
MEMORANDUM

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To: Joint Legislative Committee on Information Management and Technology
From: Robert L. Cummings, Principal Legislative Analyst (IT)
Date: April 7, 2021
Subject: Public Employees Retirement System (PERS), Department of Administrative Services (DAS), Enterprise Information Services (EIS), and Chief Financial Office (CFO): Progress Reports on the Implementation of SB 1049 (2019) - LFO Analysis

Agency Request

During the 2019 legislative session, the Joint Committee on Ways and Means (JWM) approved House Bill 5032 (2019), which included a budget note that required the Public Employees Retirement System (PERS), the Department of Administrative Services (DAS), the Office of the Chief Information Officer (OSCIO), and the Chief Financial Office (CFO) to report separately to the Joint Legislative Committee on Information Management and Technology (JLCIMT) and the Joint Committee on Ways and Means (JWM), during the 2020 legislative session, on the progress and status of the implementation of SB 1049 (2019). In accordance with the budget note, during the 2020 2nd special session, PERS submitted its report, and DAS, OSCIO, and CFO chose to submit a consolidated report.

During the 2020 2nd special session, PERS, DAS, Enterprise Information Services (EIS) (formerly the OSCIO), and CFO were requested again via the SB 5723 Budget Note, to regularly report status throughout the remainder of 2020, and during the 2021 legislative session. In accordance with legislative direction, PERS has submitted its report, and DAS, EIS, and CFO have chosen to submit a consolidated report. PERS, DAS, EIS, and CFO are requesting acknowledgement of the receipt of their reports.

A. LFO Analysis

Background

HB 5032 (2019) and SB 1049 (2019) were passed during the 2019 legislative session. Their focus was on key PERS reforms that the Legislature wanted to have implemented during the 2019-21 biennium to address key financial challenges in the system (i.e. unfunded liabilities and employer contribution rates). PERS was provided \$39 million in funding for 2019-21 to implement SB 1049. The legislation identified five areas for PERS to implement key changes including: Salary Limit, Work After Retirement, Employer Programs, Member Choice, and Member Redirect. It is important to note that PERS is considering legislation in the 2021 legislative session to make some “technical” adjustments to the original SB 1049 measure. All pending lawsuits related to SB 1049 have been resolved during 2020.

Throughout 2019- 2020, PERS continued to refine the scope of the five IT projects related to the SB 1049 effort, worked on the development of a detailed integrated resource schedule for the total SB 1049 effort, assembled a project team, and began the planning, development, and implementation of the legislatively mandated PERS business process and system improvements. Since the 2019 legislative session, PERS has continued to regularly implement both partial and full solutions (some temporary and some permanent) to meet each of the legislative mandates and deadlines for Salary Limit, Work After Retirement, Employer Programs, Member Choice, and Member Redirect. At this time, PERS is reporting that it will meet most, if not all, of the critical deadlines and processing requirements for three of the specific projects (Salary Limit, Employer Programs, and Member Choice), with solutions legislatively required for installation by June 30, 2021. This, of course, assumes that there are no last-minute surprises between now and the end of the 2019-21 biennium.

While progress on Salary Limit, Employer Programs, and Member Choice appear to have generally met legislative expectations, PERS has recently reported that Work After Retirement (WAR) will not be fully implemented by June 30, 2021, and will likely be pushed out until January 2022 (due to Side Account related processing not being available). Key WAR related processing will be implemented by June 30, 2021, but the missing functionality will not be available until the end of 2020. The impact to PERS operational processing should be minimal as it isn't needed until the end of the calendar year.

In addition, Member Redirect, a much larger effort than the other four efforts, will only be partially implemented (six of the twelve planned work packages) by June 30, 2021, with the design, construction, and implementation of the remaining six work packages being pushed out until June 2024. PERS will be asking the 2021 Legislature for \$22.8M in funding to complete Member Redirect. It is important to note that of the original \$28,054,657 scheduled for Member Redirect for the 2019-21 timeframe, only \$14,57,088 was spent. As such, the \$22.8M financial ask for Member Redirect, is partially a re-request for funding for Member Redirect that was not spent during the 2019-21 biennium.

A detailed report on the specific progress on each of the five SB 1049 related projects is included in PERS's letter to the JLCIMT and JWM and is also summarized later in this analysis.

Budget Note

The detailed budget note included in HB 5032 (2019) provided direction to PERS regarding specific legislative deadlines and future reporting needs. The budget note directed PERS, DAS, OSCIO, and CFO to return to the JWM and JLCIMT during the 2020 legislative session to independently report progress on SB 1049.

