

Dividend Application Information System Replacement - Phase 1 **FY2025 Request: \$7,500,000**
Reference No: AMD 56757

AP/AL: Appropriation **Project Type:** Information Technology / Systems / Communication

Category: General Government **House District:** Statewide (HD 1 - 40)
Location: Statewide **Contact:** Adam Crum
Impact House District: Statewide (HD 1 - 40) **Contact Phone:** (907)465-2300
Estimated Project Dates: 07/01/2024 - 06/30/2029

Brief Summary and Statement of Need:

The Permanent Fund Dividend Division's current information system is approaching end of life and requires replacement. A new system will be built on emerging and modern technologies and ensure the Division is able to administer the program into the foreseeable future.

Funding:	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Total
1050 PFD Fund	\$7,500,000						\$7,500,000
Total:	\$7,500,000	\$0	\$0	\$0	\$0	\$0	\$7,500,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input checked="" type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> Ongoing
0% = Minimum State Match % Required		<input checked="" 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:

Sec1 Ch16 SLA2013 P76 L8 SB18 \$1,500,000

Project Description/Justification:

The current version of the Dividend Application Information System (DAIS) application was developed using technology (PowerBuilder) that will eventually reach the end of mainstream support, exposing DAIS to operational and security vulnerabilities. As a result, the Permanent Fund Dividend (PFD) Division is at risk of being unable to process future dividend applications.

Moving to a new system includes a modern architecture and language environment. This is key to taking advantage of where the State of Alaska is already headed with improvements to back-end server and database environments, emerging artificial intelligence (AI) applications, and enhanced security frameworks.

Furthermore, the new system will streamline the administrative process and alleviate the backlog of the application process including reducing the number of fraudulent applications thanks to innovative suit tools for automated security testing, fraud detection, auditing, data analytics and reporting.

Phase one of this project provides initial funding that allows the Department to advance through the procurement and contract award process, ideally in the summer of 2024, and to begin work on the

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new system. Future capital project phases will include firmer cost and timeline estimates based on a successful procurement process.

It is difficult to estimate the total cost at this stage. The Department does have some comparison data from recent information system projects. The Tax Division was appropriated \$34.7 million in FY2012 and successfully implemented the Tax Revenue Management System (TRMS). The Child Support Enforcement Division (CSED) received a \$20 million appropriation in FY2021 for a project that is currently underway. Each division, including the PFD Division, operates separate programs with distinct needs, with the Tax Division requiring more-complex system needs than CSED and the PFD Division. An initial expected project cost for the PFD Division would be less than or equal to CSED, somewhere in the mid-teens to \$20 million depending on system technology and features.