PIONEER
(Pension Information of Nebraska for Efficient and Effective Retirement)

Technology System Update
To
Nebraska Legislature
Committee on Appropriations

December 2, 2005

By

Nebraska Public Employees Retirement Systems
Anna J. Sullivan, Director
and
Nebraska Public Employees Retirement Board
Charles A. Peters, Chairman

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Senator Don Pederson, Chairperson
Legislative Committee on Appropriations
Nebraska State Capitol – Room #1004
Lincoln, Nebraska   68509

Re: Technology Report – $\mathcal{PIONEER}$ Information System

Dear Senator Pederson and Members of the Committee,

    Greetings from the Public Employees Retirement Board. As Chairman I offer you a brief account of where we have been. The view ahead is often more clear with knowledge of the past.

    About eight years ago I was appointed to the PERB by then Governor Nelson. Since that time Governor Johanns reappointed me for a second five-year term. Soon after I arrived, the chairman and several members of the Board discussed in open meeting the deficiencies of the Nebraska Public Employees Retirement System (NPERS). Phone calls were answered after long delays, letters were responded to in weeks and pension payments often were not paid for three to four months following retirement.

    We replaced the Director with his assistant, Anna Sullivan. Anna had been with the agency for many years and knew the business. Anna discussed with the Board changes that were required to improve service and accuracy. With over 90,000 "customers" and with data arriving from about 700 different employers, challenges were everywhere.

    With guidance from Anna and her staff, we engaged a Consultant who had worked with other public pension groups throughout the nation. He proved to be an excellent choice. Soon we had a call center with staff selected and trained by Anna. Calls were handled promptly and accurately.

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Then a data purification task force was formed. The plan members did not always provide information when they married, divorced, moved and changed jobs. Slowly but surely the task force has been completing its work.

The next step was the preparation of a Request for Proposal (RFP). This document was the result of considerable research, careful consideration and many reviews. The RFP was sent to the Nebraska Department of Administrative Services and with some minor changes their approval was forwarded.

Several contractors responded and each one was examined thoroughly. Considerations included their experience in similar assignments, their financial stability to assure they would be available for an extended period. Finally, the cost they presented was compared to others. Covansys (formerly CBSI) of Columbus, Ohio, was selected and they proved to be the right one.

In January 2004 the project, named PIONEER, was declared complete and successful. The project came in on budget and on time.

As in the purchase of a new car maintenance and minor adjustments are part of the program. These have been accomplished with no difficulty. Other pension sponsors have visited Lincoln to admire PIONEER and to learn how to do what we have done.

The Board has been kept completely up to date on the progress of this project. The capacity and versatility of PIONEER was demonstrated when in the last five years 16 legislative bills were passed that made changes in some or all of the six different pension plans administered by the Agency. These law changes created a myriad of revisions. PIONEER handled these challenges as part of its regular routine.

Altogether you can be proud of the work of the Nebraska Public Employees Retirement Systems and especially proud of its devoted and diligent staff. This is an Agency that works.

I will be pleased to receive your comments and to answer your questions. Best wishes for a successful legislative session.

Sincerely,
Charles A. Peters
Chairman

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Introduction

Our PIONEER information system was completed in January of 2004. We are now in the maintenance and support phase. Therefore, this report will outline our ongoing support needs, staffing needs and our maintenance cost for the remainder of this budget cycle.

We are proud of the success of PIONEER and the improvements we have realized in our service to members, our response times, our accuracy and reduced risk to the retirement plans with a secure, integrated information system now in place.

There are, however, two issues of concern: (see report for details)

1. We have had difficulty retaining a Technology Manager over our Information Technology department. The current technology staff has been with us throughout, but we have found it difficult to compete with other entities on a salary level when seeking to hire and retain a technology manager to oversee our technology staff.