Specifically, the budget note required OSCIO (now EIS) to provide lead oversight and guidance to PERS to expedite the progress on implementing the legislatively required changes to PERS's retirement programs. The specific language of the budget note related to HB 5032 (2019) follows:

“The Public Employees Retirement System (PERS) is directed to report to the Joint Committee on Information Management and Technology and the Joint Committee on Ways and Means during the Legislative session in 2020 on the implementation of SB 1049 (2019). The Department of Administrative Services and the Office of the State Chief Information Officer are to provide oversight of the PERS SB 1049 (2019) implementation project. The project shall adhere to the Stage Gate process. The Department of Administrative Services - Office of the State Chief Information Officer and the Department of Administrative Services - Chief Financial Officer, in their oversight roles, are to report separately to the Joint Committee on Information Management and Technology and the Joint Committee on Ways and Means during the Legislative session in 2020 on the implementation of Senate Bill 1049 (2019).

The agencies' reports to the Legislature shall include:

- Update on project scope, schedule, budget, and total cost of ownership*
- Identification of costs associated with one-time solutions versus permanent solutions*
- Independent quality assurance reporting on the project*
- Impact of Senate Bill 1049 (2019) information technology project on routine agency operations*
- Any exceptions from administrative rules, policies or procedures, or statutes granted to PERS by the Department of Administrative Services*
- Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project.”*

LFO Findings

The Legislative Fiscal Office (LFO) Findings section is organized into the seven sub-sections below, each of which focuses on providing an overview of the key reports and related materials that LFO included in its review of HB 5032 and SB 1049 progress, status, risks, concerns, and recommendations:

1. Compliance with the HB 5032 (2019) Budget Note;
2. Compliance with the Revised Oversight Model;
3. Compliance with Stage Gate Review Process;
4. SB 1049 - Progress to Date - (Scope and Schedule)
5. SB 1049 – Quarterly QA Status and Improvement Report – Executive Summary (Oct. 1, 2020 – Dec. 31, 2020)
6. SB 1049 – Monthly Quality Status Report (Jan 1, 2021 – Feb 12, 2021); and
7. LFO Identified Risks and Concerns.

Compliance with the HB 5032 (2019) Budget Note

The budget note for HB 5032 (2019) provided specific instructions to PERS, DAS, EIS, and CFO regarding the following areas: a) status reporting instructions; b) adherence to the stage gate process; and c) project oversight. PERS, DAS, EIS, and CFO were provided specific instructions regarding legislative updates to the 2020 legislative session. These reports along with an analysis by LFO were provided as directed to both the JLCIMT and JWM. The PERS report to the 2020 JLCIMT and JWM, provided progress and status information on the key project areas listed below:

1. Update on project scope, schedule, and budget (including total cost of ownership);
2. Identification of costs associated with one-time solutions versus permanent solutions;
3. Independent quality assurance (QA) reporting on the project;
4. Impacts on routine agency operations;
5. Exceptions to administrative rules; and
6. Other relevant information (i.e., status, issues, etc.).

As required, DAS, EIS, and CFO also provided a report on ten specific project focus areas. In its 2020 analysis to the JLCIMT, LFO provided the original version of the chart below that included the LFO's assessment of the DAS/OSCIO/CFO compliance to the 10 legislative instructions:

Budget Note Requirements	Met Partially Met Not Met (2020)	Met Partially Met Not Met (2021)
1. Report to JLCIMT and JWM during 2020 (and 2021) legislative sessions on implementation of SB 1049.	Met	Met
2. DAS and OSCIO are to provide oversight of the PERS SB 1049 (2019) implementation project.	Met	Met
3. The project will adhere to the Stage Gate Process.	Met	Met
4. DAS/OSCIO/CFO will report separately to the JLCIMT and JWM during the 2020 (and 2021) legislative sessions on implementation of SB 1049.	Met	Met
5. Update on project scope, schedule, and budget, and total cost of ownership.	Partially	Met
6. Identification of costs associated with one-time solutions versus permanent solutions.	Not met	Met
7. Independent quality assurance reporting on the project.	Partially	Met
8. Impact of the Senate Bill 1049 information technology project on routine agency operations.	Not met	Met
9. Any exceptions from administrative rules, policies or procedures, or statutes granted to PERS by DAS.	Met	Met
10. Other information that helps inform the Legislature on the status of the project or issues that have arisen as the result of the project.	Partially	Met

During the 2020 2nd special session, the budget note associated with SB 5723 required PERS, DAS, EIS, CFO, and LFO to provide similar SB 1049 status updates to the JLCIMT and JWM during the 2021 legislative session. In response, LFO has again reviewed the compliance of PERS, DAS, EIS, and CFO to the reporting, stage gate, and oversight requirements of the HB 5032 (2019) budget note, and the results have been added to the table above. LFO has found that, in general, all parties have ultimately complied with these budget note requirements during the timeframe 2019 through early 2021.

