

**Retirement and Benefits Combined Retirement System
Upgrade Year 3 of 5**

**FY2013 Request: \$350,000
Reference No: 51599**

AP/AL: Appropriation

Project Type: Information Technology /
Systems / Communication

Category: General Government

Location: Statewide

House District: Statewide (HD 1-40)

Impact House District: Statewide (HD 1-40)

Contact: Cheryl Lowenstein

Estimated Project Dates: 07/01/2012 - 06/30/2017

Contact Phone: (907)465-5655

Brief Summary and Statement of Need:

The Combined Retirement System (CRS) was developed in COBOL using DB2 as a database on an IBM AS400. A complete upgrade is needed to move the functions currently provided by CRS from this older technology, incrementally. The new design includes a State standard compliant JAVA web interface with the data residing in an Oracle database.

Funding:	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Total
Ben Sys	\$129,200	\$350,000	\$200,000				\$679,200
Jud Retire	\$1,600						\$1,600
Nat Guard	\$4,900						\$4,900
P/E Retire	\$152,300						\$152,300
Teach Ret	\$62,000						\$62,000
Total:	\$350,000	\$350,000	\$200,000	\$0	\$0	\$0	\$900,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input 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
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

\$400,000 SB230 SLA 10 Ch 43 Sec 7 Pg 18

\$350,000 SB46 FSSLA 11 Ch 5 Sec 1 Pg 2

Project Description/Justification:

This is the third phase of a phased project with two remaining phases.

The current environment is over three years old and is reaching the end of its life and the system resources are at their limits. Replacing or upgrading existing equipment isn't cost effective or in some cases the parts are no longer new, but rather refurbished.

What is the purpose of the project?

Need to establish a stable and current working environment to support DRB's Combined Retirement System (CRS), which among other functions provides the extremely important monthly payroll processing of approximately 76.8 million dollars to over 37,000 retiree's. The current environment is

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an IBM AS400 system, the application was written and developed in COBOL and uses a DB2 database.

Need to bring into CRS, the different splinter applications and processes so everything is self-contained. Only at this time can the overall scope of the application be fully understood and evaluated.

Need to evaluate, analyze and make a recommendation what and where DRB needs to go with the retirement functions that this critical DRB application performs. The evaluation process needs to take into consideration stability, supportability, maintainability, functionally, version and change management solutions and what is best for its members, division and state.

While established state standards are very important, the stability and functionality of this system needs to be taken seriously.

The gains to the division for completion of this project are:

- Provides a stable and working environment to support DRB's retirement system and all of its sub processes and current requirements obligations.
- A thorough evaluation/analysis can occur and an informed recommendation can be derived.
- Depending on the evaluation, the return may vary. There are a number of very valid concerns that need to be considered:
 - Environment technologies (iOS (AS400), Sun Solaris, Windows)
 - Application code (JAVA vs. COBOL)
 - Availability of quality trained staff vs. training plans
 - Database selection (DB2, Oracle, MS SQL)
 - Version and change control systems
 - Most important: No disruption of monthly payroll processing – this is a huge concern!

Is this a new systems development project? Or, an upgrade or enhancement to existing department capabilities?

No. This is an upgrade to an existing system that is vital to the work of the division and its membership.

Specifically, what hardware, software, consulting services, or other items will be purchased with this expenditure. Include a line item breakdown.

Total	Description	Qty	Unit price	Type
151,300.00	CTG AS400 programming consulting services	1	151,300.00	Consulting services
69,982.00	AS400 - Server (test & prod)	1	69,982.00	Software
911.00	AS400 - HMC (test & prod)	1	911.00	Software
127,807.00	AS400 - server (test & prod)	1	127,807.00	Hardware
\$350,000.00	Grand total			

How will service to the public measurable improved if this project is funded?

The system is the key operating system for the division that tracks all employee and employer contributions and service accruals for participants of seven retirement systems. From this system, data for actuary valuations, participant benefit estimates and final benefit calculations are derived. An integral part of the system includes the retiree payroll system that produces monthly payroll of approximately 76.8 million dollars to more than 37,000 retirees. This evaluation will provide guidance and direction on where to go with the existing system. The benefits to the public would be to provide the best possible solution at the best cost to the division.

Does project affect the way in which other public agencies will conduct their business?

No.

What are the potential out-year cost implications if this project is approved? (Bandwidth requirements, etc.)

- Bandwidth should remain the same, but it could increase marginally.
- Depending on the solution there could be increase in annual hardware and software annual support agreements.
- There could be other associated costs yet to be determined.

What will happen if the project is not approved?

The current environment is over three years old. While the operation of the system is working, the life cycle of the system is reaching its end-of-life and the system resources are at their limits. Replacing or upgrading existing equipment isn't cost effective or in some cases the parts are no longer new, but rather refurbished.

The monthly payroll processing may start to consume greater and greater time resources making the time critical tasks slip, which in turn could have financial implications, fines, and the retiree members at large could be impacted.