2.   We learned in early 2005 that the primary programming software, Forte, which was used by our vendor, Covansys, to design our system will no longer be supported by Sun Microsystems. Right now we are researching our options to migrate our PIONEER system code from Forte to JAVA, which is the software that is being promoted by Sun Microsystems.

Therefore, at this time we are not requesting additional spending authority for our Technology department in fiscal year 2006-2007. We will utilize the savings generated by not refilling the technology manager position; not hiring the additional programmer and stopping all staff Forte training until a final plan is in place to migrate from Forte to JAVA.

We appreciate the ongoing support of the Legislature for the work we do in serving over 97,000 plan members across the state.   We take our work seriously and are dedicated to providing the highest quality service necessary to assist members in achieving a successful retirement.

If the Appropriations Committee members would like to see a demo of the PIONEER system, we would be happy to provide one, at your convenience. Please feel free to contact me at 471-2056 if you have any questions or would like further information.

Sincerely,
Anna J. Sullivan
Executive Director

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1. BACKGROUND

Over five years ago the Retirement Board decided to address a concern they had with the limitations of the mainframe system that we had been using for over 20 years and the impact those limitations were having on our service to our plan members. In 1999 we outlined our need to upgrade our information system in order to improve our service to plan members and to prepare ourselves for the upcoming retirement of the "baby boomers."

Our project goals in 1999 were as follows:

- Streamline operational procedures using electronic workflow and implementation of best practices;
- Improve service and reduce response time to plan members;
- Reduce manual transcription and operations;
- Integrate applications and provide an interface to the State's information systems, the School employer information systems and our external recordkeeper for the state and county pension plans;
- Improve accuracy of information;
- Provide real time access to data by staff and plan members;
- Store documents on an electronic medium;
- Provide web access to account information and other retirement services to our plan members.

The approved plan stated that the proposed systems should support the following characteristics:

- Systems will be installed over a 3-4 year period beginning October 2000
- All systems will be integrated with data, workflow, images, letters and forms.
- Graphical User Interface (GUI) environment
- Real time processing for all transactions background batch for large jobs such as benefit payment master for up-load to State's accounting division.
- Systems should be installed in multiple phases
- The vendor should plan for the following systems development activities: verification of requirements, detail design, development, testing, training, database conversion, documentation and implementation.

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The Legislature and the Governor approved our initial project plan included as part of our 1999-2001 budget request. Spending authority was granted for us to begin by studying the feasibility of developing a new information system.

By January of 2000 our Strategic Business Technology Plan was completed and presented to the Appropriations Committee and the Retirement Committee of the State Legislature. We received overwhelming approval for our detailed project plan and the necessary spending authority to commence with the project beginning in 2000. As part of this process we submitted our plan to the Nebraska Information Technology Commission (NITC) for review and approval. The NITC gave our project plan a "highly recommended" status after its review.

The idea for a new information system for the Nebraska Public Employees Retirement Systems was finally on its way and PIONEER (Pension Information of Nebraska for Efficient and Effective Retirement) was born.

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2. FINANCING and PROJECT IMPLEMENTATION

Our total agency operational budget is funded from the pension assets. This means we take very seriously our responsibility as fiduciaries and administrators to each pension plan and to the plan members whose assets we hold in trust. Historically, we have used a very small portion of the pension assets to fund our agency operations, even after adding the cost of developing PIONEER.

Master Lease:

We elected to use the State's master lease purchase program to finance a majority of our project. This has allowed us to borrow the dollars we needed to pay for the system as we need them, pay very low interest rates, and keep our pension assets invested at a higher rate of return.

Note: A financial analysis was completed by the Nebraska Investment Council's Investment Officer in 2000 which showed that the best financial course of action, from an investment perspective, was to not spend cash for the new system but to keep the pension assets invested and borrow the funds needed at a low interest rate. The estimated savings to the plans at that time was $1.4 million (conservative analysis) as a result of this decision.

