STATE OF VERMONT
OFFICE OF THE STATE TREASURER

133 State Street
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802-828-2301
www.vermonttreasurer.gov

SEALED BID
REQUEST FOR PROPOSAL
for a
NEW PENSION ADMINISTRATION SYSTEM

DATE:	July 12, 2005
WRITTEN QUESTIONS DUE BY:	August 3, 2005 2:00 P.M.
MANDATORY BIDDERS' CONFERENCE:	August 22, 2005 9:00 A.M.
DATE OF BID OPENING:	September 14, 2005
TIME OF BID OPENING:	2:00 P.M.
LOCATION OF BID OPENING:	133 State Street, Montpelier, VT, 1st Floor

ALL NOTIFICATIONS, RELEASES AND AMENDMENTS WILL BE POSTED AT:
www.vermonttreasurer.gov

THE OFFICE OF THE STATE TREASURER WILL MAKE NO ATTEMPT TO CONTACT BIDDERS WITH UPDATED INFORMATION. IT WILL BE THE RESPONSIBILITY OF EACH BIDDER TO PERIODICALLY CHECK THIS SITE FOR THE LATEST DETAILS.

CONTACT: Donna Holden
E-MAIL: donna.holden@state.vt.us
FAX: (802) 828-2772

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SEALED BID INSTRUCTIONS

All bids must be sealed and must be addressed to the Office of the State Treasurer, 133 State Street, Montpelier, VT 05633-6200. BID ENVELOPES MUST BE CLEARLY MARKED 'SEALED BID' AND SHOW THE PROPOSAL TITLE, OPENING DATE AND NAME OF BIDDER.

All bidders are hereby notified that sealed bids must be in the office of the State Treasurer by the time of the bid opening specified in Table 1 in Section A-3.1. Bidders are cautioned that it is their responsibility to originate the sending of bids in sufficient time to ensure receipt by the Office of the State Treasurer prior to the time of the bid opening. Hand-carried bids shall be delivered to a representative of the Office of the State Treasurer prior to the bid opening. Bids not in possession of the Office of the State Treasurer at the time of the bid opening will not be considered.

The Office of the State Treasurer may, for cause, change the date and/or time of the bid opening. If a change is made, the Office of the State Treasurer will make a reasonable effort to inform all bidders.

All bids will be publicly opened. Any interested party may attend the bid opening. Bid results may be requested in writing and are available once an award has been made.

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DATE:

REQUEST FOR PROPOSAL
THIS IS A SEALED BID RESPONSE.
BIDS MUST BE RECEIVED BY September 14, 2005 at 2:00 P.M.

This form must be completed and submitted as part of the response for the bid to be considered valid.

The undersigned has read, understood and accepted all provisions, terms and conditions of this proposal.

VERMONT TAX CERTIFICATE

To meet the requirements of Vermont Statute 32 V.S.A. § 3113, by law, no agency of the State may enter into, extend or renew any contract for the provision of goods, services or real estate space with any person unless such person first certifies, under the pains and penalties of perjury, that he or she is in good standing with the Department of Taxes. A person is in good standing if no taxes are due, if the liability for any tax that may be due is on appeal, or if the person is in compliance with a payment plan approved by the Commissioner of Taxes, 32 V.S.A. § 3113.

In signing this bid, the bidder certifies under the pains and penalties of perjury that the company/ individual is in good standing with respect to, or in full compliance with, a plan to pay, any and all taxes due the State of Vermont as of the date this statement is made.

Quotation Valid for ____ Days Date: _____
Telephone Number: _____
Name of Company: _____
Fax Number: _____
Federal Identification Number: _____
E-mail address: _____
By: _____
Name: _____ _____
Signature (Proposal Not Valid Unless Signed) (Type or Print)

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PART A PROCUREMENT INFORMATION

A-1 INTRODUCTION

The following subsections provide general information about the procurement.

A-1.1 VRS Point of Contact

From the issue date of this RFP until a successful bidder is selected and the selection is announced, bidders are not allowed to communicate, for any reason, with any Retirement Division of the Vermont Office of the State Treasurer (VRS) staff **regarding this particular procurement**, except through the Contracting Officer named herein. For violation of this provision, VRS shall reserve the right to reject the proposal of the offending bidder.

The point of contact for questions and all other contractual matters relating to this RFP is:

Name: Donna Holden
Title: Contracts Administrator
Address: 133 State Street, 2nd Floor
Montpelier, VT 05633-6200

FAX: (802) 828-2772
E-Mail: **donna.holden@state.vt.us**

All communication must be in writing, by fax or e-mail to Ms. Holden and must include the words "VRS RFP" in the subject line. **Bidder's proposals, due by 2:00 PM for bid opening on September 14, 2005, are to be delivered to the Office of the Vermont State Treasurer, marked to the attention of Ms. Donna Holden (see above). NO phone calls will be accepted or returned.**

Attempts by bidders to communicate with any other party may result in the rejection of their proposal.

By submitting a proposal, the bidder acknowledges that it has read this RFP, understands it, and agrees to be bound by its requirements. Any contact with the State Treasurer's Office must comply with the Retirement Systems' standards of conduct. The URL for the standards of conduct can be found in Appendix E-4 Relevant VRS Web Pages and URLs. While the standards apply to the trustees and employees of the system, they identify consequences to the potential bidder for various violations including direct or indirect communication with unauthorized parties.

A-1.2 Bidder Questions about RFP and Procurement

Bidder questions relating to this RFP and/or procurement may be submitted to the Point of Contact named in Section A-1.1 in writing through the date and time specified in Table 1 in Section A-3.1. E-mail is the preferred method of communications. All written questions must include the name of the firm and the person submitting the questions. A compilation of all questions and answers, along with any RFP addenda, will be posted to the VRS Web site **www.vermonttreasurer.gov** no later than the date and time specified in Table 1 in Section A-3.1.

A-1.3 Mandatory Bidders' Conference

A site tour and pre-proposal bidders' conference will be held at VRS's office. Refer to Table 1 in Section A-3.1 for the Bidders' Conference date. Any vendor intending to respond to this RFP must attend this conference in person. A tour of the VRS facility will conducted after the bidders' conference. Attendance is limited to four individuals from each bidder's organization one of which must be the proposed project manager.

Prior to the date and time indicated in Table 1 in Section A-3.1, bidders must e-mail or FAX VRS to affirm their attendance at the Bidders' Conference. Please contact Ms. Donna Holden at the address specified in Section A-1.1 of this RFP.