A more detailed review of compliance to the stage gate and oversight requirements requested in the budget note is provided in the next two sections of this analysis.

Compliance with the Revised Oversight Model

To facilitate project progress and to assure continuity in oversight and direction to PERS related to SB 1049, DAS, EIS, CFO, and LFO agreed early in the project (2019) to utilize an oversight model that was specifically tailored to meet the needs of the SB 1049 efforts. Key characteristics of this oversight model included:

1. EIS has the primary responsibility for overseeing all projects and activities related to SB 1049. CFO and PERS are responsible for monitoring all financial facets of the effort. The independent quality assurance (QA) vendor reports to PERS and is responsible for providing independent risk assessments and quality control reviews for the program and associated projects. LFO provides an oversight role on behalf of the Legislature for all SB 1049 efforts. And finally, the JLCIMT and JWM subcommittees are responsible for overall legislative oversight and accountability.
2. EIS will embed a dedicated senior project oversight staff member three days a week at PERS, to provide a direct interface with PERS staff and management. EIS, LFO, and CFO oversight staff will meet monthly with PERS project management to receive an update by the agency on project status and milestone progress. In addition, LFO, CFO, and EIS oversight staff will meet monthly to discuss project status, progress, risks, and concerns. EIS, CFO, and LFO oversight staff will regularly report status to their respective managers.
3. EIS, CFO, and LFO will provide separate reports to the appropriate legislative committees: the JLCIMT and the JWM. Both the JLCIMT and JWM will receive updates during the 2020 and 2021 legislative sessions.

The diagram below shows the key components, basic relationships, and interactions of the oversight model that was tailored specifically for use on the SB 1049 implementation effort. This oversight model has been utilized throughout the life of the SB 1049 effort to date. While there have been some challenges related to fully implementing it due to the COVID pandemic, and the resulting decentralization of the SB 1049 project staff, the revised oversight model has been very effective throughout the first 20 months of the SB 1049 effort. Communication issues that occurred early in the SB 1049 effort have mostly been corrected.

STP implementation effort. The goal of this stage gate oversight model is to minimize the unnecessary creation of artifacts that accompany a group of related IT investments/projects (recognizing that there are often interdependencies between and among the projects that a program approach will more effectively and efficiently document).

Early in the SB 1049 effort, the Salary Limit and Work After Retirement sub-projects were deemed to be non-Stage Gate and received the EIS endorsement to move into the execution phase (equivalent of Stage Gate #3 endorsement) of the SB 1049 effort. The diagram above shows that the Member Redirect Project was deemed by EIS as needing to go through the Stage Gate Review process, and received both a Stage Gate #2 and Stage Gate #3 endorsement (although the project has since been delayed for full completion until the 2023-25 timeframe). In addition, the diagram shows that EIS anticipated that the Employer Programs Project would be non-Stage Gate, and that the Member Choice Project would likely need to go through the Stage Gate Review process.

In general, LFO finds that PERS and EIS have been consistent in their use of the stage gate review process on all five of the SB 1049 projects, and that they have followed the general stage gate approach documented in the chart above for each of the five projects.

SB 1049 - Progress to Date - (Scope and Schedule)

(Project Scope)






In reviewing the original scope statements and requirements for the SB 1049 program and five related projects, LFO found that there were surprisingly few changes to the original expectations provided by the Legislature during the 2019 legislative session. That said, as PERS developed a better understanding of each of the newly developed business capabilities required by each of the projects (i.e. Salary Limits, WAR, Member Programs, Member Choices, and Member Redirect), the scope of effort needed to complete each capability did change quite a bit, resulting in three (Salary Limits, Member Programs, and Member Choices) of the projects being completed six months (or more) after the legislatively requested delivery dates (i.e. from 09/30/20 to 06/30/21). While a majority of the WAR capability will be implemented by 06/30/21, the missing Side Account related functionality will be delayed for implementation until 01/01/21 with project closeout officially occurring on 02/01/22.

And finally, after significant analysis of the requirements of the highly complex Member Redirect effort, PERS determined in early 2020, that it could not complete the scope of work and implement this fully automated capability by the original 07/01/20 legislative deadline (or even by the PERS revised deadline of (07/01/21 or beyond). The complexity of the project and the scope of effort required has changed so significantly that PERS is now estimating a completion date of 06/30/24.

