

# Adoption curve

During the July offsite, management and the Board agreed that CalSTRS should position itself as an "**Early Adopter**" on the AI innovation curve:

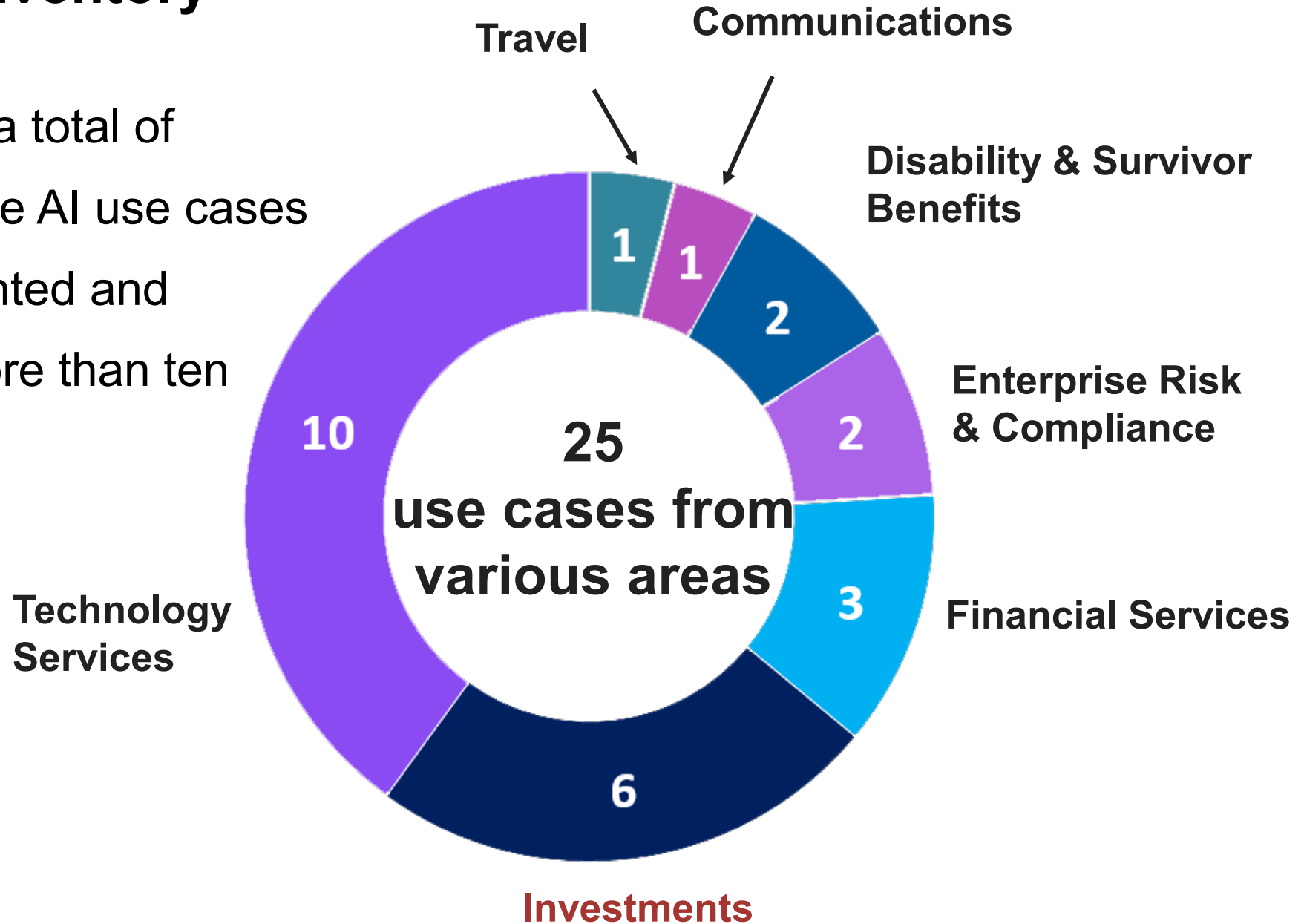
- **Innovators** – The first group of people to adopt new technologies.
- **Early Adopters** – Early adopters are opinion leaders who are well-respected and knowledgeable in their field.
- **Early Majority** – More cautious and skeptical than Early Adopters
- **Late Majority** – Adopt only when it's a necessity
- **Laggards** – Resistant to new technologies

This approach enables CalSTRS to actively explore AI's potential, responsibly addressing the associated risks, focusing on ethical and sustainable practices.

# **Current status of AI at CalSTRS**

# AI use case inventory

As of August 2024, a total of twenty-five candidate AI use cases have been documented and analyzed across more than ten business programs.