Bidders will be allowed to submit written questions only to the Point of Contact identified in Section A-1.1 **prior** to the bidders' conference. Oral questions will be allowed and spontaneous answers will be provided at the conference. However, bidders are cautioned that changes or revisions to the RFP will be accomplished only through the issuance of an addendum. No verbal response at the bidders' conference will, by itself, change the requirements of the RFP. Bidders are also advised that questions about the RFP will not be accepted over the telephone.

A-1.4 Presentations and Product Demonstrations

At VRS's discretion, bidders who receive high scores after the initial review of proposals may be required to provide presentations and/or product demonstrations at VRS's offices. If presentations and/or demonstrations are required, bidders will be offered alternative dates from which to select. Bidders will also be provided with scripted product demonstration scenarios on which to base their product demonstrations in order to assure an objective comparison among bidders' proposed solutions. VRS may require bidders to use actual VRS data in order to assure an objective comparison among vendors' proposed solutions. Bidder's proposed project management team must attend.
In addition, visits to existing bidder customer sites that are running the proposed solution in production may be conducted by VRS staff.

VRS reserves the right not to conduct bidder presentations, product demonstrations, and/or customer site visits.

A-1.5 Requests for Clarification

Upon review of proposals submitted by bidders, VRS may, at its discretion, submit to bidders written questions and requests for clarification relating to their technical and/or cost proposals. Bidders will be provided a reasonable period of time in which to submit written responses to VRS's questions and requests for clarification. Such question-and answer exchanges may be repeated until VRS is satisfied that all bidder information necessary to enable a complete evaluation of proposals has been obtained.

All such written exchanges between VRS and the successful bidder will be incorporated by reference into the contract to be executed by the two parties.

A-1.6 Best and Final Offers

At VRS's discretion, Best and Final Offers (BAFO) may be solicited from bidders whose scores are ranked highest after the initial review of proposals and product demonstrations and site visits (if demonstrations and site visits are conducted).

These bidders' best and final offers must be received at the address identified in Section A-1.1 at a time and date to be specified by VRS. If a Best and Final Offer is not submitted, the previous submittal will be construed as the Best and Final Offer. BAFO proposals must be prepared in the same number of copies and packaged and submitted according to the same instructions that apply to the initial proposal submission (please refer to Section C-1). After Best and Final Offers are received, final evaluations will be conducted for an award.

VRS reserves the right **not** to solicit Best and Final Offers.

A-1.7 RFP Organization

This RFP is organized as described below.

PART A – Procurement Information
This part of the RFP sets forth the procedures for conducting the procurement, the nature of the solution being sought, the project timetable, and a description of VRS's existing environment.

PART B – Project Scope
This part of the RFP defines in detail the scope of the effort. It addresses the business requirements to be satisfied, the project's technical requirements (including standards to be observed, hardware and software to be provided, and interfaces to be accommodated), and other required services and deliverables, including project management services, data-related services, staffing, training, testing, disaster recovery planning, and warranty, maintenance, and support requirements. Options to be proposed are also identified.

PART C – Bidder Proposals
This part of the RFP provides detailed instructions for the preparation and format of bidder proposals, both technical and cost.

PART D – VRS Contract
This part of the RFP sets forth the standard VRS contract that the successful bidder will be expected to execute after award.

PART E – Appendices
This part of the RFP includes the following information:

E-1 Additional Hardware Inventory
E-2 VRS Computer Room Layout
E-3 Offshore, On-Site and Off-site Sourcing Questionnaire
E-4 Relevant VRS Web Pages and URLs
E-5 Image Index Sructure
E-6 Reports, Forms, and Letters
E-7 Screen Shots from Current LOB Applications
E-8 Employer Reporting Information

E-9 "As Is" Flow Diagrams
E-10 Field Descriptions
E-11 State Treasurer's Office Organizational Chart
E-12 Project Confidentiality Forms

A-1.8 Clarification of Terminology

All references in this RFP to features, functions, or deliverables that "should," "must," "will," "has ability to," etc. be provided by the bidder are to be construed as mandatory. Similarly, all references in this RFP to information that "should," "must," "will," "has ability to," etc. be provided in the bidder's proposal are to be construed as mandatory.

Bidders may be referred to alternatively as "bidders," "offerors," "successful offerors," "successful bidders," "vendors," etc. All such references (except for those explicitly defined otherwise) are to the primary contractor who submits the proposal in response to this RFP and, if successful, who will be responsible for the successful completion of all required deliverables.

In reviewing bidders' technical proposals, VRS will assume that all features and functionality described therein will be delivered for the quoted not-to-exceed cost presented in the bidders' cost proposals. Statements such as " … *[functionality n] can be provided* …" or " … *[functionality n] may be provided* …" or other similar sentence constructions will be interpreted to mean that functionality n will be provided at no additional cost. If bidders wish to discuss functionality that is feasible but not included in their cost bid, they must explicitly state as much in every applicable case.

A-1.9 Performance Bond

A performance bond in the amount of eighty percent (80%) of the total cost of the proposal (including all selected options) will be required for the contract awarded. The performance bond shall be delivered at the same time the contract is awarded. The required bond will be in a form acceptable to VRS; it will be underwritten by a firm acceptable to VRS. Bidders are to include in their proposals a letter of intent from the bond underwriter.

A-2 NATURE OF PROCUREMENT

VRS is soliciting proposals from firms having recent experience in the implementation of integrated pension administration solutions in the public sector. This section sets forth high-level information about the procurement.

A-2.1 About VRS

The Retirement Office is a division of the Vermont State Treasurer's Office. The Office administers the three retirement systems authorized by State Statute:

- Vermont State Retirement System (VSRS) 3 V.S.A. Chapter 16
- State Teachers' Retirement System (STRS) 16 V.S.A. Chapter 55
- Vermont Municipal Employees' Retirement System (VMERS) 24 V.S.A. Chapter 125

As of June 30, 2004, there were 31,916 active, inactive, or vested members and 9,287 retired members in the three systems.

In addition, the Office administers two deferred compensation (457) programs -- one for VSRS state employees and another for VMERS municipal employees, through a third-party administrator. A single depository investment account (SDIA), a tax-sheltered account funded through employee transfers from a non-contributing system, is also administered by a third-party vendor.