(Project Schedule)

The roadmap below shows the original planned schedule for each of the five projects that make up the total SB 1049 program. This roadmap was provided by PERS to the 2020 legislature.

Senate Bill (SB) 1049 Implementation Road Map

		2019					2020												2021																																																																																															
		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT																																																																																					
	Employer Programs	7/1/19 – Effective Date		9/3/19 – EIF Application #1 Opens		12/3/19 – EIF Application #2 Opens					6/30/20 – Employer Rate Tool RFP Awarded												8/31/20 – UALRP Launch												9/3/20 – EIF Application Closes												9/4/20 – Project Close																																																																			
	Salary Limits	12/31/19 – WP1 Short Term					1/1/20 – Effective Date					1/24/20 – WP2 (Post 2020 Salary Limit) Long Term												5/15/20 – WP3 (User Screens) Long Term												9/30/20 – WP4 (Proration in JClarety) Long Term												9/30/20 – Project Close																																																																		
	Work After Retirement	12/19/19 – WP1 (Retiree Wages Suspended)					1/1/20 – Effective Date					9/30/20 – WP2 (New Service Retiree Wage Codes) Long Term												5/12/21 – WP3 (Correct Member Account at Sunset) Long Term												10/1/21 – Project Close																																																																														
	Member Redirect	12/31/19 – Functional Design Documentation Short (D1.3) Long (D1.6)					5/28/20 – WP1A (EPSA Set Up) Short Term												5/28/20 – WP1D (G/L Set Up) Short Term												6/3/20 – WP1B (IAP Redirect) Short Term												7/1/20 – Effective Date												9/30/20 – WPIC (Voluntary Contributions Implemented)												Functionality Long Term Implemented (TBD)												6/30/21 – Project Close																																			
	Member Choice	10/23/19 – Project Kick Off					4/1/20 – Member Communication-IAP Changes												5/1/20 – MAS Flyer Communication												8/14/20 – Member Choice Notification												8/14/20 – OMS Changes Deployed												9/1-30/20 – Election Period												1/21/21 – Effective Date												1/17/21 – Report changes to Voya												3/31/21 – Data prepared for MAS												5/1/21 – MC reflected in MAS											

Revised: February 10, 2020

The table below provides a summary of the original legislative mandated completion dates, revised temporary and permanent solution dates provided by PERS (these revisions occurred a number of times throughout 2020 as PERS developed a better understanding of each project), and the current estimates for the actual final implementation of full permanent solutions.

Mandated vs. Revised vs. Expected Final Effective Dates

SB 1049 Program/Projects	Legislative Mandated Effective Date (2019 session)	Initial Temporary Effective Date (fall 2020)	Initial Perm/Full Effective Date (2020 session)	Current Est. Perm/Full Effective Date (2021 session)
SB 1049 Program	01/01/21	n/a	07/01/21	06/30/24
Employer Programs	07/01/19	n/a	09/30/20	06/17/21
Work After Retire.	01/01/20	01/01/20	09/30/20	06/11/21 01/01/22
Salary Limit	01/01/20	01/24/20	09/30/20	05/13/21
Member Redirect	07/01/20	09/30/20*	>07/01/21	06/18/21 06/30/24
Member Choice	01/01/21	n/a	01/01/21	06/24/21

*EPSA dollar tracking and member redirect between EPSA and IAP were in place by 07/01/20.

It is clear from the table above (the original version was provided in the LFO's SB 1049 analysis to the JLCIMT in 2020), that the original legislative mandated completion dates for the SB 1049 Program and five associated projects were not all met by PERS with a complete permanent solution. Instead, temporary/partial/manual/automated solutions were put in place to meet many of the mandated legislative deadlines, with revised completion dates being periodically provided for the fully automated permanent solutions, once PERS gained a better understanding of the scope and effort

required to complete each project. PERS insists that its temporary solutions met the overall timings for a majority of the five projects, and that none of the effort to implement partial (and/or temporary) solutions was throw-away. That said, a comparison of the first and final column of this chart clearly shows that the Legislature's desired deadlines for permanent, full, and automated solutions were not all met (though admittedly, PERS may well have implemented a "working solution" that met the Legislature's intent by the requested deadlines).