# Investments Generative AI use cases



**Predictive dashboards**



**Operational efficiencies**



**Cash flow forecasting**



**Data augmentation**

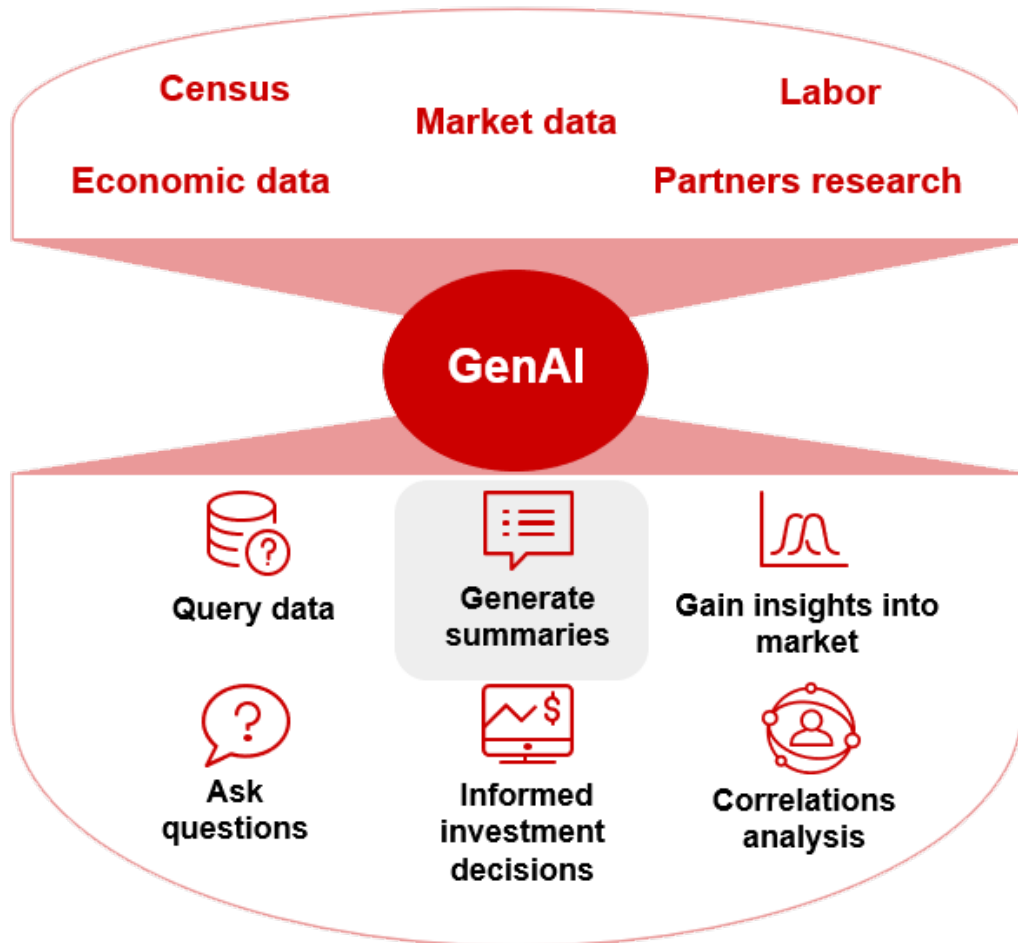


**Draft memos and research**



**Knowledge sharing**

# Use case



### Original process vs. Proposed process

Significant time cost saving + Reduced risk + Increased opportunity set	Current process: <b>2.5 hours</b>	<b>Efficiency Gains</b>  Improve efficiency <b>~85%</b>
	Future process: <b>15 minutes</b>	

## Example AI use cases

- **Disability and Survivor Benefits:** Utilizing machine learning for predictive analytics to enhance resource planning and talent recruitment.
- **Financial Services:** Implementing a chatbot for ACH payments to reduce repetitive interactions, freeing up staff time for other tasks.
- **Pension Solution:** Using AI-driven data harvesting to allow testers and research staff to extract desired data using natural language instructions, without requiring programming skills.
- **Enterprise Risk and Compliance:** Applying AI for risk assessment and compliance monitoring, enabling proactive risk management and improved regulatory compliance.
- **Travel:** The Whiz Travel Virtual Assistant has been in production since 2023. It is a chatbot that answers to staff questions about CalSTRS travel policies, guidelines, FAQs, and other inquiries. Additional enhancements are already underway to further improve its functionality.



# Overview of current Proof of Concept progress

Use Case	AI Platform	Requirement	Technology Request Approval	Kick off	Development	User Testing
FSB ACH AI Chatbot	Amazon	Completed 5/2024	Completed 8/6/2024	Planning		
	Google	Completed 5/2024	Completed 8/6/2024	Planning		
MSC AI Chatbot	Meta	Completed 5/2024	Completed 6/10/2024	Completed 7/03/2024	Completed 8/9/2024	Started 8/12/2024
	Google	Completed 5/2024	Completed 7/19/2024	Completed 7/22/2024	Completed 8/9/2024	Started 8/12/2024
FSB AI Summarization	Microsoft	Completed 5/2024	In Progress			
Investment Branch Sandbox	Amazon	Completed 6/2024	In Progress			

# AI governance

- Enterprise-wide AI policy is already in place and being enforced.
- CalSTRS has deliberately chosen a “lean governance” approach to managing AI use effectively and efficiently.
- CalSTRS’ AI governance builds on existing review processes that govern all new technology adoptions and data use, while adding intake channels to expedite the review and approval of AI-related requests.

# AI training

- Continue to monitor and promote awareness about AI across the organization regarding the responsible and ethical use of AI, through AI training workshops.
- Promptly follow & adopt the statewide training courses published by the Governor's Office.
- Plan to hold more AI training sessions and workshops as necessary during the adoption phase of the CalSTRS AI journey.
- Staff have been receiving upskill training and knowledge transfers through hands-on technical assignments and collaborative projects with AI vendor teams.

# AI journey continues – next steps

- More AI policies, guidelines, and best practices may be developed as we are partnering with AI domain experts and consultants on AI policy best practices.
- Continue to plan and promote additional AI trainings on responsible and ethical use of AI across the organization, as well as providing upskilling opportunities for staff
- Engage with industry peers to gather insights on AI pilots and value realization, ensuring alignment with industry best practices.
- Collaborate with technology advisors to monitor AI trends, assess real versus hype, identify risks, and refine CalSTRS' AI adoption strategy.

# AI journey



Questions