



MARYLAND STATE RETIREMENT AGENCY

BUSINESS PLAN
FISCAL YEAR 2025

How We Serve

The Maryland State Retirement Agency serves over 420,000 active and former State employees, teachers, State police, judges, and law enforcement.

Our Mission

To administer the survivor, disability, and retirement benefits of the System's participants, and to ensure that sufficient assets are available to fund the benefits when due.

Our Vision

To serve as a national model for providing a fully funded retirement system that is affordable to all participating employers and provides guaranteed disability, survivor, and retirement benefits.

Our Agency

The State Retirement Agency helps carry out the Board's responsibilities in the following ways:

- Collecting contributions
- Supervising management of the investment portfolio
- Providing member counseling; and
- Administering the death, disability and retirement benefits for the 12 separate retirement plans provided by law.

Our System

The Maryland State Retirement and Pension System (SRPS) is defined by multiple employers, with over 150 local governmental agencies voluntarily participating. Its primary sponsor is the State of Maryland.

SRPS provides important coverage both during a member's working career and after they retire. Key benefits and services include:

- Monthly retirement allowance
- Annual cost-of-living adjustments
- Disability coverage
- Survivor protection if a member dies before retirement
- Options for payment of a continuing allowance to a member's survivor

Our Board

A 15-member Board of Trustees manages the System. The Board serves the following high-level functions:

- Directs the management of our \$68 billion dollar investment portfolio
- Adopts the actuarial assumptions necessary to properly fund the System
- Approves qualified disability retirements
- Adopts rules, regulations, policies, and procedures necessary to administer our various plans

About the Business Plan

Each year, the Maryland State Retirement Agency (SRA) completes a business planning analysis for its Board of Trustees. Per SRA's Operational Planning Policy, the analysis and report will include the following:

- A review of the progress made with implementing the prior fiscal year's business plan
- An analysis of the continued appropriateness of the agency's mission
- An assessment as to whether the Agency is positioned to achieve its mission
- Confirmation of the need to continue existing initiatives and identification of any new initiatives to undertake
- Recommended new business initiatives, including provisions for reporting to the Board

A Look Ahead: FY 2025-26 Business Plans

This year's Business Plan was streamlined for the Board – content was significantly reduced to be more concise and targeted. Over the course of FY 2025, the Communications Office will continue to overhaul the annual SRA Business Plan to best serve the Board of Trustees and the public with clear, candid, visual, concise, data-driven and action-oriented information.

FY 2026 Business Plan Model

- Continue to reflect FY 2024 plan's streamlined look and drastic reduction in volume; addendums added where needed to ensure appropriate level of detail is provided to the Board of Trustees
- A Future Vision, describing the specific actions we'll take over the next year toward our 10-year vision of success
- Reorganized approach - eliminating divisional silos and presenting agency-wide goals with division-specific initiatives and activities tied to those goals
- Strategy map, illustrating how our goals are tied to and reflect our mission, vision and core values

Investment Division

The Investment Division is responsible for helping the Board establish the strategic asset allocation and implementing that allocation in the most productive manner. The success of these efforts impacts the System's ability to achieve and maintain fully funded status to ensure the ability to pay benefits. The success of the Investment Division depends on three factors:

- Ability to attract and retain a strong team
- Capacity to manage data and analytics on a highly complex portfolio
- Aptitude to advise the Board on strategic policy, build successful investment strategies and manage the costs of achieving these objectives

Fiscal Year 2025 Plans

The Investment Division has three broad initiatives for fiscal year 2025:

- **People:** Staff will work with a new compensation consultant to develop a new position classification structure, with associated qualifications and criteria, for the Board's approval. The objective of this project is to create a more fair and equitable job structure that can be applied across functions, teams and positions that provides clear career paths and opportunities for advancement. Staff will also complete a structured and comprehensive on-boarding and training program for new employees. This program will include the functional and technical skills associated with the position, as well as training relating to the culture associated with high-performing investment teams.
- **Process:** Staff will assess the effectiveness of the Division's various software and technology systems. The Investment Division utilizes several different systems in the management of plan assets: risk, portfolio management, trade order management, customer relationship management, data and analytics, etc. Staff will evaluate the effectiveness of these applications on a stand-alone basis, as well as from an enterprise-wide perspective, to determine if there are opportunities for consolidation, better data integration and cost savings. This project may include an evaluation of the potential for artificial intelligence to improve the productivity of staff and the value of information.
- **Performance:** The Division will collaborate with the investment consultant and Investment Committee in a review of strategic allocation and liabilities to identify structural opportunities to improve performance. The level of active management applied to existing internal assets will be expanded to generate additional value. Anticipated areas of innovation include the creation of portable alpha products, the introduction of over-the-counter derivatives and the development of an opportunistic commodity portfolio. These initiatives will require taking modestly more risk or tracking error around the benchmarks based on certain market factors and macroeconomic views. Staff will also evaluate the Terra Maria program and look for ways to institutionalize the program by incorporating it into investment policy, expanding to include Maryland focused investments, improving performance and enhancing access for emerging managers through the creation of a dedicated team.

