

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

10/10/19

2. Department

California State Teachers' Retirement System (CalSTRS)

3. Organizational Placement (Division/Branch/Office Name)

Technology Services - Pension Solution

4. CEA Position Title

Assistant Director, Pension Solution Business Strategy

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

The California State Teachers' Retirement System (CalSTRS) proposes to allocate the above position to the CEA category. The Assistant Director, Pension Solution Business Strategy serves in a strategic management role as the Pension Solution project's key policy advisor on business-related matters. The incumbent provides the vision, leadership, and policy direction on the development, implementation and execution of the project and ensures business area needs are met. This includes formulating policy that simplify, automate and transforms CalSTRS' pension system to support long-term modernization and sustainability efforts.

6. Reports to: (Class Title/Level)

Pension Solution Project Director, CEA Level B

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): As a member of Senior Leadership, serves as an expert advisor and policy expert on business-related matters to the CEO, Executive staff and the Teachers' Retirement Board in relation to their responsibilities.

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Serves as the Pension Solution project's key policy advisor on business-related matters and directs all business innovation efforts for the project. Develops the project's strategy to support the implementation and execution of BenefitConnect to the entire organization. Oversees the resolution of policy conflicts across CalSTRS line of business and establishes strategy to mitigate or minimize risk. Facilitate project driven policy discussions with business areas and impacted stakeholders, such as employers, teachers' union and associations, and advisory committees to ensure accurate, timely employer reporting and benefit payment. Develop and oversee the strategy to engage, communicate and interact with business areas and stakeholders to produce sound decisions and solutions. Oversee the development of performance goals and metrics and monitor progress towards goal achievement. Ensures all efforts align with CalSTRS vision, mission, and strategic goals.

Provides the vision, leadership and policy direction for the Pension Solution business and testing teams. Responsible for strategic policy formulation focused on the design and testing efforts. Oversee the testing strategy to ensure deficiencies are identified, mitigated and resolved. Serve as a single path of governance for the business and testing teams and prioritize risks, issues and related challenges. Oversees the resolution of design and testing activities to maximize automation and ensure BenefitConnect supports CalSTRS business, technical and service requirements.

Develops new policy to ensure the functionality, confidentiality, integrity, and availability of information in BenefitConnect to support business area needs. Ensures all activities represent the best interest of the business areas and meets legislative and regulatory requirements, such as the California Education Code, laws, rules and regulations governing data collection, reporting requirements such as member contribution, earnings and financial information, and the delivery of benefits. Support the department's sustainability and modernization efforts through policy formulation aimed at innovative practices for enhancing and expanding services to members and stakeholders to improve user experience and engagement. This includes identifying business opportunities and supporting business initiatives to expand on-line services and accessibility of information and resources pertinent to members and stakeholders.

Participates in departmental strategic and risk management planning sessions and develop related initiatives to support long-term modernization and sustainability efforts to meet the items outlined in the board's strategic plan. Prepare board agenda material and deliver presentations and reports to the Teachers Retirement Board, Executive staff and external stakeholders on the Pension Solution project. May represent CalSTRS at conferences and stakeholder meetings. May act on behalf of (as delegated) in the absence of the Pension Solution Project Director.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: The mission of CalSTRS is to secure the financial future and sustain the trust of California's educators. CalSTRS provides retirement, disability and survivor benefits to California's more than 949,000 public school educators and their families. The proposed Assistant Director, Pension Solution Business Strategy is critical to supporting CalSTRS mission with its role in the Pension Solution project, a system modernization effort that transforms the existing pension administration system into an innovative, flexible and interoperable solution, known as BenefitConnect.

Currently, CalSTRS utilizes a dated system for pension administration, employer reporting, designated Contact Center functionality, member self-service and benefit planning services. However, the existing system is inflexible and increasingly expensive to maintain, requiring a number of manual business processes. In addition, a financial statement audit identified deficiencies with the lack of controls designed to identify and detect when member data, such as creditable compensation, and related contributions are not reported. Therefore, CalSTRS embarked on the Pension Solution project, a modernization effort to address existing deficiencies and improve CalSTRS ability to more accurately and efficiently provide retirement, disability and survivor benefits.