PERS's most recent monthly status report (February 25, 2021) and the SB 5723 (2020) PERS Budget Note Report (March 22, 2021) provide the following overall status and planned progress for each of the five SB 1049 projects:






1. Employer Programs Project – PERS estimates that this project will be completed with a permanent solution by June 17, 2021.
2. Work After Retirement Project – PERS estimates that the key capabilities of a permanent solution will be installed by May 13, 2021, but that an important missed requirement related to Side Accounts will require 6-8 additional month's work (estimated February 1, 2022 completion). PERS feels that there will be minimal impact as this functionality isn't needed until the end of calendar year 2021.
3. Salary Limit Project – PERS estimates that this project will be completed with a permanent solution by May 13, 2021.
4. Member Redirect Project – PERS has informed both EIS and the Legislature that the work needed to complete Member Redirect is larger and more complex than expected and that its revised baseline schedule indicates that June 30, 2024 is the new expected implementation date. Six work packages will be implemented in 2019-2021 and the remaining six by June 2024. PERS is asking for \$22.8M in 2021-23 to continue work on the remaining six work packages.
5. Member Choice Project - PERS estimates that this project will be completed with a permanent solution by June 30, 2021.

The most recent version of the SB 1049 Roadmap is provided below. The two roadmaps (original 2020 and updated 2021 versions) highlight obvious differences in the original estimated completion dates, the revised completion dates established during the 2020 legislative session, and what PERS will actually have completed by June 30, 2021. Based upon the roadmap below and the status information provided above, it is clear that several key legislative expectations will not be completed by PERS prior to June 30, 2021. These legislative expectations include:

1. WAR Project – by June 30, 2021 (revised completion date of February 1, 2022 for the missing interface functionality that was not included in the original project scoping).
2. Member Redirect Project – by June 30, 2021 (revised completion date of June 30, 2024).





Senate Bill (SB) 1049 Implementation Road Map

2019-2021 Biennium


	2019						2020						2021					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
 Employer Programs	7/1/19 - Effective Date	9/3/19 - Employer Incentive Fund (EIF) Application #1 Opens			11/27/19 - EIF Application #1 Closes	12/2/19 - EIF Application #2 Opens								8/6/20 - Employer Rate Projection Tool (ERPT) Assessment Complete		12/1/20 - EIF Application #2 Closes		
 Salary Limit						12/24/19 - Work Package (WP) 1 - Short Term	1/1/20 - Effective Date	1/24/20 - WP2 Post 2020 Salary Limit - Long Term						5/13/21 - WP4 Proration Reports and Workflow - Long Term			5/28/21 - Project Close	
 Work After Retirement					12/19/19 - Work Package (WP) 1 Retiree Wages Suspended - Short Term	1/1/20 - Effective Date								11/19/20 - WP2 New Wage Codes with General Ledger (GL) Integration - Long Term			5/13/21 - WP3 Retro Rate Change - Long Term	12/18/20
 Member Redirect			6/18/20 - Work Package (WP) 1 Employee Pension Stability Account Set Up/Batch/General Ledger - Short Term				7/1/20 - Effective Date	1/21/21 - WP5.2 Online Member Services User Interface - Long Term	1/26/21 - WP2 TIED SSIS - Non-jClarity - Long Term					9/22/20 - Voluntary Contributions Initial Functionality - Long Term	10/30/20 - WP2.2 IAP Forecaster Tool - non-jClarity - Long Term	11/19/20 - Voluntary Contributions Final Functionality Release - Long Term	3/23/21 - WP3 EPSA Earnings - Long Term	
 Member Choice			10/23/19 - Project Kick Off		5/15/20 - Member Annual Statements (MAS) Flyer Communication		8/19/20 - Member Choice Notification		8/20/20 - Work Package (WP) 1 Online Member Services (OMS) Changes Deployed	9/1-30/20 - Election Period	3/23/21 - WP2 OMS & jClarity Enhancements - Long Term			1/1/21 - Effective Date	5/1/21 - Member Choice reflected in MAS	6/24/21 - WP3 Earnings Rates and Validation Updates - Long Term		

Revised: December 11, 2020

2021-2023 Biennium

PROJECTS	2021						2022						2023					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
 Employer Programs			7/16/21 - Project Close															
 Work After Retirement			8/11/21 - Project Close															
 Member Redirect				10/23/21 - WP5 Voluntary Contribution Maintenance - Long Term			1/27/22 - WP6 EPSA Retirement - Long Term	4/28/22 - WP7 EPSA Divorce - Long Term						7/28/22 - WP8 Pre-Retirement Death - Long Term			11/17/22 - WP9 Withdrawals - Long Term	3/31/23 - WP10 Post-Retirement Death - Long Term
 Member Choice		8/4/21 - Project Close																

2023-2025 Biennium

PROJECTS	2023						2024						2025					
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
 Member Redirect			8/24/23 - WP11 Maintaining Benefits - Long Term				12/21/23 - WP12 Full EPSA Set up Screen - Long Term			3/29/24 - Migration Finalization								
											4/24/24 - Project Close							