We have issued master lease certificates to obtain funding for each phase as the dollars have been needed throughout the project. The first certificate issued in December of 2000 for $1.3 million was refinanced in 2002 along with an additional $4 million at an interest rate of 3.129%. Our second lease was for $1.9 million and was issued in November of 2001. In 2003 we issued a third lease for $5.4 million at an average interest rate of 2.25%. In February of 2004 we issued our final certificate in the amount of $3.7 million at an interest rate of 2.53%.

In addition to the savings to the plans by keeping the cash invested, this approach also allowed us to spread our expenses for the project over more of the members who will ultimately benefit from the improved information system. It is important to note, however, that not all expenses of the project qualified for funding under the Master Lease program.

Project Implementation

     Phase I: The foundation of our project was to build an imaging system that would electronically manage the many documents we handle. We awarded

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the imaging vendor contract for $635,000. This project was completed in March of 2001 on time and *below* budget.

       <u>Phase II:</u>   Our second phase was to install the web-based employer reporting system and create the new integrated membership database that would house the history and data for our approximately 97,000 plan members. This phase was completed in January of 2003, on time and on budget.

       <u>Phase III:</u>   Our final phase was primarily the installation of a benefit payment system. This portion of the system accounts for the payment of regular retirement benefits to over 14,000 retired plan members each month. Currently our total retirement payments alone are in excess of $18 million per month. The completion of this phase was critical to our success and we are proud to say it was on budget and ahead of schedule (January of 2004 instead of original date planned of October 2004).

The vendor for Phases II and III for our integrated pension system, Covansys, Inc., was awarded a *fixed price* contract in the amount of $14,661,791. With the use of the State's Master Lease Purchase program to finance all qualifying expenses of the project our Master Lease, expenses will be approximately $19.4 million through FY2011.

<u>Note:</u> *The above contract price does not include changes made due to major legislation passed after the contract began.*

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3. <u>CURRENT STATUS</u>

The implementation of the PIONEER system has gone very well. Each phase of the project proceeded with very little difficulty and has been implemented on time and within budget.

<u>System Features include</u>:

- Web Access – Members and Employers
- Electronic Access to Data for staff
- Paperless Work Process for staff
- Improved Recordkeeping and Accounting
- Tighter Internal Controls
- Improved Accuracy of Records (less manual input)
- Automation of Key Functions (i.e. benefit calculations)
- Integration with other systems
- Back-up and Disaster Recovery
- Improved Security

<u>NOTE</u>: Since the beginning of our project in 2000 our agency has had sixteen (16) legislative bills passed by the State Legislature which in many cases required changes or upgrades to the initial system design. Despite these plan changes our project was finished on time. However, the additional cost associated with the legislative changes had to be added to our budget through fiscal impact notes attached to the legislative bills (see page 12 for more details.)

Here is a sample of improvements in our services as a result of PIONEER:

Employers:

- Out of 515 schools who report monthly contributions to us 80% are now reporting these contributions via our web site.
- Plan information and instructions are all now available to employers via the web.

Plan Members:

Since 2001 the number of members retiring has increased due to the increasing age of a large number of our plan members. We have improved our service to these members by processing payments much faster with our new system.

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- Since the implementation of our new payment system in January of 2004, 52% of our retirees received their first retirement check within 30 days of their effective date of retirement. This compares to 33% who received a first payment within 30 days the previous year.
- 32% of our retirees this past year were paid a 95% preliminary benefit pending receipt of final salary figures from the schools. Payments were processed between 60 – 90 days of the last day of work even though members were still receiving pay from the schools. (This feature allows us to start payments while we are waiting for the final salary figures from the schools, usually not received until August or September following the last day of work in May.)
- Refund distributions are processed within 20 days of eligibility for the refund in nearly 90% of the cases.