Expected Outcome

The expected outcome of these initiatives is enhanced data management and integration. This should lead to more effective and accurate management of the plan's asset and risk exposures, which should result in more efficient reporting and investment performance.

In addition to greater efficiency and effectiveness, staff will look for opportunities for vendor consolidation, which may result in cost savings. More active management and an enhanced Terra Maria should also lead to improved investment performance.

Timing

The initial stages of some of these initiatives are already underway, with most components expected to be completed in fiscal year 2025.

Link to Goals

The impact of these initiatives will help advance the System's goal of investing assets in a more efficient manner which, in turn, will lead to higher net investment returns.

Budget Implications

No budgetary impact is expected to occur, as all Investment Division expenses are part of a separate budget as per 2018 passed legislation.

As part of the technology evaluation, staff will look for opportunities to realize cost savings.

To the extent the Terra Maria initiative requires additional resources, it may have a modest impact on the Division's budget.

Legislative Affairs

Legislative Affairs represents the Board of Trustees and the Maryland State Retirement Agency as a primary point of contact regarding all legislative retirement issues before the Maryland General Assembly. These issues may impact active employees, retirees, and beneficiaries of the state, boards of education, and governmental units participating in the State Retirement and Pension System. To accomplish this, the Division strives to create and maintain relationships of trust and transparency on behalf of the Board and the Agency, not just with the members of the General Assembly, but all stakeholders of the System, including its participants, legislative staff, members of the governor's office, and the employee organizations representing the participants of the System.

The System provides benefits for more than 423,000 participants, including active members, deferred vested members, retirees, and beneficiaries. It is likely the majority of these participants also have families, increasing this number to more than a million people who are relying, in some part, on the benefits provided by the System. It is this awareness of the population the Retirement Agency serves that motivates the Division to provide any information the Agency may have to assist our stakeholders as they make decisions regarding the retirement benefits provided for by the System. The relationship the Agency has established with the General Assembly and legislative staff is considered by many to be a model for other agencies.

Fiscal Year 2025 Plans

To continue to grow and strengthen these relationships, the Legislative Affairs Division plans to begin posting on the State Retirement Agency website the Agency's testimony on bills, Joint Committee on Pensions materials, and the legislative reports submitted by the Agency to the General Assembly.

In addition to reinforcing the Agency's commitment to transparency, access to these documents will provide our participants and stakeholders with additional opportunities to understand how the Board and the Agency are continually advocating to protect the assets of the System and ensure secure pensions for its participants. Moreover, it will help educate these groups about the General Assembly's efforts to protect System assets.

Benefits Administration Division

The Benefits Administrative Division administers 12 separately defined benefit pension systems divided into more than 50 pension plans covering nearly 245,700 active and deferred vested participants and approximately 174,600 pension annuitants (*as of June 30, 2023*). Pension benefit payments processed by the Division exceed \$4.8 billion annually. The Division, staffed by 113 permanent and contractual employees, consists of four major units: Data Control, Benefits Processing, Member Services, and Special Projects.

Data Control Unit

This unit maintains approximately 445,000 participants' and former participants' accounts and payee records. Responsibilities of the Data Control Unit include the following:

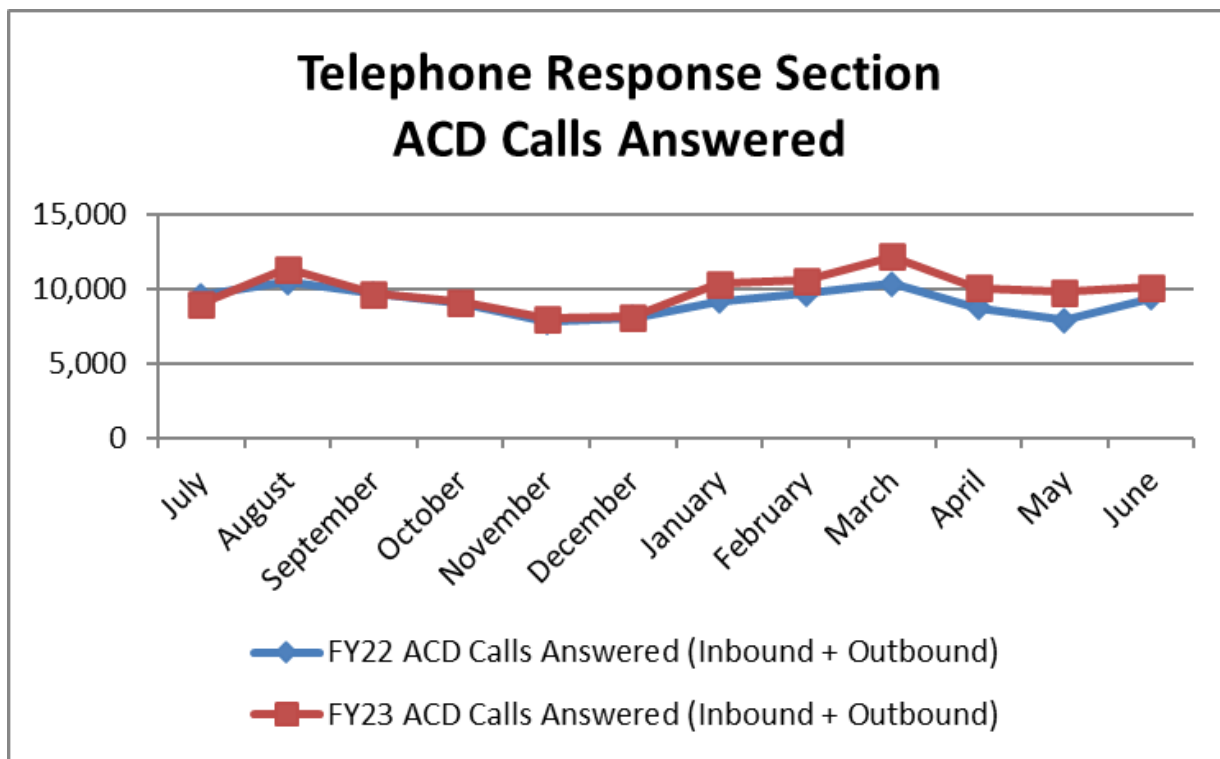
- **Collecting, reconciling, and controlling** individual member pension payroll data reported through more than four million individual payroll transactions
- **Maintaining** the membership database that includes of more than \$11 billion in member contributions and interest
- **Maintaining, reconciling, and controlling** all data updated to the retiree database master file consisting of more than 174,000 individual payment records
- **Paying** monthly benefit payments of more than \$380 million
- **Managing** year-to-year growth of 6% in benefit checks payment allowances and an increase of more than 6,000 annuitants and participants. (2023 to 2024 FYE)