Administration of the Retirement Operations Division is conducted by the Office of the State Treasurer, under the direct supervision of the Director of Retirement Operations. The Retirement Operations Division is comprised of 12 staff. The primary function of the staff is to serve the needs of the active contributing members and retired members who are receiving benefits payments. On the active member side, the Retirement Operations Division oversees enrollments, transfers, refunds, and adjustments to members' accounts. On the retiree side, the Division oversees the issuance of the payroll, changes to dependents, adjustments to payments, and replacement checks. Other responsibilities include employee re-instatements, calculation of buybacks and refunds, disability retirements, and determination of survivor benefits. There is an extremely high volume of inquiries by phone, e-mail, and face-to-face by appointment or walk-in. Four retirement counselors provide one-on-one counseling to prospective retirees. Counselors provide estimates of pension and beneficiary payments by verifying a member's creditable service, salaries, and personal information (i.e., date of birth, beneficiary date of birth, etc.). Counselors and supervisory staff also conduct informational seminars.

Administration of the assets of the three retirement systems is through the Office of the State Treasurer under the authority of three separate Boards of Trustees. The Vermont State Treasurer is a member of all three retirement system boards. The Office of the State Treasurer's Director of Finance and Investments provides investment advice, administration, and oversight to the Office and the Boards of Trustees..

An investement consultant and investment managers are retained to manage various portfolios. The investment function is **not** part of the scope of this contract.

A-2.2 Project Objectives and Scope

The objective of this RFP document is to solicit proposals from public retirement system implementation vendors for a new, integrated pension administration solution. Specifically, vendors are to propose a solution consisting of the implementation of a fully integrated retirement system and customizations to that system to meet the mandatory requirements of VRS. The contract to be awarded, as a result of this solicitation, will be for the following solution components: hardware, commodity software, line-of-business (LOB) application software, documentation, testing, implementation, integration, training, warranty, and support.

VRS will award a contract to the vendor who can best meet the needs as defined in this RFP. The new pension administration solution will support VRS activities for performing its duties as the State's employee-oriented retirement system. The high level functionality required by the new solution includes the following:

- Core line-of-business (LOB) functions, which include the applications that permit the VRS to perform all of its operations, e.g.: perform wage and contribution reporting, generate benefit estimates, issue refunds, calculate the cost of purchased service, retirement processing, payroll, tax processing, 1099 processing, production of member annual statements, etc.
- Browser-based access to the solution for members, users, employers, and managers
- Implementation of document imaging capability, fully integrated with the LOB solution
- Implementation of workflow management capability, fully integrated with the LOB solution; it must have the ability to perform a transaction / function "directly" (i.e., 'outside' of the defined workflow path)
- Conversion and porting of VRS data to the new solution
- Loading of backfile conversion images
- Enablement of all required interfaces with other entities, including but not limited to:
  - » VRS's depository bank
  - » Employer reporting system
- Ad hoc reporting capabilities
- All VRS authorized options.

The prime contractor is also responsible for:

- Providing manuals and documentation for system users (including employers), administrators, and developers
- Providing training for system users (including employers), administrators, and developers – not only in application navigation and the use of screens and windows, but also in the use of the new solution to perform all of their various job functions, processes, and sub-processes in the new environment
- Providing configuration and configuration management for the pension administration software
- Providing any necessary software customizations to meet business and functionality requirements
- Providing full implementation of the new solution (including documentation of system configurations and customizations)
- Providing ongoing software support for the new pension administration solution during the implementation and during the warranty period as provided herein
- Providing project management services for the implementation effort as provided herein.

This RFP articulates the functional, technical, and other requirements and expectations of VRS in the new integrated pension administration solution. The objective of this RFP is to elicit a response from vendors for the implementation of the new solution.

The RFP also specifies the common format of vendor responses and the time frame to enable VRS to compare the vendor solutions and to make its choice. In addition, the RFP briefly explains the selection process.

A-2.3 Single Source of Support

Joint ventures shall not be acceptable for the performance of this contract. A single prime contractor will be responsible for the successful delivery of all contracted deliverables and services, including subcontractors' efforts. Multiple (alternate) proposals from a single bidder will not be accepted. Companies being proposed as subcontractors by multiple bidders will also not be allowed.

VRS is seeking a single source for all activities relating to the new pension administration solution implementation. The bidder (prime contractor) shall be granted the right to subcontract a portion of the work but shall retain sole responsibility for the successful delivery of all contracted deliverables. The bidder (prime contractor) must be designated in the proposal, and any use of subcontractors must be clearly explained. All references in this RFP to the contractor, vendor, bidder, or successful bidder, vendor, etc. shall be construed to encompass both the bidder (prime contractor) and all subcontractors, and infer the single source of support as the bidder (prime contractor).

If the use of subcontractors is planned, the proposal must specifically identify the tasks that each subcontractor is to perform. All subcontractor staff in key positions must meet the same qualifications for experience specified for the prime contractor. Résumés must be included for these key subcontractor staff. The proposal must also include sample copies of any agreements to be executed between the prime contractor and any subcontractors in the event of contract award. All subcontracting agreements must be signed at the time of contract award, and executed copies provided to VRS for review prior to the execution of a contract with the prime contractor.

All bidders must list in their proposals the complete names and addresses of all subcontractors and the type and percentage of work they will be providing. Proposals must include a signed, written statement from any proposed subcontractors verifying their commitment to perform the services indicated to be completed by them.

Substitution of any proposed subcontractor is allowed only after prior written permission is received from the VRS project manager.

Although VRS would prefer to execute a single contract with the prime contractor, VRS recognizes that (multiple) third party sources are likely to be utilized to provide hardware maintenance and commercial (commodity) software products and related licenses. VRS is willing to execute contracts with third party sources for hardware maintenance and commercially available software licenses. However, VRS requires that the bidder commit in its proposal that prior written approval will be obtained from VRS, and that should any third party provider go out of business or otherwise become unable to fulfill its contractual obligations to VRS with respect to this procurement, then the bidder (prime contractor) will guarantee delivery of the same or equivalent products and services at the contractually agreed upon price and with no adverse impact on the final completion date.

A-2.4 Facilities to be Provided by VRS

VRS will provide office space and desks with phones for bidder staff members. Access to VRS's current processing environment and copying facilities will also be provided. Bidders should state in their proposals their requirements for number of desks/phones, as well as meeting, conference room, and training facilities. In addition to the VRS project manager, VRS will provide ready access to subject matter experts as necessary.

Bidders must provide their own workstations. VRS will provide appropriate connectivity to its network. Bidders must agree to abide by all VRS security and other policies and procedures.

A-2.5 Nature of Desired Solution

The primary objective of this project is to implement a stable, state-of-the-industry, fully integrated solution capable of supporting VRS's mission well into the 21st century. It will enable VRS staff to perform all of their duties associated with financial accounting, calculation of member retirement estimates, employee contribution and benefits, maintaining wage and contribution information, maintaining service credit information, processing requests for information, contribution refunds, contribution paybacks, purchase of service credit, withholding of health insurance premiums, and actual retirement (i.e., including but not limited to researching/reviewing the member's service credits and wage and contribution history, calculating benefits, setting forth retirement options, adding the member to the benefits payment capability), using the workstations (PCs) on each desk tied together through a VRS-wide network via a browser-based system.