The following are examples of the operational benefits realized by NPERS as a result of implementing PIONEER:

Functional Area	Requests/month	Backlog Prior	Backlog Today	Accurate/ Complete Data
Enrollment and Demographics	1000	1 month	1 week	Improved
Wage and Contribution Reporting	600	1 month	Current	Improved
Cash Receipts	700	Current	Current	Same
Member Account Maintenance	1000	3 months	1 month	Improved
Refunds	300	3 months	Current	Improved
Benefit Estimates	500	3 months	Current	Improved
Retirement Application Processing	300	3 months	1 month	Improved
Tax Processing	300	Current	Current	Improved
Benefit Payments (ongoing)	14000	Current	Current	Same
Benefit Amount Adjustments	100	3 months	1 month	Improved

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4. <u>STAFFING</u>

<u>Current Staff</u>

We now have five (5) full time employees staffing our technology division. One is a network administrator, one has extensive technical experience, but is having to learn the programming code used to design and build our system. Two staff are business analysts who know our pension business very well and are in the process of learning the technical side. We also have one person who provides desk top support to our office employees.

As we outlined in our Budget Request in the fall of 2004, our goal was to have our internal staff trained to take complete control of the support and maintenance of the system (also see page 12.) This training has been delayed until we further evaluate ways to retain an IT manager during this economic climate where highly technical employees are being sought after by the better-paying private sector.

Our focus during the coming year will be to continue to train our own staff to provide day-to-day support for the system and to reduce the monthly cost of our maintenance and support contract with our vendor. During the past year we have succeeded in assuming much of the daily work of maintaining the system and have reduced our cost with the vendor from $372,480 for every six months to $279,360 per six months, averaging a decrease of nearly $190,000 per year in expenses.

<u>Technology Manager</u>

Our technology team manager resigned in August of 2005 after only eight months with us. We understand that he received an offer from a private company that increased his pay by nearly 50%. We could not reasonably make a counter offer that would provide such a salary increase in an effort to keep him. This was the second manager we lost in less than a year. The previous manager had also been drawn away with a higher salary offer from a private company.

In lieu of immediately seeking a replacement for the technology manager we have instead decided to have our Accounting and Finance Manager add the tech area to his current supervisory duties. This is working well for the short term because of the technical expertise of one key tech staff member who has also taken on extra responsibilities. Due to these events, however we are looking at the cost of having our vendor, Covansys, provide more additional technical oversight on a temporary basis.

We also need the continuing expertise of Covansys until our plans on the migration to JAVA are completed, (see pages 13 & 14 for details.)

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<u>Current Covansys Support Activities</u>

- Assist NPERS with troubleshooting the production application code.
- Design, develop, test, and implement code changes to application components, as needed.
- Provide quality assurance reviews of code changes made by NPERS and Covansys staff.
- Assist NPERS with maintaining version control processes.
- Assist NPERS with deploying new versions of PIONEER components as needed.
- Provide mentoring and coaching of NPERS project team as they learn the PIONEER application.
- Provide the NPERS point-of-contact with sufficient information to communicate to NPERS staff current status and issues.

We need to continue to work with Covansys under our current maintenance and support contract until decisions are made regarding a tech manager and the software migration referred to above.

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5. <u>FUTURE NEEDS</u>

Our future needs to maintain the PIONEER system will include:

- Ongoing maintenance and support of the system (see above).
- Internal Staff and training.
- Upgrades of hardware and off-the-shelf software as equipment ages and companies release newer versions of software (i.e. Microsoft product upgrades).
- Migration from Forte to JAVA programming language.
- Ability to upgrade the PIONEER system when federal and state laws governing pensions are changed.

<u>Maintenance and Support</u>

Since the final phase of PIONEER was implemented in of January of 2004 we have been in a maintenance and support phase.

This includes:

- running nightly back-ups of the system
- issuance of regular reports
- automated input of employer reports
- daily data updates from members/employers
- providing desktop support to staff
- improving and streamlining features
- ongoing staff training
- implementing new legislative changes as needed
- upgrading off-the-shelf software utilized within the system as needed*

The following is an example of our interim Tech Manager's October 2005 monthly report to the Director.