Annual processes include managing fiscal year end posting of interest and service credit to member accounts for the current year and transferring of data files to the actuary for purposes of the annual valuation. This valuation is used to determine the state and local employer contribution rates. Another annual process is reconciling the cost-of-living adjustment to retiree accounts and processing of the 1099-R and 1042-S retiree tax documents.

Member Services

Provides a multi-faceted communication program to inform participants of their retirement benefits and provide for the evaluation and processing of all disability applications. Departments include:

- **Call Center** – Team provides telephone counseling and problem solving to participants and pension annuitants. The Call Center received 137,454 calls in fiscal year 2023.



**Automated Call Distribution – Via this technology, a caller is placed in the Call Center queue and routed to the first available specialist. If a caller requests a call back during heavy call volume periods, the call back is routed to the first available specialist.*

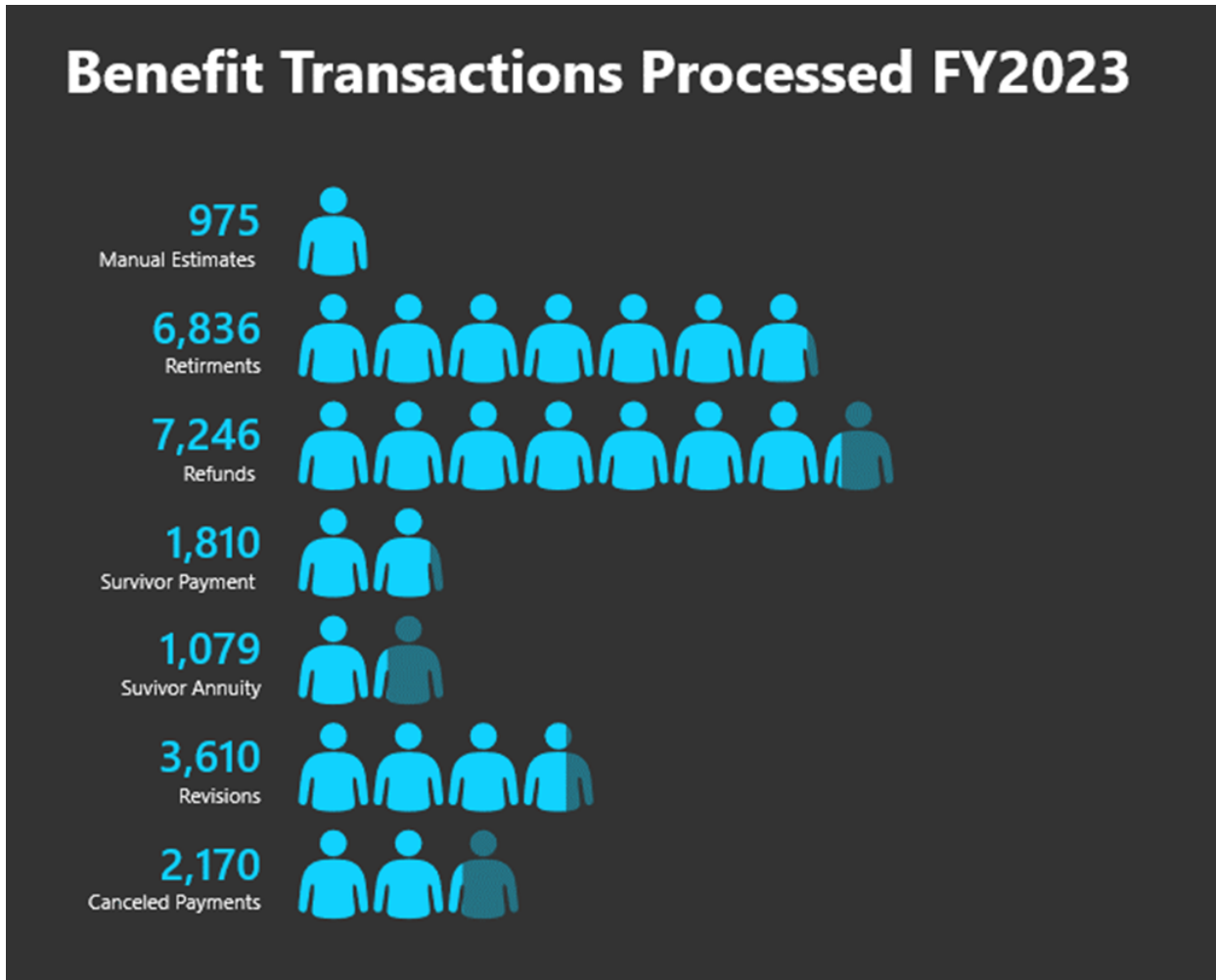
- **Counseling** – This team meets one on one with members and retirees at our office, conducts virtual webinars via the internet and presents live seminars across the state. These presentations include Retirement Agency initiated group seminars as well as employer and employee organization sponsored seminars and programs.
- **Correspondence** – This department responds to written inquiries, including letters, emails and mySRPS secure messages, received from members, former members, beneficiaries, retirees, employers, and others. In fiscal year 2023, approximately 26,000 pieces of correspondence were sent.
- **Disability** – This team processes member claims for disability retirement through various steps of administrative and medical review. Disability staff interact with the Agency’s medical boards, legal staff, member physicians and attorneys. The team schedules independent medical evaluations as requested by the medical board to determine the member’s eligibility for disability retirement.