Additional objectives to be served by this procurement include:

- Improved service levels to members
- Improved system workflow and increased work efficiency
- Increased and improved Web-based, self-service functions to members, retirees, and employers
- Improved accuracy of all information collected, maintained, and provided by VRS
- Improved timeliness and accuracy of responses to members' inquiries
- Inclusion of any proven new technologies that can provide cost-effective benefits to VRS's members.

In addition to the pension application, the new solution is expected to include, but not be limited to, practices, procedures, workflow management elements, business process and organizational changes, as well as all computer hardware and software necessary to support VRS's requirements (detailed in the following sections of this Request for Proposal [RFP]). This includes all necessary documentation, training materials, and training in procedures and software.

'Standard' workflow management capabilities (examples including, but not limited to, queue management and ability to modify work packet routing) must be included in the proposed solution. Any workflow queues must be unlimited in size. The system must allow workers to organize how they want to work, i.e., in what order they want information presented to them – including, but not limited to, by date, by priority, and by type of work.

The proposed solution must offer complete integration of information processing, imaging, and other proposed technologies, e.g., internal e-mail and workflow management, as well as all proposed and authorized options.

VRS desires to accomplish these goals with as much standard "off-the-shelf" technology and software as possible, to optimize both efficiencies and effectiveness in its retirement services delivery offerings. The bidder is responsible for ensuring that the solution will meet or exceed all functional and performance requirements set forth in this RFP for ten (10) years after the end of the warranty period defined herein.

Bidders are encouraged to present solutions that embrace enabling technologies: examples include but are not limited to browser-based, thin client applications, workflow management, etc. VRS requires solutions that are based on mature, proven technologies (but not those that are old and antiquated, i.e., at or near the end of their life cycle), including but not limited to hardware and software. The solution proposed to VRS must generally reflect the capabilities available to the most technologically enabled state-wide public retirement systems. VRS desires proposals for modern solutions, i.e., open solutions, modern database management capabilities, and user-friendly interfaces. However, VRS does not wish to be a test or "beta" test site for any technologies or solutions.

A-3 PROJECT TIMETABLE

This section presents information relating to the project schedule and required deliverables.

A-3.1 Project Schedule and Milestones

The dates provided below are approximate and are for the period up to the project start date following contract award.

VRS reserves the right to change the calendar of events or issue addenda to the RFP at any time. VRS also reserves the right to cancel or reissue the RFP.

Table 1. Project Milestones

COMPLETION DATE	MILESTONE
July 12, 2005	RFP issued
July 27, 2005	Requirements Traceability Matrix released
August 3, 2005	2 PM, Written Questions to be read at the bidders' conference are due
August 12, 2005	2 PM, Registration for bidders' conference are due
August 22, 2005	9 AM, Mandatory bidders' conference
August 29, 2005	Responses to vendor questions from bidders' conference and previously submitted questions to be posted on web page
September 14, 2005	2 PM, Deadline for receipt of proposals
October 6, 2005	Scripted demonstration material provided to vendors
October 6, 2005	Notification of short-list vendors
November 4-17, 2005	Hold scripted product demonstrations / presentations
November 28-December 2, 2005	Customer site visits
December 13, 2005	VRS evaluation complete
December 14, 2005 – January 13, 2006	Contract negotiations
January 30, 2006	VRS selection approved and contract executed
February 1, 2006	Project Start Date

A-3.2 Timing of Major Deliverables

Vendors must provide a detailed listing of deliverables that will be produced for the project with estimated completion dates. Following is the minimum set of high-level deliverables required for the project:

1. **Detailed Project Workplan**
   The vendor must provide a complete, detailed plan of all activities required to meet the project requirements including: system design; development (to meet custom requirements); user, administrator and developer training; testing; conversion; and post-installation warranty. The plan must include all project deliverables, all detailed tasks with start dates, completion dates, hours to complete, dependencies, vendor and VRS resources assigned and project milestones. The workplan

must reflect the phasing of the project as described in Section B-3.1.6. This plan must be established and maintained by the vendor throughout the life of the project using Microsoft Project. It will be reviewed at weekly meetings between VRS and the vendor. The detailed plan must be presented to VRS no later than 60 days after the project start date; it is to be updated whenever any changes are made to the plan but no less frequently than quarterly.

2. Project Communications Plan

The vendor must provide a project communications plan on which project communications to the various stakeholders will be based. The plan must address who will be provided what information, when it will be provided, and in what format. For additional details, see Section B-3.1.7. The communications plan must be presented to VRS no later than 60 days after the project start date.

3. Concept of Operations Document

The vendor must provide a top-level Concept of Operations (COO) document, described in detail in Section B-3.1.8 of this RFP. The COO is to describe in user-oriented English (without technical terms) how the new solution will operate from the user's perspective. It must explain what the users should expect in terms of the new system's functionality and graphical user interface – screens, processes, calculations, workflow, etc. The COO must be presented to VRS no later than 60 days after the project start date.

4. End-user Oriented Development Methodology

The vendor must provide an End-user Oriented Development Methodology (EODM) document, described in detail in Section B3.1.9 of this RFP. The EODM must describe, at a high level, how the system will be defined, designed, tested, and deployed, i.e., the bidder's development life cycle for the project – aimed at end-users. The EODM must be presented to VRS no later than 60 days after the project start date.

5. Installation and Configuration of Electronic File Cabinet (EFC)

Within 6 months of the project start date the vendor must have a fully operational electronic file cabinet running which includes the loading of the converted backfile. See Section B-1.3.1.2.3.

6. Installation and Configuration of Proposed Hardware On Site

All hardware specified for the solution must be suitably installed and configured. Hardware installation and configuration must be completed no later than 120 calendar days after the project start date. See Section B-2.7 for detailed requirements in this regard.

7. Installation and Configuration of Proposed Commodity Software On Site

All commodity software specified for the solution must be suitably installed and configured on the specified hardware. This includes not only operating system and database management software and various software tools, but also all required commodity software associated with integrated imaging and workflow management capabilities. Software installation and configuration must be completed no later than 120 calendar days after the project start date.

8. Loading of Image Backfile

The image backfile must be loaded and accessible via the Electronic File Cabinet (EFC) within 120 calendar days of the project start date, i.e., within 30 days after the EFC has been installed and configured. See Section B-1.3.1.1.