The Assistant Director, Pension Solution Business Strategy will serve in a strategic management role as the project's key policy advisor on business-related matters and ensures that business area needs are satisfactorily met. This role directly impacts CalSTRS ability to develop and implement a modernized system to support complex program structures, legislative requirements, and members' expectations to have access to on-line and up-to-date financial information. The Assistant Director, Pension Solution Business Strategy is responsible for policy formulation that streamline processes for built in work-flow to maximize automation in data collection, internal controls, case tracking, correspondence, benefit calculation, report capability, self-service, system access, security and maintenance.

These efforts impact CalSTRS ability to administer benefit plans in alignment with applicable laws, rules and regulations and quickly adapt to legislative and regulatory changes. This role is imperative to CalSTRS mission as the success of the Pension Solution project plays an indispensable role in the organization's ability to effectively and securely manage large volumes of data for the delivery of retirement, disability and survivor benefits and services, as well as support CalSTRS longevity as a pension plan.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

At the inception of the Pension Solution project, a Pension Program Manager III allocation was established as the Business Lead to manage and direct the business team, who are subject matter experts assigned to highly impacted business areas to provide expertise in business and service requirements. This includes expertise in current business processes, policies and system requirements utilized by the business area. These business areas include many of CalSTRS programs that support the delivery of retirement, disability and survivor benefits and services, including, not but limited to:

- The Benefits and Services Branch (Retirement Readiness, Member Account Services, Service Retirement, Customer Service, Disability and Survivor Benefits)
- The Financial Services Branch
- The Public Affairs Branch (Governmental Relations – Legislation)

Depending on the business area, the Business Lead's responsibilities can span multiple functional rollouts with overlapping activities occurring at any given point in the project life-cycle, which further added complexity to the project. As a result, the project faced challenges with adequate supervision and direction for the business team, which contributed to the delay and delivery of critical deliverables and impacted the overall schedule of the project. A second Business Lead was established to absorb the expanded workload associated with project interdependencies and ensure the project remain focused on scope and schedule.

With two business leads that represent various business areas, it has become increasingly difficult to prioritize competing business processes and system requirements. This has led to change requests and a realization of the criticality of having a central and single path of governance over the two Business Leads to ensure consistency, consensus and to set priority amongst competing business needs.

The project is currently in its fourth year, with efforts focused on implementing BenefitConnect in phase increments. During this phase, it has become increasingly important to level set design expectations and identify gaps between the system's design and functionality through testing efforts. However, the User Acceptance Testing (UAT) Lead (Pension Program Manager III) responsible for coordinating enterprise-wide testing efforts does not report to, and is not part of the business team. This has become an increasing challenge to effectively address and resolve deficiencies due to the complexity and competing priorities with the project. Therefore, a realignment of the existing structure is imperative to bridge this gap for the business and testing teams to mitigate risks, resolve deficiencies and ensure the upmost quality and maximum functionality of automation for the system. This realignment will not only help streamline processes to more effectively address deficiencies between the system's design and functionality but adds complexity to the Assistant Director, Pension Solution Business Strategy's role to oversee multiple function areas and the resolution of conflicts to meet business needs within the project's set timeline.