Benefits Processing

This unit provides separate but interrelated functions in the processing of member requests for pension benefits, including the following:

- Manual processing of benefit estimates
- Processing of retirement applications
- Calculating and issuing refund payments
- Processing survivor benefit payments and annuities for the beneficiaries of deceased members and retirees
- Performing reconciliations and revisions

The Benefits Processing Division processed approximately 24,000 transactions in fiscal year 2023.



Special Projects

This unit provides management and oversight to implement unique legislation and administer Retirement Agency programs. Those projects include:

- The Deferred Retirement Option Program (DROP), managing an average of \$35M per month in DROP funds
- Monthly and/or annual audits regarding earnings limitation
- Death match audits
- Monitoring IRC Section 415 maximum limitation amounts
- Reviewing and approving manual benefit payments and refunds
- Processing all direct deposit requests for payees

Fiscal Year 2025 Plans

Reorganization

- **Transitioning** Member Services from Benefits Administration to become a standalone division reporting directly to the Executive Director.
- **Moving** the Disability Unit to become part of Special Projects.
- **Training & educating** staff to improve workforce morale and increase employee performance.

Innovation

- **Cultivation** of a modern workplace by modernizing workflows to move 95% of all staff to telework capable (aligned with the Division's telework policy) with the goal to maintain 100% of productivity by the fourth quarter of fiscal 2025.
- **Exploration** of technology and systems for the digitization of the disability application and review process and related workflows.
- **Collaborating** with the Business Operations Office to reengineer the enrollments process, streamline staff workflows and improve the accuracy of enrollments by employers.
- **Enhancing** customer service with online appointment bookings and the option for teleconference counseling with a retirement benefits specialist.
- **Implementing** some additional data elements and transaction features in our online participant portal mySRPS that will provide more online services to our participants and retirees 24/7.
- **Mitigating** risk across the Division through retiree account audits led by Special Projects.
- **Certifying** and **Re-certifying** the retirement process led by Benefits Processing.
- **Exceeding** the industry-standard with multipoint caller verification by specialists in Member Services.
- **Securing** data upload for employers.

Business Operations Office

Established in 2005, the Business Operations Office is tasked with a multi-year mission to transition the State Retirement Agency's mainframe-based computer system to a modern Windows Server based architecture. In 2010, the Maryland Pension Administration System (MPAS) was successfully launched and continues to serve the Agency. Since then, Business Operations has continued to advance and maintain Retirement Agency processes. The Division's current roles include the following:

- **Act as a liaison** between the business units of the Agency and the Information Systems Division.
- **Manage** the Agency's large-scale projects sponsored by the Agency's Executive Steering Committee.
- **Operate and maintain** the Agency's automated processing systems.

Ongoing Initiatives

Now in its third phase, the Agency's MPAS project, known as MPAS+, involves re-engineering business processes and implementing supporting technology. The primary focus is within the Benefits Administration and Finance divisions, as well as with supporting the Agency's relationships with participants, employers and strategic partners.