9. Statements of Work (SOWs)

All work to be done under the contract to be awarded will be covered by written Statements of Work (SOW) authorized by VRS, which define reasonably sized components of work. Refer to Section B-3.1.13.2 for additional requirements relating to SOWs.

10. Process Change Plan

Within 90 days of the project start date, the bidder must deliver an initial process change (business process reengineering) plan. Short position papers on process change recommendations are due 60 days after the Concept of Operations is delivered and are to be updated 60 days prior to a rollout of a major phase. See Section B-3.2 for details.

11. Organizational Change Plan

Within 90 days of the project start date, the bidder must deliver an initial organizational change (organizational restructuring) plan. Short position papers on organizational change recommendations are due 60 days after the Concept of Operations is delivered and are to be updated 60 days prior to a rollout of a major phase. See Section B-3.2 for details.

12. Transition Management Plan

Within 90 days of the project start date, the bidder must deliver an initial transition management plan. Short position papers on transition management are due 60 days after the Concept of Operations is delivered and are to be updated 60 days prior to a rollout of a major phase. See Section B-3.2 for details.

13. Updated Requirements Traceability Matrix

VRS will develop and provide as an addendum the Requirements Traceability Matrix by the date identified in Table 1 of section A-3.1. The vendor will be required to update and return it to VRS within 120 calendar days of the project start date. Refer to Section B-3.1.13.1 on the Requirements Traceability Matrix for additional information.

14. Detailed Requirements Definition

Prior to the installation, design, and construction of each major phase, a detailed requirements definition document will be submitted to VRS for review and approval. This document will describe, for each phase, the requirements to be met by the particular phase. When all of the phases are viewed "in toto," ALL requirements defined in the RFP will have been defined at a detailed level.

15. Completion of Detailed System Design Specification

The Detailed System Design Specification must include all components of the system. It should include use cases, use case models, site map(s), data element dictionary, logical data models, physical data model, deployment diagrams, activity diagrams, integration build plans, design packages, design models, interface design models, and supplementary specification documents. The method of implementing security in each application element must also be defined in this specification. The bidder must conduct walk-throughs of the Detailed System Design with appropriate members of VRS's project team and provide demonstrations to enhance VRS's understanding and to facilitate review and approval by VRS.

16. Installation of and Configuration of Line-of-Business Application

The line-of-business (LOB) application software must be delivered, installed, and configured on the proposed hardware in a phased approach.

17. Completion of Data Conversion and Migration Plan(s)

A Data Conversion and Migration Plan must be provided for the project. The plan will include a detailed description of the conversion methodology and process, a description of the process for

keeping new and old systems synchronized, a description of any parallel processing supported, and a description of the quality assurance process to assure that all records have been converted correctly and fully. VRS anticipates the need for multiple Data Conversion and Migration Plans, corresponding to the project phases. See Section B-3.4.1.

18. Completion of Data Bridging Plan(s)
A detailed plan for bridging data between the legacy system and the new solution during the period when both systems will be in use must be provided. VRS anticipates the need for multiple Data Bridging Plans, corresponding to the project phases. See Section B-3.4.1

19. Completion of Test Plans
The bidder will be responsible for the development of all test plans for the entire system to be implemented at VRS, not just for the customizations implemented specifically for VRS. This includes all unit tests, system tests, and User Acceptance Tests. The bidder will design and develop test scenarios, test variants, test cases, test data, and expected test results for each phase of the rollout. Test plans and related activities will be repeated for all phases.

20. Completion of Change Control Methodology
Within 60 days of the project start date, the bidder must deliver a detailed Change Control Methodology for use throughout the project. See Section B-3.1.13.6 for details.

21. Completion of Problem Incident Reporting Methodology
Within 60 days of the project start date, the bidder must deliver a detailed Problem Incident Reporting Methodology for use throughout the project in reporting production problems as well as problems identified during testing activities. See Section B-3.1.13.8 for details.

22. Completion of Issue Management Reporting Methodology
Within 60 days of the project start date, the bidder must deliver a detailed Issue Managment Reporting Methodology for use throughout the project in reporting issues identified during the course of the project as well as issues identified during production activities. See Section B-3.1.13.9 for details.

23. Completion of Risk Management Reporting Methodology
Within 60 days of the project start date, the bidder must deliver a detailed Risk Management Reporting Methodology for use throughout the project in reporting risks identified during the course of the project. See Section B-3.1.13.10 for details.

24. Completion of Rollout Plan
A detailed rollout plan for each functional cutover phase must be provided for review and approval by VRS 45 days before the rollout of each phase. The plan must detail tasks, responsibility, duration, "ownership," deliverables, etc. among all project stakeholders (i.e., VRS, the vendor, involved third parties, etc.). The plan must detail week-by-week, day-by-day, and in some cases hour-by-hour activities.

25. Completion of Training Plan and Training Materials
A detailed training plan for each rollout phase must be delivered, specifying who will be trained, what subjects will be covered, and a schedule for all training sessions. Included in the training plan must be training for VRS staff in the use of the Change Control Methodology and the Problem Incident Reporting Methodology. In addition, training materials must be developed and delivered to VRS for review prior to the start of actual training activities. This deliverable must include, not only training in the use of screens and windows, pull-down menus, radio buttons, data entry, etc., but also training in all of the functions, processes, and sub-processes that users will use need to accomplish their role-specific work duties. Training must address VRS users as well as employers; in addition, within VRS, training must be aimed at two different cohorts – users involved in UAT and the general user population.

26. Completion of Modifications to Line-of-Business (LOB) Application
Modifications to the LOB application software to satisfy the specific functional requirements of VRS must be implemented.

27. Integration with Existing Systems
The application must be integrated with VRS's depository bank, employer reporting system, and other subsystems as defined in Section A-4.2.2.

28. Delivery of Separate Production, Reporting, Training, and Testing Environments
The vendor must implement four separate processing environments: one for production, reporting, training, and testing purposes. The bidder will be responsible for replicating the LOB application and database in these separate environments, including any additional configuration activities that may be necessary. Refer to Section B-3.10.1 for details.

29. Completion of Training
The vendor must provide phased training for managers, users (including employers), administrators and development personnel based on the training plan and training materials delivered earlier in the project (see #24 above). This training may be a combination of standard courses and customized, implementation-specific training.

30. Delivery of Documentation
The vendor must deliver a complete set of systems and user documentation, which must be specific to and approved by VRS. User documentation must address not only the use of screens and windows, pull-down menus, radio buttons, data entry, etc., but also all of the functions, processes, and sub-processes that users will use to accomplish their role-specific work duties, i.e., the Work Process Manual and on-line help facility discussed in Section B-3.1.12.

