

Combined Retirement System Upgrade**FY2010 Request: \$350,000****Reference No: 47052****AP/AL:** Appropriation**Project Type:** Information Technology / Systems / Communication**Category:** General Government**Location:** Statewide**Contact:** Eric Swanson**House District:** Statewide (HD 1-40)**Contact Phone:** (907)465-5655**Estimated Project Dates:** 07/01/2009 - 06/30/2012**Brief Summary and Statement of Need:**

Funding is needed to continue to upgrade the Division of Retirement and Benefits' Combined Retirement System. Enhancements for FY2010 include providing additional information to retirees over the web.

| Funding: | <u>FY2010</u> | <u>FY2011</u> | <u>FY2012</u> | <u>FY2013</u> | <u>FY2014</u> | <u>FY2015</u> | <u>Total</u> |
|-----------------|------------------|------------------|------------------|------------------|---------------|---------------|--------------------|
| Ben Sys | \$100,900 | | | | | | \$100,900 |
| FICA Acct | \$2,100 | | | | | | \$2,100 |
| Gen Fund | \$4,900 | | | | | | \$4,900 |
| Jud Retire | \$500 | | | | | | \$500 |
| Nat Guard | \$3,400 | | | | | | \$3,400 |
| P/E Retire | \$170,800 | \$350,000 | \$200,000 | \$175,000 | | | \$895,800 |
| Teach Ret | \$67,400 | | | | | | \$67,400 |
| Total: | \$350,000 | \$350,000 | \$200,000 | \$175,000 | \$0 | \$0 | \$1,075,000 |

| | | | | |
|---|---|---------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input type="checkbox"/> One-Time Project | <input type="checkbox"/> Phased - new | <input checked="" type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | <u>Amount</u> | <u>Staff</u> |
|--------------------------|---------------|--------------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| <u>One-Time Startup:</u> | 0 | |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

\$350.0 was appropriated for the project in FY2009.

Project Description/Justification:**Problem to be Solved:**

The Combined Retirement System (CRS) was developed in COBOL using DB2 as a database on an IBM AS400. The implementation schedule brought up the benefits section in 1996 with the retiree payroll system. The retirement systems (PERS, TRS, JRS, NGNMRS) were added and brought up in 1999 – 2000. Most recently, the passage of SB 141 (Chapter 9, FSSLA 2005) creating the Defined Contribution Retirement (DCR) plans for PERS and TRS required significant additions which went into production in July 2006.

During the latest DCR work and in day-to-day operations requiring significant, repetitive episodes of manual data manipulation, it is apparent that the existing code is not adequately documented, suffers from some internal inconsistencies related to the incompatibility of the non-standard software/hardware combination and is therefore unmanageable as a production system in the long

run. It has proven so difficult to maintain that external contractors are used for most enhancements. As these technologies are rapidly nearing the end of their useful lives, the skills needed to maintain the current system are rare in the existing marketplace and the current staff members that possess these skills are nearing retirement age.

Solution:

A complete upgrade is needed to incrementally move the functions currently provided by CRS from this older technology. The design will include a JAVA web interface with the data residing in an Oracle database. The division is currently setting up a SAN (Storage Area Network) to provide the backbone for the CRS servers. The programming will be done by a blend of external contractors and internal programmers with the internal programmers taking over all of the maintenance on the backend. The project will start by determining the requirements then proceeding to design and implementation.

Benefits:

1. CRS will realize increased accuracy in retirement data and ease of incorporating changes as they are done by internal DRB staff.
2. Decreased contractor dependence as new system is deployed using state standards and Division staff is concurrently trained in design, development, testing and implementation of systems using the standards.
3. Additional benefits will be in DRB's staff's ability to easily retrieve/input the data they need in their day to day work (as opposed to using dozens of 'green screens' to perform the same functions in CRS currently).

When fully implemented, the number of dollars required for external contractor support will fall by up to half, non-standard combinations of software and hardware will no longer be used in mission-critical applications, and the calendar time needed to implement system enhancements will also be halved. Each module re-write, once implemented, is expected to save the equivalent of at least one PCN in the primary customer service unit by increasing productivity of staff.

What We Propose to Buy:

Full Life Cycle Cost Information

Dollar amounts in thousands: \$ 1,000.00 = 1.0

| Description | Amount |
|--|----------------|
| 1.1.1. Project Initiation / Planning | 50.0 |
| 1.1.2. Requirements Definition | 70.0 |
| 1.1.4. System Design | 75.0 |
| 1.1.5. Software Acquisition | 75.0 |
| 1.1.6. Software Installation / Programming | 900.0 |
| 1.1.7. Hardware / Infrastructure Acquisition | 68.0 |
| 1.1.10. System Integration and Testing | 45.0 |
| 1.1.12. System Operation and Maintenance | 50.0 |
| 1.1.13. Corrective and Adaptive Maintenance | 50.0 |
| 1.1.14. Training | 42.0 |
| Total | 1,425.0 |

Combined Retirement System Upgrade

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Timeline: Work timeline: 10/1/2008 – 6/30/2013
Expenditure timeline:

| Budget Amount | Fiscal Year |
|---------------|---------------|
| 350.0 | FY09 |
| 350.0 | FY10 |
| 350.0 | FY11 |
| 200.0 | FY12 |
| 175.0 | FY13 |
| 1,425.0 | Total Project |