As part of the MPAS+ project, a detailed road map was developed showing how various business processes in the Administration and Finance divisions will be re-engineered, what technologies will be required and what organizational changes will be needed. Activities will be an ongoing until all business processes within Administration and Finance divisions are completely re-engineered. Components of this re-engineering include the following:

- **Document processing** - Hundreds of documents are sent and received by the agency via mail, email, and fax every day. Prior to the MPAS+ project, the manual processing of these consumed resources, time and energy, resulting in backlogs. Using several new technologies and software applications, the Agency has automated identification and extraction of data from received forms. To further this project, the Business Operations Office will:
 - **Train** team members in new technologies, providing staff with the freedom to explore and discover different approaches to problem solving.
 - **Develop and launch** newer versions of document processing applications in several forthcoming fiscal years.
- **Direct deposit for retirees** - Implemented in February 2024, a new process for direct deposit of monthly retirement benefits enables retirees and other payees to register for direct deposit online, using the Agency's mySRPS portal, or using a simplified form. Previously, retirees/payees signing up for direct deposit were required to visit their bank or savings institution and ask an employee there to complete a complicated form, which then was remitted to the Retirement Agency. The new process is much more convenient, quicker, less prone to error and more secure.
 - For this project, the Business Operations Office took advantage of the financial industry's state-of-the-art Account Validation Services (AVS) to further automate the direct deposit process. The Retirement Agency is one of the first or even *the* first to implement AVS in the public pension fund sector.

- This new automated business process takes a maximum of only one day to complete the direct deposit setup. On average, the Agency processes 70 – 80 requests per day and 50% of those requests are completed automatically with minimal-to-no staff involvement.
- **Change of address** - Successfully enables staff to easily update a participant's name, address, email and phone number in the Retirement Agency database. Prior to rolling out of this new feature, the Retirement Agency was not able to capture and save email addresses and phone numbers of participants even though the agency was receiving this information on various forms submitted by the participants. Components of this initiative include the following:
 - The Retirement Agency is diligently working on a long-term objective to go green and communicate with participants electronically. The Agency now has email addresses for over 50% of participants and will incrementally capture the email addresses for majority of the remaining participants through mySRPS registration drives.
 - SRA is also forming a team to extract email addresses written on forms received from participants over the last several years. With a database of participant email addresses, a first step in the "go green" initiative will be to deliver member and retiree newsletters electronically. Such delivery will be faster and more cost effective.
- **Employer payments** - Another initiative nearing completion is Employer Payments Version 2. This will be an enhancement to Version 1, which allows Participating Governmental Units (PGUs) to make payments of the contributions reported in the payroll data online using the secure Employer Portal. The Version 2 focuses on extending the same feature to allow the employers to make payments for administrative fees and teachers appropriation.
- **Member enrollment** – Slated to go live this winter, a new member enrollment feature in the Employer Portal will enable employers to complete member enrollments online using an online wizard, upload job descriptions and proof of birth documents, and submit beneficiary information for new members. Currently, all these processes are performed manually using paper forms, requiring an enormous amount of staff time and a third-party vendor to key in information from these forms.
- **Former member withdrawals** – Also slated for a winter launch, the process by which former members withdraw their accumulated contributions will be automated. When a member leaves participating employment, he or she request a refund of accumulated contributions and interest. This process, again, is completely paper based and requires significant amount and staff time to process the forms. In the new re-engineered business process, members will be able to request refunds using either a simplified paper form or the mySRPS secure member portal.
 - All refunds currently are paid by check. The Retirement Agency will introduce direct deposit as a secure and quick payment option for refunds.
 - The re-engineered business process for refunds also will be more secure. Recently, the Agency experienced instances of check washing where fraudsters obtained the checks sent to participants, washed the name off the check and wrote in their own name, enabling them to steal those check payments. A new process will ensure the check payment is made to the right person by matching the name on the check to the information provided in a pay file provided by SRA. Similar protections also are in the works for payees' monthly pension benefits. Through this initiative, the Agency will be able to largely reduce, if not eliminate, such fraud cases.

Fiscal Year 2025 Plans

- **Identity Proofing** - This new service will upgrade the Agency's current multifactor authorization. A government ID match, in which the participant takes a picture of his or her government ID and a selfie, will be required. The software-as-a-service will validate that the government ID is valid and that the picture on the government ID matches the selfie. As an alternate method of identify proofing, the service will offer a knowledge-based quiz. This higher standard of identify proofing will enable participants to securely complete sensitive transactions, such as withdrawals of member contributions and processing of retirement applications through mySRPS and will improve the overall security of the application.
- **Online retirement applications** – The Business Operations Office this fiscal year will begin work to enable members to apply for retirement using the online portal mySRPS. Currently, the retirement application process requires members and employers submit tedious, time-consuming and error-prone hand-filled paper forms. To provide better customer service to the members, a new retirement application wizard will be created. The online retirement application will be interactive, walking the member through the steps that are applicable for their scenario. This will eliminate the need for handwritten applications, saving both member and staff time and effort.
- **Adjusting budget to meet current realities** - The Retirement Agency has advanced from antiquated tools and business processes and replaced them with new start-of-the-art technologies and business processes. However, the work of re-engineering the business processes is not complete. Progress will continue. Yet, the baseline budget allocated for the systems development professing services contract has not been adjusted since pre-MPAS era. The Retirement Agency needs highly qualified and skilled systems development resources to work on the new initiatives and existing applications. The compensation rates of system developers who are skilled and qualified have tremendously increased in the last two decades. The existing rates being offered by the Retirement Agency are not competitive to entice new resources or retain existing resources. A request to increase the baseline budget by at least 30 to 40 percent will be included in the Agency's budget request to accomplish the Retirement Agency's mission.