Revised: December 11, 2020

SB 1049 – Quarterly QA Status and Improvement Report – Executive Summary (Oct. 1, 2020 – Dec. 31, 2020)

The independent quality assurance (QA) has been on board since December 16, 2019. They have been regularly providing monthly and quarterly quality assurance reports to PERS, DAS, EIS, CFO, and the Legislature. Their most recent quarterly reports (detailed findings and executive summary) were reviewed and accepted by PERS executive management during February 2021. The executive summary report (February 1, 2021) identified the following project strengths: a) Enhanced Leadership Ability to Guide and Support the Program; b) Improved Collaboration Between Business and IT; and c) Ability to Execute and Commitment to Quality.

The summary report identified the following three key risk areas for immediate focus: a) Ongoing Difficulty to Address Resource Overallocations with Limited Time Remaining; b) Funding for the Next Biennium Not Secured; and c) Inconsistent Oversight Communications Leads to Friction.

To address these three risks the report identified the following key recommendations: a) Update Program and Project Plans to Address Resource Overallocation, b) Rebaseline Program and Project Schedules and Budget, and c) Revisit Oversight Communication Expectations.

And finally, the QA vendor provided PERS with a detailed Risk Assessment Scorecard to show quarterly progress on 12 key project risk assessment categories. The table below provides the vendor's detailed tracking on the quarterly progress and trending for these 12 key risk categories:

Risk Assessment Scorecard

Low	Medium	High
 Overall rating		

Category		Quality Standard	Previous	Current
1. Business Mission & Goals	1.1	Project Fit to Customer Organization		
	1.2	Project Fit to Provider Organization (PERS)		
	1.3	Workflow		
2. Decision Drivers	2.1	Political Influences		
	2.2	Short Term Solution		
3. Project Management	3.1	Definition of the Project		
	3.2	Project Objectives		
	3.3	Leadership		
	3.4	Project Management Approach		
	3.5	Project Management Communication		
	3.6	Project Manager Authority		
	3.7	Support of the Project Manager		
	3.8	Governance		
	3.9	Risks and Issues Management		
	3.10	Vendor Management		
	3.11	Sourcing		
	3.12	Documentation / Configuration Management		

Category		Quality Standard	Previous	Current
4. Project Parameters	4.1	Budget & Resource Size		
	4.2	Cost Controls		
	4.3	Delivery Commitment		
	4.4	Program Schedule		
	4.5	Development Schedule		
5. Project Team	5.1	Team Member Availability (PERS, Vendors, Other)		
	5.2	Mix of Team Skills (PERS, Vendors, Other)		
	5.3	Project Team Productivity		
6. Organization Management	6.1	Organizational Stability		
	6.2	Program Organizational Roles and Responsibilities		
	6.3	Executive Involvement		
7. Customer / User	7.1	User Involvement		
	7.2	User Acceptance		
	7.3	User Training Needs		
	7.4	User Justification		
8. Specification & Design	8.1	Requirements Complete and Clear (Requirements Management)		
	8.2	Testability		
	8.3	Implementation Difficulty		
	8.4	Solution Dependencies		
	8.5	Security Requirements		
Category		Quality Standard	Risk	
9. Development Process	9.1	Alternatives Analysis		
	9.2	Commitment Process		
	9.3	Quality Assurance Approach (PERS)		
	9.4	Development Documentation		
	9.5	Solution Issues (Defects / Faults / Failures) Tracking		
	9.6	Lessons Learned		
	9.7	Implementation / Development Methodology (Solution Development / Engineering)		
10. Development Environment	10.1	Physical Facilities		
	10.2	Hardware Platform		
	10.3	Tools Availability		
11. Deployment	11.1	Solution Capacity / Scalability		
	11.2	Customer Service Impact		
	11.3	Deployment Approach		
	11.4	External Interfaces		
	11.5	Reporting and Analytics		
	11.6	Data Controls		
	11.7	Data Model		
	11.8	Business Continuity Plan / Disaster Recovery Plan		
12. Maintenance	12.1	Design Complexity		
	12.2	Support Personnel		
	12.3	Vendor Support		

SB 1049 – Quality Status Report (Jan 1, 2021 – Feb 12, 2021)

The program status summary chart below, extracted from the most current monthly Quality Status Report (February 19, 2021), shows that the overall program (all five projects) is green for scope, yellow for schedule, yellow for resources and staffing, and red for budget and cost.