 "<u>Upgrades and installations:</u>   *The Veritas Backup software is running successfully and being fine tuned. We are in the process of a FileNet Upgrade that is needed to enable the MSAR storage system for imaging. We are waiting on a proposal from Covansys for this as it will take their help. There are also upgrades in progress of the Symantec Antivirus software (needed because of performance problems) and drive upgrades on the servers. New Firewall software is being tested and monitored. Forte license renewal has been taken care of with the successful migration of the development environment from 4 servers to 2 servers. This resulted in a $16,000 savings. The Cisco Support contract is also under renewal.*"

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Recent Law Changes Impacting Pensions

Recently a state tax law, LB167, was passed by the Legislature. This change impacts our method of withholding federal and state income tax from retiree benefits and has required us to seek, for an additional cost of $21,000, changes to our system from Covansys.

Pension law changes in 2005 that required programming changes were LB 503, LB364 and LB368, all of which affected our pension plans. In 2004 a major law, LB 1097, passed which included a new benefit and contribution rate change for the Judges' Plan and added changes to the State and County investment options.

Each year laws change, both state and federal, that can impact our pension plans, sometimes these laws can be major and will thus have an impact on our information system. The programming of those changes brought about by law changes have had to be completed by our vendor, Covansys, in order to be sure the changes were completed in a timely manner and were ready at the earliest possible date.

It is important to note that the above type of changes create additional costs for us with our vendor since the original contract was a fixed price contract. Small changes are being absorbed within our ongoing maintenance and support contract.

Training

During 2004 four of our technology team attended Forte software training in California to learn to support and maintain our system and to reach our goal of eliminating our dependency on our vendor, Covansys.

In early 2005, after the initial training on Forte, we learned that Sun Microsystems had made a decision to discontinue the support of Forte by December of 2007. We had requested $104,000 in our budget for FY2005-2006 for this training, but discontinued further training once we were made aware of this change by Sun Microsystems.

As indicated previously, we are now researching options with regard to Forte (see more details below) and so have not completed the staff training or hired the programmer we had requested in our original FY2005-2007 budget request.

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Forte Software

The pension software template used by Covansys for PIONEER is basically a Client Server model, with three tiers, the 'Client' being the user machines, and 'Server' obviously being the servers. The three tiers in our case are the client tier (desktops), the application tier (application server) and data tier (mainly running on database server). This is a very broad classification, but the idea is to process appropriate parts of the system on the appropriate physical machine.

This was a very popular model for applications, the idea being that using this model you could make running an application very efficient. To implement such a model, on the top of the basic operating system, such as windows, we have to have other software that enables the communication between clients and servers, makes the database calls, handles errors and allows interfaces with other components such as workflow, imaging, Microsoft office, etc. Some of these components together are referred to as middleware. In our case Forte software gives us the middleware as well as a lot of other additional capabilities. So, Forte software is the link between the operating system and the pension software Covansys developed.

In addition to the run time software that is an integral part of the system, Forte also provides an object oriented programming environment. The language used in this environment was called 'TOOL', but eventually came to be known as the Forte language. The Forte development software comes with the tool language and other development tools that are used to develop and maintain the Clarety application. So, in short Forte language is a subset of the Forte software suite. When Covansys writes programs, they are written in Forte language and then after compilation are deployed in a Forte environment. Strictly speaking, we use the product Select for developing and storing our designs and use Forte as the programming language.

As for Forte now being considered outdated, there are two reasons for this. **First**, over the last three to four years the industry has moved from the client server application model to the browser based or internet based model for systems. In the new model all of the application logic is run on the server. In addition, you need only an internet browser, such as Internet Explorer to reside on the client. If you want to use an application with this kind of architecture, all you need to do is access a web address i.e. a URL and you can start using the application. If you need any specific logic on the client machine, it is downloaded via the internet/intranet from the application server for temporary use and when you exit out of the application the components that were downloaded no longer exist on your computer. In fact in systems that are well designed you do not have to have any components downloaded. With the new, powerful servers, since all application logic is executed on the server side, you can have an

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efficient application. Most of the browser based systems are developed in the language JAVA.