Internal Audit Division

The mission of the Internal Audit Division (IAD) is to provide independent, objective assurance and consulting services designed to add value and improve the Agency's operations. It assists the Agency in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

The primary objective of the Division's auditing services is to provide independent assurance to the Audit Committee that:

- System assets are safeguarded from loss, fraud, waste, and abuse
- Compliance is maintained with prescribed laws, rules, regulations; Board of Trustees, State of Maryland, and Agency policies; and, where appropriate, industry best practices
- Operational effectiveness and efficiency are enhanced

Fiscal Year 2025 Plans

The Internal Audit Division (IAD) will prepare the following documents to assist the Audit Committee and Board in fulfilling their fiduciary duties and governance roles:

- **Risk Assessment** - Starting in May of the prior fiscal year, IAD will perform an annual risk assessment to establish a risk-based internal audit plan. The risk assessment exercise enables IAD to allocate its limited resources to audit the areas that possess the highest risks. It ensures the Agency's most pressing issues are addressed and IAD's activities are aligned with the Agency's objectives.
- **Risk Based Audit Plan** - This document will be presented to the Audit Committee for approval at the July committee meeting. Based on needs that arise or changing risk profiles, the Audit Plan can be revised and returned to the Audit Committee for approval. The Audit Plan typically includes six to 12 internal audits and census data audits of approximately 80 Participating Governmental Units (PGUs).
- **Audit Reports** - These reports will be presented at Audit Committee meetings and are saved on Directors Desk for Board members. The reports summarize the results of an audit.
- **Open Issues Log** - Issues identified during an audit are added to an open issue log. IAD tracks these issues to ensure they are remediated by the Agency to reduce the Agency's risk profile. An open issues log will be presented quarterly to the Audit Committee.
- **Audit Plan Status Report** - Presented at the quarterly Audit Committee meetings, the report shows the current status of the audit plan.
- **Audit Committee Self Evaluation and Internal Audit Evaluation** - Every two years, the Audit Committee performs a self-evaluation and an evaluation of the Internal Audit Division. The results will be discussed at an Audit Committee meeting.
- **Data Analytic Dashboard** - Internal Audit performs monthly data analytics, and the results will be shared at the quarterly Audit Committee meetings.
- **Internal Quality Assurance** - As required by internal auditing standards, IAD will maintain a quality assurance program and summarize results annually to the Audit Committee.

- **External Quality Assurance** - As required by internal auditing standards, Internal Audit procures an external vendor every three years. The external vendor performs a quality assurance review to ensure the Internal Audit Division is complying with applicable standards. The results will be summarized in a report and presented to the Audit Committee.
- **Financial Statements** - At the November Audit Committee meeting, the External Financial Statement Auditors will give a presentation on the financial statements. The committee will then approve the financial statements before they are adopted by the full Board at the November Board meeting.
- **Participating Employer Audits** - Internal Audit will perform approximately 80 annual census data audits of participating employers. The results will be summarized in a report to the Audit Committee at the November committee meeting.

Innovation

The Internal Audit Division is undertaking several initiatives to advance innovation:

- **Continuing** participation in numerous professional organizations to stay abreast of current and emerging risks, internal audit techniques, standards, and best practices.
- **Revising** the approach to auditing the census data of the Participating Governmental Units to reduce future findings.
- **Implementing** data analytic techniques which provide more timely assurance services to the Agency.
- **Following** closely the artificial intelligence (AI) revolution, not only from a risk perspective, but for the benefits it can provide to the auditing process.

Information Systems Division

The Information Systems Division develops, operates, and maintains the systems and technologies used throughout the Agency. This encompasses the following types of applications:

- Enterprise-wide applications and applications unique to a specific division
- Applications operating on platforms at the Agency's secure Baltimore Data Center and the Agency's Annapolis disaster recovery processing site
- State-wide applications shared within the state

Beginning in fiscal year 2018, the Agency has also leveraged several cloud-based services, integrated with on-premises resources, as part of its technology portfolio.

The Agency's technology environment encompasses numerous tools that operate "behind the scenes" to reduce the business risk. These include:

- Internet firewalls
- Leak protection safeguards over sensitive data
- Sophisticated tools to monitor activities within the networks to protect against unauthorized use
- Various tools to protect against network-borne viruses or malware that can attack the Agency's infrastructure

The Agency's technical computing environment has grown increasingly complex over the past decade, matching the demands of the organization. As a result of the fiscal year 2018-2022 business process re-engineering initiative, numerous siloed business processes, participant services, employer services, and document management have become highly integrated and more efficient.