Program Status Summary			
<p>Green: (Low Risk) Issues in this area are proceeding as planned and should continue to be managed and controlled.</p> <p>Yellow: (Medium Risk) Indicates a shift from planned actions; issues should be monitored and rectified as appropriate.</p> <p>Red: (High Risk) Immediate attention required; taking no action could jeopardize success of the project.</p>			
Category	Rating	PERS Action Required?	Comments
Scope	Green	No	<ul style="list-style-type: none"> Concerns were raised by the business that the ERPT tool would not contain needed functionality. The risk has been mitigated; IT and business discussed and prioritized functionality required for SB1049 and for future functionality. The Program added the Cross Project workstream to track and manage the completion of tools required by more than one project. This reduces the risk that needed functionality or activities are overlooked or insufficient.
Schedule	Yellow	Yes	<ul style="list-style-type: none"> The Program schedule continues beyond 2021 however funds have not been allocated placing the completion of these tasks at risk. The effort to convert schedules to be resource-loaded versus duration based and validate is largely complete. This work included review of all tasks, resources and estimates across each project as well as an in-depth resource allocation review across the Program.
			<ul style="list-style-type: none"> Employer Programs and Member Choice are refining and validating their schedules. <ul style="list-style-type: none"> Employer Programs is validating that the Azure cloud environment can be delivered within the current schedule. Member Choice is validating that WP3 Earnings Rates and Validations Updates in jClarety can be delivered within the current schedule. <p><u>Actions</u></p> <p>1) Complete schedule updates and seek approval for rebaselined schedules.</p>
Resources / Staffing	Yellow	Yes	<ul style="list-style-type: none"> Program and project timelines are updated to reflect expected level of effort by Program resources; they are not yet approved. The Program now has visibility into overallocated resources and can better manage or mitigate the risk to avoid project delays. <p><u>Actions</u></p> <p>1) Determine contract resource needs for the next biennium and ensure they are available / contracted.</p>
Budget / Cost	Red	Yes	<ul style="list-style-type: none"> The Program has an adjusted 2019-2021 budget of \$29,033,897 (reduced from \$39,059,714) of which 62.1% (\$18,035,589) has been spent as of January 22, 2021. Member Redirect and WAR have activities planned beyond the 2019-2021 biennium; the budget for 2021-2023 (\$22,477,797) has not been approved. Furthermore, Member Redirect is projected to extend to April 2024 which will require additional budget for the 2023-2025 biennium. The Steering Committee approved a WAR change request for developing Side Account Credit Allocation for approximately \$170,000 <p><u>Actions</u></p> <p>1) Work with the Governor's Office and Legislature to allocate SB1049 budget to the appropriate biennium. The Governor included SB1049 funds in the proposed 2021 -2023 biennium.</p>

The monthly report identified four key risks for the SB 1049 program, a single key issue, and no urgent decisions that needed to be made. These risks and issues included:

- Risk #1 -Unaddressed technical debt** may increase the complexity of developing SB 1049 functionality as it built upon aging and complex technology.
- Risk #2 - Constrained Systems Development Lifecycle (SDLC) capacity** within PERS may lead to quality challenges or delays in the completion of requirement definition, code development, testing, and release management.

3. **Risk #3 - Minimal slack in the release schedule** for January 21 – June 21 placing delivery commitments at risk if adjustments are needed.
4. **Risk #4 - Organizational Change Management (OCM)** no longer has Deloitte guidance and support. This increases the risk that OCM activities may not adjust to current project needs.
5. **Issue #1 – Program budget is not allocated past the 2019-2021 biennium.** Without additional budget, the program will not be able to implement the system functionality needed to operationalize the processes to support Member Choice and Member Redirect mandates.

LFO Identified Risks & Concerns

Since August 2019, LFO has continued its legislative responsibilities related to overseeing the SB 1049 work efforts. EIS has taken the lead oversight responsibility for the effort and has worked closely with PERS in the initial planning efforts for the overall SB 1049 work efforts and the related five projects to address the legislative directives. Over the past 20 months, LFO has participated in monthly status and progress meetings jointly with PERS and EIS and has also participated in separate monthly follow-up oversight meetings with EIS.