The browser based model became popular for organizations that have hundreds of users, since it is expensive to maintain client machines with newer versions of systems that have a client piece. With the new model, you don't have to install anything on clients. Equally important, the application can be made available via the internet, so that users do not have to be connected to the organization's network directly. Also, since it is the browser through which the application is being accessed, you can have different operating systems on clients, and yet the users can use the same application. In the case of client server applications, for different operating systems, you have to develop different client components.

The **second** reason that Forte is now considered to be outdated is related to the company Forte itself. This was a publicly traded, independent company doing very well in the financial markets. However during the internet boom it changed ownership. It was first bought by Netscape and then eventually became a part of Sun Microsystems. During this transition, Forte sort of shifted focus from Forte language and started moving towards JAVA. Now that the product is owned by Sun, who is a big proponent of JAVA, Sun has decided to completely stop support for Forte. So even though there are still systems developed with the Client Server model, Forte itself as a language has become outdated.

This is where things stand right now. There are several systems using Forte, deployed and in use in production. However, there is very little, if any, new system development in Forte. There are several companies who are marketing a migration tool from Forte to JAVA due to the decision by Sun Microsystems to discontinue the support of Forte in the future.

(*Per information received from NPERS' software vendor, Covansys. We are researching the various companies offering the migration tool referred to and will seek cost proposals from several before work is initiated. Included in this process will be discussions with the State's IMS division.*)

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6. Technology Plan – Operational Cost Projection

At the present time we are NOT requesting additional funding for the second year of the biennium, FY2006-07. The budgeted amounts provided in the budget appropriations through LB425 will sustain us through June of 2007.

The additional $273,343 allowed in FY2005-06 has had to be redirected to the following:

- $127, 893 – Covansys Maintenance & Support Contract
- $ 30,000 – Server replacement
- $ 21,800 – Cost for New State Tax Withholding Law changes to our system required. No fiscal impact statement submitted in advance.
- $ 21,280 – Upgrade to FileNet Imaging System

  $200,973 – TOTAL

  This total is expected to be spent during the FY2005-06 year on technology related matters above our regular ongoing expenses for the Master Lease payments, personnel, etc.

We estimate a savings of $72,370 from FY2005-06 will be carried over into the FY2006-07 year in addition to the salary savings of approximately $67,285 by delaying the replacement of the technology manager during FY2006-07. This combined savings of $139,655 will be utilized in FY2006-07 to continue the cost of the maintenance and support contract with Covansys until the final plan is completed to migrate our software from Forte to JAVA.

During the coming twelve months we will be completing the following:

- Review the option of contracting for the Tech Manager work rather than refilling the position within.
- Compare costs of various technology companies who provide services to migrate Forte to JAVA, including our current vendor, Covansys.
- Hold off on hiring the additional programmer originally planned for this year until the decision on the programming code is finalized.
- Request input from the State's NITC division, who originally approved and supported the building of our system, to explore all possible options for maintaining our system into the future.

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- As previously stated, continue to outsource the more technical aspects of maintaining and supporting our PIONEER system to our vendor until an updated plan is completed.
- Present an updated technology plan to the Legislature and the Governor as part of our FY2007-09 Budget request.

The following page shows a spreadsheet of our Technology related expenses for the past two years and a projection of our current expenses through the year 2010. By the year 2011 all but a very small amount (approximately $17,000) of the Master Lease payments will be completed.

The key difference between this spreadsheet and previous copies we have provided to the Committee is the continuation of the maintenance and support contract with the vendor and the decrease in personnel related expenses.