Information Systems Division Goals and Performance Measures

- **Goal 1:** To provide the Agency with data, voice, and video technology that meets the needs, and exceeds the expectation, of Agency management, the Board of Trustees, and other constituencies served.
- **Goal 2:** To plan and execute initiatives that improve the Agency's business operations, supporting the Agency's Strategic and Business Plans, each major division's goals and objectives, the annual Maryland State IT Master Plan (along with a subordinate Agency IT Master Plan and Major IT Development Projects), and the annual Agency budget.

The Information Systems Division aims to be attentive to technology performance, to identify and resolve problems before adverse situations arise, and to remain ahead of the curve when identifying technology components that are nearing the end of their respective useful lives or termination of product vendor support.

Fiscal Year 2024 Year in Review

Recruitment and Retention: Having the ability to recruit and retain qualified information technology professionals is critical for delivering the quality of service our members, beneficiaries, and organizational participants have come to expect. The Agency is pursuing multi-year initiatives to substantially increase the skill and performance of Information Technology staff. As a result, the Agency has enhanced performance in the areas of network and systems engineering, cybersecurity, and systems development.

Automation: The Agency recently completed a major digital automation transformation project, where many siloed and manual business processes were re-engineered, resulting in a complex and tightly integrated digital solution.

Online Access: Two new online portal services were offered to participants and the SRA's 150-plus participating employers.

Investments: Existing technical staff have been called on to support critical investment decision-making activities, including implementing a commercial grade trading desk, supporting robust data mining and business intelligence solutions, and ensuring adequate security controls are in place for Bloomberg transaction SWIFT security compliance.

Succession Planning: Having a strong transition strategy in place, with skilled personnel for succession, will be critical in our efforts to maintain continuity of operations and improve service delivery. The primary focus is quality staff recruitment and retention. SRA worked with the Maryland Department of Budget and Management's Classification and Salary Division to retain and reward existing staff by facilitating a more competitive salary offering. As a result, 61 new SRA classifications were established, enabling our Information Systems Division to re-classify a majority of its staff into new, more accurate classification series designed to provide increased compensation and career development opportunities. In addition to existing staff, our division leveraged the new classification series for several key vacancies to recruit talented applicants in the areas of cybersecurity and database management.

Cybersecurity: Developing a more mature cybersecurity posture is a continuing goal for the Information Systems Division and the past year has been no different. The team has been subject to several audits and assessments which have had a significant resource impact on daily operations. As a result of the assessments, specific areas of focus have been identified, including:

- Agency IT Risk Management
- Third-Party Risk Management
- Privileged Access Management
- Annual External Penetration Testing

Governance, Risk and Compliance: To more efficiently manage and monitor the controls needed to satisfy multiple assessment frameworks, a research project was conducted to identify a cost-effective, structured and implementable Governance, Risk and Compliance service solution. This solution also needed to address compliance standards including the National Institute of Standards and Technology (NIST) Cybersecurity Framework, NIST 800-53 Standards, Maryland Department of Information Technology Security Policy and the several audits conducted by the Agency's Internal Audit staff utilizing the Control Objective for Information Technology (COBIT) framework. A solution was identified and, working as a team, the Information Systems Division has begun the implementation following a prescribed methodology under the guidance of the selected vendor.

MPAS+ Development: Fiscal year 2024 witnessed the conclusion of the current professional services contracts that were initiated to support the increased development activities required for the Maryland Pension Administration System Plus (MPAS+) re-engineering project. For fiscal year 2024, the Agency was able to engage personnel from the two participating vendors. This allowed the Agency to successfully implement deliverables based on the priorities and timelines established by the Information Technology Steering Committee and managed by the Business Operations Office.

Infrastructure: As a result of the MPAS+ project's focus on the digital automation transformation of a paper-centric business model, the Agency experienced a significant increase in data storage and retention requirements. Leveraging a successful fiscal year 2024 budget request, the Agency was able to procure and implement a more cost-effective and more scalable backup and recovery solution to meet its current and future growth needs. With an awareness to mitigate an ever-increasing potential risk of ransomware, additional services were implemented to further fulfill the Division's data stewardship responsibilities by enhancing our participants' and investments' data protection.

Fiscal Year 2025 Plans

Recruitment and Retention

Following a successful fiscal year 2024 Annual Salary Review implementation, the Division is in a much better position to recruit and retain talented, energetic information technology team members to support the Agency's current and future information technology initiatives. Having filled critical vacancies in the areas of cybersecurity compliance and database administration, the team will be focusing on the active recruitment of talented software engineers as an initial step in reducing outsourced vendor reliance. The Division also will continue to provide existing team members with the tools and training to maintain a stable and efficient information technology environment that meets the needs of its stakeholders.

