



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 19

MEETING DATE: April 21, 2021

SUBJECT: SCERS Pension Administration System Quarterly Review

SUBMITTED FOR: ___ Consent Deliberation and Action X Receive and File

RECOMMENDATION

Staff recommends the Board receive and file the Pension Administration System Quarterly Review.

PURPOSE

This item supports the Strategic Management Plan goal to improve performance, productivity, and efficiency through SCERS' technology platforms, by contributing to effective management and oversight of those efforts.

DISCUSSION

The Pension Administration System (PAS) project included three major deployment phases.

Phase 1

Phase 1 went live for use by the Benefits staff on July 1, 2019. Phase 1 provided a paperless work management environment with integrated electronic documents (FileNet) and management metrics for most Benefits customer service processes. SCERS benefits from enhanced system security and greatly improved disaster recovery and business continuity capabilities for the Benefits area.

Phase 2

Phase 2 replaced the MBASE active member system in November 2020. It also provided self-service web portals for active and retired participants, eliminated manual calculation of most service retirement benefits, and provided automation of correspondence and email notifications along with many additional features. During the final testing and go-live for Phase 2, it was determined that, while the overall reconciliation of member accounts at the total membership level was correct, discrepancies existed at the individual member account level

when comparing MBASE vs. Ariel data using actuarial extract reports for the period ending June 30, 2020. This data was mostly related to members with divorce, reciprocity, or service purchase transactions for which MBASE has only minimal data. Upon consideration, the joint project team felt that the data could be corrected successfully post-go-live.

Following the November 2, 2020 go-live, it was also found that retirement applications in process during the transition would require re-entry and correction. A work-around process was identified to ensure retirees in process received their initial payments with minimal delay. The backlog of initial, transitional cases has been completed with support from Morneau Shepell staff.

However, additional remediation on data clean-up and system trouble-shooting has challenged the ongoing retirement-application process, particularly as the volume of retirement applications increased in early 2021 during the annual “busy season,” resulting in longer-than-normal backlogs.

SCERS does not yet consider the Phase 2 implementation to be fully successful and is working with contractors to complete remedial actions, which has resulted in SCERS withholding a “holdback” payment of \$500,000 (approximately 5% of the contract).

Major areas of functionality that are still pending sign-off from SCERS at the end of March include the following:

- Member portal, providing online access to member account information, has not been deployed.
- Interest posting to member accounts was in process but not complete, delaying distribution of annual statements to active and deferred members.
- Uploading data for cost of living adjustments in the new system was not complete, delaying distribution of retiree statements. (Please note that COLAs have been applied to pension allowances through the current payroll system).
- The ability to pay new retirees on estimates, to be adjusted when final wage data is received, has not been deployed.
- Additional training for various workflows that required a change in business processes is underway. Though Staff is returning to the office environment, the project will continue to be challenged by the inability of the vendor to provide on-site support and training due to travel restrictions and company policies.

Phase 3

Phase 3, scheduled to go live in August 2021, will replace the COMPASS benefit payment system and automate most benefit administration financial transactions with a direct interface to the county’s COMPASS financial system. This reflects a shift of four months from the original May 2021 implementation for Phase 3. The joint project management team agreed that this schedule change was important to allow more time for testing the payroll system and further mitigate risk of payment disruption to benefit recipients. This schedule change also

means that the final delivery of additional complex workflows and reports will shift from October 2021 to February 2022.

The schedule change is not expected to impact the project budget for the Morneau Shepell development and software costs; however, the extended schedule requires additional project-management consulting and oversight services from Linea Solutions, which is addressed in a separate agenda item.

PROJECT COST SUMMARY

The following table provides detail of project spending through March 2021:

Pension Administration System (PAS)	Paid Through March 2021	Not to Exceed Amount	Amount Remaining	% Remaining
Morneau Shepell Implementation Services	\$8,218,513	\$12,504,281	\$4,285,768	34%
Linea Project Oversight and Analysis	\$2,881,061	\$3,300,000	\$418,939	13%
ICON Data Conversion Services	\$1,428,723	\$1,504,586	\$75,863	5%
Total	\$12,528,297	\$17,308,867	\$4,780,570	28%

Prepared by:

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