31. Completion of Unit Testing by the Vendor
Certification that the bidder's staff members have successfully completed all unit tests must be delivered to VRS prior to the vendor commencing its version of acceptance testing activities, i.e., Vendor Acceptance Test (VAT) which will be performed for each functional cutover phase of the project. Refer to Section B-3.6 for details.

32. Completion of Vendor Acceptance Test per Phase
The Vendor Acceptance Test will demonstrate the successful testing and operation of the system by the vendor, ensuring that the new solution is functioning and processing data correctly and ready for VRS User Acceptance Testing. Tests to be performed by the vendor herein include end-to-end application testing, stress tests, volume tests, and performance tests to assure that the solution will meet performance requirements under expected user loads, backup and recovery testing and installation testing. Vendor Acceptance Testing must be performed for each functional cutover phase of the project. As part of VAT, the vendor will provide a written statement, signed by both the vendor's project manager and the vendor's test director (an individual separate and apart from the development staff charged with only test and quality assurance responsibility) that all tests have been completed satisfactorily (at a minimum 95%) and that the system is ready for User Acceptance Testing. The final output of VAT will be both hardcopy and electronic test materials including, but not limited to: test plans, test scripts, expected test results, actual proof that test results were produced and compared to expected test results, etc. UAT will not begin until one week after **all** VAT material has been provided to VRS. Refer to Section B-3.6 for details.

33. Commencement of User Acceptance Test (UAT) per Phase

User Acceptance Test will commence after the vendor has certified the completion of vendor acceptance testing. Users will perform the testing utilizing test scripts developed and provided by the vendor. All issues will be documented according to a formalized issue tracking process. UAT will not be deemed complete until 98.5% of major processes within VRS can be performed without errors or issues.

34. Acceptance of the System by Users per Phase

After successful completion of the UAT, the system must be turned over to the users for production use.

35. Completion of the Conversion Process per Phase

Completion and verification of the conversion of all retirement system data must be in accordance with the Data Conversion Plan referenced in #16 above.

36. Source Code

The vendor must deliver the line-of-business (LOB) application source code as customized to meet VRS-specific functional requirements upon the delivery of the system for use in each phase and no less frequently than every month thereafter.

37. Weekly Status Reports and Meetings

The bidder must deliver weekly written project status reports and facilitate weekly status meetings throughout the life of the project.

38. Monthly Advisory Committee Meetings

The bidder must attend monthly Advisory Committee meetings throughout the life of the project.

39. LOB Application Software License

The vendor will be required to deliver to VRS a license for the use of the line-of-business (LOB) application software and all requisite support, development, third party, and additional software necessary to use and maintain the LOB application.

40. Warranty

The vendor must provide a warranty for the LOB application effective from the time of the first rollout through twelve (12) months after final acceptance by VRS of the last rollout.

Depending on the options selected and authorized by VRS, additional deliverables will be required.

Bidders are encouraged to identify additional project deliverables, as applicable, beyond the minimum set identified above.

Bidders are advised that the project deliverables discussed above are **not** related to payment points. Deliverables – termed herein “contractual deliverables” – that, upon their written acceptance by VRS, will trigger vendor payments have been established by VRS. There are 12 such contractual deliverables. For each, VRS has established the percentage of the total project cost that is to allocated to it (please refer to Section C-1.2).

A-4 VRS CURRENT ENVIRONMENT

This section describes VRS's current environment.

A-4.1 Overview of Organization and Functions

The Retirement Office is a division of the Vermont State Treasurer's Office. The Office administers the three retirement systems authorized by state statute:

- Vermont State Retirement System (VSRS) 3 V.S.A. Chapter 16
- Vermont State Teachers' Retirement System (VSTRS) 16 V.S.A. Chapter 55
- Vermont Municipal Employees' Retirement System (VMERS) 24 V.S.A. Chapter 125.

As of June 30, 2004, there were 31,916 active, inactive, or vested members and 9,287 retired members in the three defined benefit systems.

The defined benefit plans on the system are:

VMERS:

- Plans A, B, C and D, all currently active

VSRS:

- Defined benefit plan A (grandfathered plan)
- Defined benefit plan C (law enforcement)
- Defined benefit plan D (judges)
- Defined Benefit plan E (defunct non-contributory plan – some vested deferred members remain)
- Defined benefit plan F (current general plan)
- Members of the STRS who are on state payroll

VSTRS:

- Defined benefit plan A (grandfathered plan)
- Defined Benefit plan B (defunct non-contributory plan – some vested deferred members remain)
- Defined benefit plan C (current general plan)

In addition, the Office administers two defined contribution 403(a) plans, one for about 400 VSRS state employees and another for about 500 VMERS municipal employees, through a third-party administrator.

In addition, the State administers a deferred compensation (457) program, available to VSRS state employees and VMERS municipal employees, through a third-party administrator. A single depository investment account (SDIA), a tax-sheltered account funded through employee transfers from a non-contributing system, is also administered by a third-party bidder for a grandfathered group of VSRS and VSTRS members.

Administration of the Retirement Operations Division is conducted by the Office of the State Treasurer, under the direct supervision of the Director of Retirement Operations. The Retirement Operations Division is comprised of 12 staff. The primary function of the staff is to serve the needs of the active contributing members and retired members who are receiving benefits payments. On the active member side, the Retirement Operations Division oversees enrollments, transfers, refunds, and adjustments to members' accounts. On the retiree side, the Division oversees the issuance of the payroll, changes to dependents, adjustments to payments and deductions, and replacement checks. Other Division

responsibilities include employee re-instatements, calculation of buybacks and refunds, disability retirements, and determination of survivor benefits.

There is an extremely high volume of inquiries by phone, e-mail, and face-to-face by appointment or walk-in. Four retirement counselors provide one-on-one counseling to prospective retirees. Counselors provide estimates of pension and beneficiary payments by verifying a member's creditable service, salaries, and personal information (i.e., date of birth, beneficiary date of birth, etc.). Counselors and supervisory staff also conduct informational seminars.

Assets of the three retirement systems are administered through the Office of the State Treasurer under the authority of three separate Boards of Trustees. The Vermont State Treasurer is a member of all three retirement system boards. The Office of the State Treasurer's Director of Finance and Investments provides investment advice, administration, and oversight to the Office and the Boards of Trustees.

An investment consultant and investment managers are retained to manage various portfolios. The investment function is not part of the scope of this RFP.