Cybersecurity and Infrastructure

Expanding on its fiscal year 2024 activities, the Information Systems Division will continue to mature its cybersecurity posture by leveraging its implementation of a Governance, Risk and Compliance (GRC) service solution. The solution is providing a framework and methodology to more efficiently manage and monitor the controls needed to satisfy multiple assessment frameworks and compliance standards. These frameworks and standards include the NIST Cybersecurity Framework, NIST 800-53 Standards, Maryland Department of Information Technology Security Policy, and the several audits conducted by the Agency's Internal Audit staff utilizing the Control Objective for Information Technology (COBIT) framework. By implementing such a solution, the IS Division plans to establish a more defined set of scheduled activities that increase accountability, timeliness, and efficiencies in monitoring risks and tasks.

The completion of a Privileged Access Management solution will be a priority for the upcoming fiscal year. Both the Network and Cybersecurity teams had allocated time and resources in Fiscal Year 2024 to documenting the needs and exploring possible solutions. The team's solution is providing additional functions including data loss protection and access and permission insight across the Agency's cloud and on-premises digital assets.

With the recruitment of a Cybersecurity Defense Compliance Specialist responsible for coordination and communication, the team plans to build on its prior year successes by establishing and managing a robust user security awareness training program as well as completing the implementation of its Governance, Risk and Compliance solution. As a result of a successful over-the-target budget request, the team plans to procure and deploy a more robust database server infrastructure to support the Agency's growing data storage needs.

IS Communications and Customer Service

- **Agency-wide Information Technology Contract Management:** In an effort to centralize the hardware, software and IT professional services contract management function, the Information Systems Division is committed to offering its solution and management services to lessen the responsibilities of other divisions that have limited expertise. The successful fiscal year 2024 recruitment of an energetic business manager will be a key factor in the success of this initiative.
- **Board of Trustees Videoconferencing** - New equipment to facilitate remote participation in meetings of the Board of Trustees recently was installed in the Retirement Agency boardroom. The Information Systems Helpdesk provides tech support for this initiative. Several members of the Information Systems team engaged the implementation vendor to obtain additional knowledge transfer and training to provide better system support. This additional skillset will enhance the current support services needed to ensure technically smooth meetings.
- **IS Communications** - Establishing a clear communications process in the event of untimely outage often reduces the level of frustration and promotes cooperation and collaboration. The Information Systems Division, in conjunction with key agency stakeholders, is working to establish a well-defined communication process. The plans goals are to:
 - Detect and communicate outage scenarios as soon as possible
 - Establish an agency first alert function to mitigate awareness delays
 - Establish a defined and timely communications process
 - Establish plan communication roles and responsibilities
 - Leverage technology wherever appropriate

When any given service has been disrupted, Information Systems has communicated with Agency staff throughout the outage.

MPAS+ Development

- **Professional Services** - The primary focus for fiscal year 2025 will be awarding a new multi-year professional services contract to supplement software engineering, database administration, business analysis and project management skills. A review of requirements resulted in a redefined suite that reflects an ever-changing job market and the new services that require support based on the MPAS+ business process re-engineering project.
- **Funding** - The IS Division's fiscal year 2025 budget request includes increasing funding to support current outsourced staffing levels. Initial indicators point to receiving fiscal year 2024 funding levels. Based on this funding level, a strategy will need to be developed by the Information Systems Division, Business Operations Office, IT Steering Committee and the Budget Management Office working together to supplement budget appropriations and/or reduce staffing levels.
- **Building Out Systems Development** - Establishing an Agency systems development team that is less reliant on the support of external service providers is a goal of Information Systems and senior management. Historically this has been a challenge given the proximity to the federal government and other organizations with a competitive advantage recruiting scarce information technology applicants. As outlined above, the Division plans to take advantage of the newly established IT classifications to grow its internal systems development talent pool, resulting in a more cost effective and stable support team.

Finance Division

The mission of the Finance Division is to safeguard and ensure fiscal responsibility and accountability of the assets entrusted to the Maryland State Retirement and Pension Trust Fund and to also provide comprehensive finance and administrative support of the Systems' operations, overall mission and fiduciary responsibility to administer benefits to System participants.

FY 2024-2025 Initiatives

Finance Division Reorganization and Staff Development

Objectives

- Streamline the Finance Division's organizational structure and operational processes and procedures as recommended by the consultant engaged by the Agency to conduct a financial assessment
- Hire and onboard a Chief Financial Officer reporting directly to the Executive Director
- Change the reporting structure to have the Chief Procurement Officer report directly to the Chief Financial Officer
- Create a centralized bill payment system to track and pay all vendor payments in a timely manner

Actions Taken FY 2024

- A leadership consultant was engaged to provide support to Finance leadership
- A new Chief Financial Officer position was established, and recruitment initiated
- The Office Services Unit oversight was transferred to the Business Operations Office to coordinate the timely processing of all incoming documents and forms
- Administrative functions were distributed to other divisions of the Agency to enable Finance to focus on core responsibilities

Expected Outcomes

Improved operational performance, compliance, productivity, and efficiency across all units within the Finance Division and the Agency as a whole