Based on the evolving needs of the project and complexity with cross-functional responsibilities that overlap, it is critical to establish a centralized leader to strengthen the business and testing teams' collaboration and efforts. The proposed role is critical to the success of the Pension Solution project in providing the vision, leadership, management direction and policy guidance over these teams to bridge existing gaps without compromising the quality and ensuring the maximum potential of leveraging BenefitConnect to meet business needs.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The Assistant Director, Pension Solution Business Strategy is the principal policy maker on all business-related matters associated with the development, implementation and execution of the project. These policy areas impact the operations of the entire organization and California's more than 949,000 public school educators, retirees and beneficiaries who depend on services and benefits related to their retirement, disability and survivors. This includes the following areas:

1. Develop and implement policies that govern data/information in BenefitConnect. This includes data collection, usage, and reporting. BenefitConnect will include the ability to monitor, calculate benefits, record and report on retirement data throughout an educator's and beneficiary's lifetimes, which could span 50 to 60 years. This data/information supports CalSTRS' ability to administer benefits in compliance with laws, rules and regulations such as the Teachers' Retirement Law and California Education Code. The Assistant Director, Pension Solution Business Strategy will be responsible for policy formulation in this area to ensure that BenefitConnect meets business needs. This includes a system that collects pertinent information from members and employers for determining benefits and automating CalSTRS processes to allow business areas to administer benefits in compliance with laws, rules and regulations. Failure to successfully implement policy in this area can lead to noncompliance with mandated requirements and result in inaccurate, delayed or missed benefits. It also increases CalSTRS risk of financial repercussions for having late payments, jeopardizing the monies of the fund and CalSTRS' fiduciary responsibility.
2. Formulate and implement policy that governs internal controls to ensure the security, confidentiality and integrity of how information/data is distributed throughout the organization. BenefitConnect will contain many forms of highly confidential and sensitive information and it is imperative to establish internal controls to protect the integrity and confidentiality of this information. The Assistant Director, Pension Solution Business Strategy will be responsible for policy that determines varying degrees and appropriate levels of system access for users, accountability measures, approval hierarchies, and security measures or plans to mitigate risk. Failure to effectively implement policy in these areas can lead to the misuse of information, identity theft, distrust from members/employers, and damage to CalSTRS reputation.
3. Principle policy maker on the implementation of the project, which includes establishing policies to determine when, how, in what order and what degree will BenefitConnect's functionality be deployed to CalSTRS and external stakeholders, such as employers. This includes developing the testing strategy, determining practical functional rollouts and strategically supporting the implementation with minimal impact and disruptions during this transition. Failure to effectively achieve this will impact and disrupt business areas and stakeholders' operations.
4. Develop and implement policies that promote innovative solutions to support modernization and sustainability efforts as outlined in CalSTRS 2019-2022 Strategic Plan and leverage technology to transform business and service delivery models to maximize operational efficiency. This includes, but is not limited, to the following:
 - Maximize automation and ensure future flexibility and maintainability of the new system.
 - Enhance business resiliency capabilities and implement technologies to improve the effectiveness of CalSTRS' business operations.
 - Maximize self-service, including ability for members to complete first contact resolution and focus on member and employer needs and usability.

As a business innovator, CalSTRS long-term modernization and sustainability goals include leveraging technology to maximize efficiency. The Assistant Director, Pension Solution Business Strategy will be responsible for identifying business opportunities to fully leverage BenefitConnect and innovate ways to expand services and better serve members and employers. This includes expanding services such as self-services and promoting accessibility of information and resources. This allows members to be empowered in making the best decisions that impact their benefits and streamlines the process for employers to report information in a more simple and efficient manner.

Failure to effectively implement policy in the above areas directly impacts CalSTRS ability to effectively and accurately administer benefits and services related to retirement, disability and death. The consequence of error is extremely high and can result in inaccurate, delayed or missed benefits. The policies associated with this position has a direct statewide impact on the prompt delivery of retirement, disability and survivor benefits (\$13.5 billion annually) and services to CalSTRS members and beneficiaries, which number over 933,000, from the state's 1,700 school districts, county offices of education and community college districts.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The Assistant Director, Pension Solution Business Strategy's scope and decision-making authority impacts BenefitConnect's ability to support business area and external stakeholders' needs. The decisions made by this role have both internal and external impact, completely transforming existing business processes and the way highly-impacted business areas conduct business in the delivery of retirement, disability and survivor benefits. This role also impacts the way external stakeholders, such as employers, teachers' union and associations, advisory committees, and other state agencies, such as the State Controller's Office communicate, interact and engage with CalSTRS on pension-related matters. This includes reporting requirements by employers, who provide members' contribution and financial information, and benefit pay-related matters with the State Controller's Office. In order to effectively support end-users, this role requires extensive business and stakeholder communication, involvement and management. The Assistant Director, Pension Solution Business Strategy has authority to set policies that impact BenefitConnect's overall functionality and must make critical decisions that incorporate a myriad of business area and stakeholder interests, objectives and goals, which requires this role to be instrumental in strategizing, prioritizing, and mitigating risks that can impact the project.

