

Replacement of Pension and Benefits System Hardware

FY2018 Request:

\$500,000

Reference No:

61673

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: 07/01/2017 - 06/30/2022

Contact Phone: (904)465-5655

Brief Summary and Statement of Need:

Purchase and replace IBM and Oracle hardware for the Division of Retirement and Benefits mission critical business pension and benefits management system that is based on integrated IBM AS400 and Oracle platforms. This project targets specific pieces of the platforms that are failing and beyond the recommended end of life standards.

Funding:	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	Total
1017 Ben Sys	\$153,200						\$153,200
1023 FICA Acct	\$2,200						\$2,200
1029 P/E Retire	\$240,300						\$240,300
1034 Teach Ret	\$97,200						\$97,200
1042 Jud Retire	\$800						\$800
1045 Nat Guard	\$6,300						\$6,300
Total:	\$500,000	\$0	\$0	\$0	\$0	\$0	\$500,000

<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

Prior Funding History / Additional Information:

No prior funding history.

Project Description/Justification:

Funding will be used to purchase and replace IBM and Oracle hardware that is two to four years beyond the end of life time frame based on industry standards.

What is the purpose of the project?

The Division of Retirement and Benefits (DRB) mission critical business pension and benefits management systems infrastructure are based on integrated IBM AS400 and Oracle platforms. This

effort will replace specific targeted pieces of the platforms that are already beyond the recommended end of life standards. DRB has experienced short unscheduled outages and temporary substandard performance which are symptoms of aging hardware.

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

This is a critical deferred maintenance project to the existing division infrastructure. This will not upgrade or enhance current system capabilities.

Specifically, what hardware, software, consulting services, or other items will be purchased with this expenditure.

This project is for hardware only:

Hardware	Cost	Quantity	Exp. Line	Total
IBM Power System E850	\$25.0	2	5000	\$50.0
IBM Disk Storage Array	\$15.0	2	5000	\$30.0
IBM Tape Library	\$10.0	2	5000	<u>\$20.0</u>
IBM Sub-Total			5000	\$100.0
Oracle Server X6-2	\$10.0	20	5000	\$200.0
Oracle ZFS Storage	\$75.0	2	5000	\$150.0
Oracle Backup for SL3000 tape unit	\$50.0	1	5000	<u>\$50.0</u>
Oracle Sub-Total				\$400.0
Total			5000	\$500.0

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

Service to the general public is not affected. However, it is of supreme importance to the members of the pension systems and health plans that our mission critical benefits systems are reliable and working at all times. Replacing these pieces of hardware is essential maintenance that is overdue.

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

This project does not affect how other public agencies conduct their business.

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

This is a one-time FY2018 expense which will not have any out-year cost implications. However, based on industry best practices this hardware will be due for replacement again in FY2022.

What will happen if the project is not approved?

If DRB continues running this aged equipment it will unnecessarily increase risks of a systemic failure and potential disruption of services to the members of the pensions and health plans. Pension benefits processing and/or payroll, as well as health eligibility and health claims payments may be delayed or disrupted.

Fund Sources

Fund sources 1017 Benefits System Receipts, 1029 Public Employees' Retirement System, 1034 Teachers' Retirement System, and 1042 Judicial Retirement System receive funding via contributions from participating employers and/or employees who are members of the pertinent trust funds and health plans.

Fund source 1023 FICA (Federal Insurance Contributions Act) Account receives funding via contributions from Alaska political subdivisions participating in Social Security through the State of Alaska's Social Security Administration Section 218 contract. Each participating employer with an annual payroll less than \$410,000 pays \$25.00 each year. Participating employers with higher payrolls are assessed a fee of 0.006% of annual payroll.

For each of the above fund sources, money from the individual trust funds can be spent for expenses necessary for the administration of the systems/plans and to provide member benefits. The funds may not be diverted to or used for other than the exclusive benefit of the participants or beneficiaries.

Fund source 1045 National Guard and Naval Militia Retirement System (NGNMRS) receives funding via direct appropriations approved by the Legislature. This money is only used to pay NGNMRS benefits to qualified members.