You will note that this cost projection is based on our current technology budget ONLY and does not factor in the potential cost to pay for the migration from Forte to JAVA or changes in the maintenance and support arrangement that may occur once our plan is updated. In our updated technology plan we will provide an estimate of our annual ongoing cost to maintain our system and the cost to make the necessary upgrades when needed in the future.

Notes to the Attached Expense Chart

Category #1 The "master lease payments" line includes the cost of each phase of the project that has been paid to the vendor, qualifying expenses such as updating equipment, plus the financing cost for each master lease issue over a 7-year period. The vendor has been paid, the project completed, yet we are still making annual payments to the bond holders who leant us the cash through the Master Lease Purchase program.

Category #2 This cost includes maintenance and support contract expenses; ongoing cost of software licenses, operating systems and special purpose applications.

Category #3 Initially, we paid $65,000 to build a server room with a special configuration and separate air handling system. Our ongoing costs include replacing servers on a regular cycle which amounts to one per year, the cost of maintaining the special air conditioning unit and the extra rent for the server space as well as the rent for the technical staff area which cost was assumed by us when the vendor moved out in 2004.

Category #4 We ended our limited reliance on our old mainframe system when the final phase, benefit payments, went live in January of 2004. However, we still use one program we had built by MIPS with the Nebraska County Officials

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Association (NACO) that allows the county clerks to transmit contribution data directly to our outside recordkeeper for the county plan, Ameritas (with a copy of the data also uploaded to PIONEER). At this point we are not planning to replace this system, since cost is minimal and it is more convenient for counties to use right now due to a majority of their payroll systems being provided by MIPS.

Category #5 This expense includes the Department of Communication expense for the lines allowing us access to the internet, our regular data feeds to the State's NIS system for payment of expenses, monthly benefits, our access to Ameritas and to our vendor, Covansys.

Category #6 We have continued to track the cost of creating a technology staff, although this category does not include those staff who were already a part of our organization prior to the PIONEER project. This cost only includes the addition of a technology manager, the cost of reclassifications for existing staff when they were assigned to the tech area and the addition of the network administrator.   Related personnel benefits are also listed.

Summary Comments:

You will note that approximately 73% of the cost showing on this chart is the master lease expenses, which will end in 2011 when the last lease is paid off. The balance remaining averages approximately $900,000 per year.

Approximately $720,000 of the balance is primarily the cost of contracting for the ongoing maintenance and support, assuming we continue to contract for this work and do not assume the duties in-house. (As we indicated previously the delay in assuming these duties is due to the Tech manager retention and the migration to JAVA issue.) The balance of $180,000 per year, not counting regular salary raises, increased cost of benefits, rate increases, etc. is what we estimate we will need for the long-term. This does not include the cost of a senior programmer, the position we did not fill this year, although approved in our budget. Again, we have delayed this hiring until the migration plan and work are complete.

What is unknown at this juncture is how long we will need to contract for maintenance and how much it will cost to migrate from Forte to JAVA. We will have this information when we submit our budget request to you in the fall of 2006, unless some unforeseen event prevents us from completing our plan.

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MISSION STATEMENT

MISSION: The Nebraska Public Employees' Retirement Systems recognizes the importance of a successful retirement and is dedicated to providing the highest quality service necessary to assist members in achieving this goal.

VISION: To administer the Nebraska Retirement Systems in an efficient, accurate and trustworthy manner, while providing timely service to our plan members.

AGENCY GOALS

1. To administer each retirement plan in full compliance with applicable federal and state laws. **2.** To guard the integrity of our systems' assets and the accuracy of our systems' data. **3.** To operate our agency efficiently and responsibly, in order to maintain the trust of our members, our plan employers, the separate branches of government and the public as a whole. **4.** To provide ongoing informational and educational opportunities for our members in a timely manner. **5.** To continuously gather data and observe benefit levels for the various plan members in order to make recommendations to policy makers from time to time.