Failure to effectively implement decisions to support the functionality and implementation of BenefitConnect can have detrimental impacts to both CalSTRS internally and external stakeholders. Internally, poor decisions can lead to missed business opportunities, disrupt business area operations and result in inaccurate, delayed or missed benefits. This can also cause confusion amongst staff in utilizing the new system at its optimum, which places CalSTRS at risk for noncompliance with legislative and regulatory requirements. External impacts include distrust, confusion, frustration and scrutiny from stakeholders who interact and engage with CalSTRS on related business. Stakeholders have high expectations on this modernization effort to optimize communication and engagement moving forward. Failure to implement a system that meets their expectations will impact CalSTRS credibility and result in public scrutiny.

The Assistant Director, Pension Solution Business Strategy also oversees and makes decisions on the testing strategy, which is critical to ensuring deficiencies are identified, mitigated and resolved within the project's timeline. This includes overseeing efforts to: (1) identify staff with the expertise to participate in testing (2) test the full functionality of the system (3) input varied, complex and rare scenarios to ensure consistent output and accuracy of payment or benefit information. The volume of test cases, estimated to be over 170 and will increase in the future, impacts a multitude of CalSTRS staff and stakeholders, such as employers. This process is highly public and requires a strategy focused on effective and productive testing to prevent misuse of staff and/or stakeholder's time. Failure to make sound decisions over the testing strategy can lead to frustration, missed testing opportunities, inefficiency, scrutiny and can result in releasing a system that is not fully optimized for use. Poor testing decisions can also result in the loss of data and inaccurate reporting and benefit payment.

Unlike other state agencies, CalSTRS has the authority to conduct information technology projects without typical oversight by state control agencies, such as the Department of Finance, the Department of General Services and the California Department of Technology. As such, CalSTRS operates primarily apart from the state control functions and is under the oversight of its board. This independence and autonomy over IT projects, such as the Pension Solution project, comes with a significant amount of management risk, which is absorbed by decision makers on this project, including the Assistant Director, Pension Solution Business Strategy. Therefore, it is critical for this role to be at the CEA level to provide the appropriate oversight, mitigate risk, and ensure the project remains focused on scope and schedule.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

The Assistant Director, Pension Solution Business Strategy will be responsible for both developing and implementing new policy, and interpreting and implementing existing policy. The Pension Solution project is a modernization effort to transform CalSTRS dated pension administration system. In this transition, the Assistant Director, Pension Solution Business Strategy will be responsible for interpreting and evaluating existing policy as the key principal advisor on business-related matters. The Assistant Director, Pension Solution Business Strategy will also be responsible for developing new policies aimed at business innovation efforts to support BenefitConnect in meeting business area and stakeholders' needs. In the future, this role will be responsible for developing new policies in response to changes in law, rules and regulations.

In addition, each year CalSTRS business plan is fine-tuned to represent the focus of the organization allowing CalSTRS to continually assess the changing environment including regulatory changes, operational risks and the changing needs of CalSTRS members. The Assistant Director, Pension Solution Business Strategy will formulate and direct the development of new or revised policies based on these ongoing changes and will continue to develop new or revised policies and strategies that support CalSTRS' long-term modernization and sustainability efforts to best serve its members.