The following summary of key high-level risks and concerns related to the current status and progress to date of SB 1049 were extracted from the PERS's monthly program and individual project status reports, information from the monthly EIS/LFO status meetings, and the quality assurance vendor's most recent monthly and quarterly reports (February 1, 2020 and February 19, 2021, respectively):

1. Salary Limit, Member Programs, and Member Choice Schedule Slippages – these three programs are scheduled to be completed by June 30, 2021. There is still a significant amount of work to be done on these three projects. There already has been a 6-8 month slippage on the WAR Project, and the Member Redirect Project has been delayed until at least to June 2024. It is important that PERS do everything possible to bring Salary Limit, Member Programs, and Member Choice in on time.
2. Implementation and Use of the Program-wide Resourced Implementation Plan - since the beginning of the SB 1049 effort, both LFO and the QA vendor have expressed a concern about a single program-wide resourced project plan not being in place to manage the five SB 1049 projects. LFO felt that duration-based individual project plans and schedules for each of the five SB 1049 projects (while sharing resources across all five), was a high-risk strategy. At the direction of EIS, PERS engaged with a vendor on key project and program management processes, including the creation of resource-loaded, effort based schedules that were validated across projects. It has taken PERS nearly 20 months to finally get this integrated resourced plan and schedule in place. LFO is concerned that once the three smaller projects are completed, that PERS may not see the need to continue the use and maintenance of this resourced-based plan for completing WAR and Member Redirect.

3. Organizational Impacts of the Member Redirect Project – much of the Member Redirect Project has been pushed out to at least June 2024. While resources will be freed up as a result of the completion of Salary Limit, Member Programs, and Member Choice, Member Redirect may still continue to strain PERS’s information technology (IT) resources as well as its operational resources due to the fact that PERS has so many other major ongoing IT initiatives (i.e. data center migration project, backup data center project, security upgrades, organization change management initiative, etc.). LFO is concerned about the level of stress that this continues to put on the organization and its staff, and PERS’s ability to successfully complete Member Redirect.
4. Member Redirect Schedule and Budget Validity – Due to the magnitude and complexity of the Member Redirect Project, PERS has found determining and validating the scope, schedule, and budget for this effort, to be challenging. The fact that PERS was only able to complete six of the scheduled work packages for Member Redirect by June 30, 2021, leaves six additional work packages to be completed in the 2021-23 biennium and first half of the 2023-25 biennium. The complexity of this effort clearly emphasizes the difficulty in scoping this effort and developing an accurate plan for completing it. While the recently finished resourced SB 1049 integrated schedule provides a detailed plan for getting Member Redirect completed, LFO feels that once PERS completes the work on the other four SB 1049 projects, PERS may well have to revalidate the Member Redirect Project’s scope, schedule, resource needs, and budget. The current Member Redirect estimated schedule and budget may well not be its last.
5. Resource Constraints - PERS has a large portfolio of other projects that may compete for PERS’s limited resource pool (IT and operational). There is a significant amount of key IT work that needs to be done on its security program, data center migration, backup data center, business continuity program, disaster recovery program, risk management program, organizational change management (OCM), and long-term modernization efforts. With WAR and Member Redirect both continuing out into the 2021-23 biennium (and beyond), PERS needs to be careful not to over-commit itself, and ultimately fail to successfully complete key projects and/or impact its operational service levels. PERS needs to develop, implement, and use a PERS-wide enterprise-wide resource management system to effectively manage its limited staff resources.
6. Technical Debt and Modernization – PERS currently is facing a significant amount of technical debt related to the need to make considerable investments in modernizing its business, infrastructure, applications, data, network, and security environments and architectures. Work on modernization has been delayed for a number of biennia as PERS focused on higher priority business and technical needs. The challenge for PERS will be to find a way to begin its modernization efforts, while completing Member Redirect, WAR, the data center migration effort, establishing a warmsite capability, etc., while maintaining acceptable operational service levels. LFO is concerned that PERS does not have sufficient technical and business resources to work on a major modernization effort at the same time as it works on Member Redirect, WAR, organizational change challenges, etc.

7. Agency Change Fatigue – LFO is concerned with PERS reaching a “legislative fatigue wall,” from which the agency may have to take some time to recover. The constant flow of legislative changes, the growth in technical debt, the growing complexity of PERS’s business and technical environment, and the lack of time for agency staff to recover from this constant stress level, will likely have a major impact on PERS’s ability to maintain a high performance level and its ability to improve its internal business and automated processes. There is a limit to how much continuous ongoing change an agency and its staff can handle.
8. Member Redirect - Temporary/Partial and Permanent Solutions Strategy – PERS needs to define the strategy that it will use to meet key Member Redirect delivery dates. If temporary, or partial solutions, are going to be used prior to permanent solutions being installed for Member Redirect, PERS needs to document this strategy and reflect it in the Member Redirect Project baseline schedule.
9. Status Reporting and Communications – Over the past 20 months, PERS has made considerable improvement in its ongoing project status reporting and its communications with EIS and LFO. To continue this improvement and to make sure it continues on into the Member Redirect and WAR efforts during 2021-23, PERS needs to update its Communications Plan for SB 1049. This will minimize the chances of project communications falling back to former, more familiar (and often less effective) communication processes.