A-4.2 Legacy Technical Environment

A-4.2.1 Hardware and System Software

The Treasurer's Office computer network (SOVTRE) is comprised of a domain controller running Windows 2003 Active Directory, a separate print and database server, and a separate Web server (located in the public internet with a connection to the SQL Server database server inside SOVTRE). There is also an 'update' server that performs a.) patch management (WUS 2.0), b.) version control for back-end servers, and 3.) anti-virus management.

A switch connects all servers at one (1) GB/second. Currently, switches connect the clients and printers at 100 MB/second.

A local firewall (Cisco PIX 515), with NAT, connects the SOVTRE network to GovNet, the state's connectivity infrastructure. GovNet maintains its own state-wide firewall and provides connectivity to the mainframe, in-state applications (VISION and HR), and Internet applications (including Banknorth via VPN).

A-4.2.1.1 Servers

User resources are serviced by the following array of servers:

Table 2. Retirement System Application Server Specifications

APPLICATION	BRAND	PROCESSOR	HARD DRIVE	MEMORY	MONITOR	OS
Web Server	HP Proliant ML350 G3	2.80 GHz Xeon hyper threading	3 - 18.2 GB discs - RAID5 (33.9 total)	1GB RAM	15" CRT monitor with KVM switch	Windows 2000
File Server	HP Proliant ML350 G3	2.80 GHz Xeon with hyper threading	3 - 72.8 GB discs running RAID5 (135 GB total)	1.0 GB RAM		Windows 2003

APPLICATION	BRAND	PROCESSOR	HARD DRIVE	MEMORY	MONITOR	OS
Database Server	HP Proliant ML350 G3	2.40 GHz Xeon with hyper threading (single processor)	3 - 36.4 GB discs running RAID5 (67.8 GB total)	512 MB RAM		Windows 2003
Update Server (WUS, version and virus)	HP Proliant ML350 G2	1.266 GHz Pentuim III	6 – 17.3 GB disks running RAID5 (86.8 GB total)	1.5 GB	Switch	Windows 2003

Average network utilization is approximately 20%, including the spikes for client-server application (e.g., Focus, Access, UPMS) and large print files.

A-4.2.1.2 Workstations or Client PCs

There are currently 40 client PCs (15 dedicated to VRS operations) and ten printers (two in the Retirement area) connected to the network. Check-processing equipment located in the Accounting Division is accessed by the legacy LOB: two Troy MICR printers (one production and one backup), neither one networked. There are also two Formax folder-sealers (one production, one backup) offline. For a more detailed list of this equipment, please see Appendix E-1 – Additional Hardware Inventory. In its proposal, the bidder shall provide licensing for 25 simultaneous internal VRS users; the 25 consisting of the current 15 client PCs, up to 5 additional PCs for testing and training with the balance of the 25 being available for future staff expansion or possible staff augmentation, as may be deemed necessary.

The typical user workstation (see Table 2, below) is an all-in-one unit (integrated CPU and monitor) with a processor speed of between 1.8 and 3.4 GHz, a 40 GB hard drive, 512 MB of RAM, a 17" flat-panel monitor, and CD-RW drives (all but the two slowest PCs have DVD read-only capability). About half of the PCs have directly-connected local printers (see printer specifications in Appendix E-1 – Additional Hardware Inventory). Half of the PCs run Windows XP Professional; the other half run Windows 2000 Professional. The older eight machines, those running Windows 2000, will be replaced over the next two years as part of VRS's normal PC replacement cycle.

Table 3. Retirement System Workstation Specifications

QUANTITY	BRAND	PROCESSOR	HARD DRIVE	MEMORY	MONITOR	OS
2	Gateway	3.4 GHz	40 GB	512 MB	17" Flat Screen	Windows XP
5	Gateway	2.6 GHz	40 GB	512 MB	17" Flat Screen	Windows XP
6	Gateway	2.6 GHz	40 GB	512 MB	17" Flat Screen	Windows 2000
2	Gateway	1.8 GHz	40 GB	512 MB	17" Flat Screen	Windows 2000

All service packs and patches are current (SP 2 on Windows XP and SP 4 on Windows 2000 as of 12/31/2004), via SUS 1.0 (soon to be WUS 2.0). As noted, the PCs are on a three-year replacement cycle, with approximately one-third being replaced each year.

A schematic of the system appears on the next page:

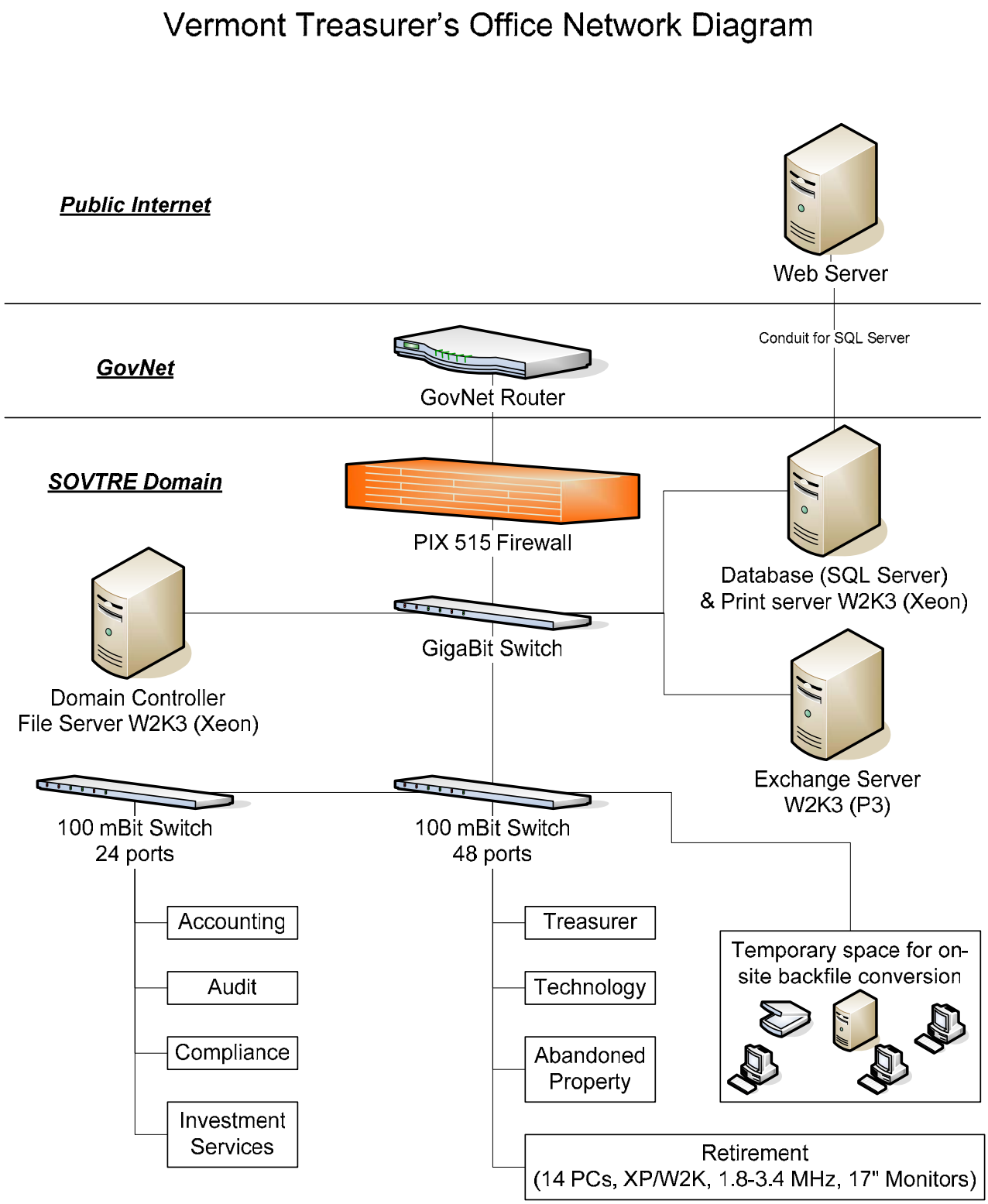

Figure 1. Vermont Treasurer's Office Network Diagram

All 15 Office 2000 desktops will be upgraded to Office 2003 during the latter half of 2005. Each workstation is built individually (i.e., there is no preliminary staging or pushing of software to the individual user PCs).

A-4.2.1.3 Software

A table showing the application software typically found on a VRS user workstation is provided below.

Table 4. Desktop PC-based Licensed Applications

APPLICATION	QTY	BIDDER	PRODUCT	VERSION(S)
CALENDAR/SCHEDULING	15	Microsoft	Outlook	Office 2000, SR 1
E-MAIL	15	Microsoft	Outlook	Office 2000, SR 1
WORD PROCESSING	15	Microsoft	Word	Office 2000, SR 1
SPREADSHEET	15	Microsoft	Excel	Office 2000, SR 1
PRESENTATION	15	Microsoft	PowerPoint	Office 2000, SR 1
PROJECT MANAGEMENT	1	Microsoft	Project	2003 Professional
WEB BROWSER	15	Microsoft	Internet Explorer	6.0
VIRUS PROTECTION	15	Symantec	Anti-Virus	9.0 (Corp. Edition)
MAINFRAME CONNECTIVITY (TELNET CLIENT)	15	Jolly Giant	QWS 3270	3.3
DATABASE	8	Microsoft	Access	Office 97, SR 1
SCREEN PRINT UTILITY	15		Sprint 32	1.5a
CD WRITER SOFTWARE	13	Gateway	Nero Express	6.3.0
TAX FORM SOFTWARE	3	1099 Pro, Inc.	1099 Pro	2004
DBMS	15	IBI	Focus	6.4
THIN CLIENT CONNECTIVITY	2	Citrix Systems, Inc.	Citrix	6.2

In addition to the client-based software listed above, VRS PCs also use the following Web-based applications:

Table 5. Desktop Web-based Licensed Applications

APPLICATION	QTY	BIDDER	PRODUCT	VERSION(S)
HR & ACCOUNTING	15	PeopleSoft	HR & Vision	8
PROJECT VISION LOGIN	2	PeopleSoft	Vision	8
PLAN SERVICE CENTER	1		BenLink	-
THIRD PARTY ADMINISTRATOR	2		PSW	-
CUSTODIAL BANK ACCESS	3			-

A-4.2.2 Applications

The Retirement Division's legacy retirement system was written between 1976 and 1980, based on a design obtained from the State of Montana, and has been maintained and enhanced ever since by the Office of the State Treasurer's staff. It consists of about 60 COBOL programs running on the State's IBM mainframe under MVS and includes three major components:

- Active member administration
- Pension payroll administration
- A data collection and balancing subsystem.

A CICS transaction (i.e., Inquire Teachers, Municipal, State or "ITMS") provides a single screen display of general active member information directly from the legacy VSAM database. It is the single most accessed lookup facility in the office.

The legacy system is supplemented by several shadow systems (i.e., applications external to but supportive of the legacy LOB). See Table 6 on the following page. Some use Focus and run on VM; others use Focus for Windows and Access, and run on the Treasurer's network. As previously mentioned, the Retirement Division consists of a staff of 12. The Office of the State Treasurer's Technology Services Division, with a staff of three, maintains the system by providing programming, network management and web support services.

The table on the following page lists major applications supporting VRS's current operations:

Table 6. VRS Legacy Applications

PROGRAM NAME	PURPOSE	TECHNOLOGY	SOFTWARE	INSTALLED	OS	DBMS
Legacy DB Active Administration System	The core mainframe system for active member administration, including general maintenance, posting employer quarterly or biweekly contributions data, enrollments, withdrawals and refunds, retirements, interest and service calculations, 1099R tax forms, standard reporting, year-end closing.	About 50 COBOL programs, running under MVS, using VSAM and straight sequential disk files, hosted on IBM mainframe	In-house developed and maintained	1976	MVS	n/a
Active Maintenance Entry Subsystem	Data entry facility (office) for active member file maintenance. Nine entry screens enable new member manual enrollment, refund and retirement processing, previous plan totals, adjustment to contributions, interest, salary, service, beneficiaries, personal information, dates, codes, etc.	On demand, a file of accumulated maintenance transactions is generated and sent to mainframe to await accompanying paper cover letter, authorizing DII to schedule the MVS job for mainframe processing. Subsystem database is cleared for next batch accumulation.	In-house developed and maintained	1980	VM	VM Focus (IBI) 7.0.9
Refund Check Writer Subsystem	Interface for requesting and printing refund checks.	User requests refund check-write; subsystem provides next available check serial number to mainframe; mainframe job processes active master for all available refunds, sending check-write data back to subsystem. Subsystem used to print checks (MICR encoding applied in-house) in Accounting Division of Treasurer's Office. Weekly run.	In-house developed and maintained	2001	Windows 2000/XP	Access 2000

PROGRAM NAME	PURPOSE	TECHNOLOGY	SOFTWARE	INSTALLED	OS	DBMS
Active Reporting Subsystem - Network	Suite of menu-driven reports for inquiry, statistics, etc.	Utilizes network copies of active masterfile, kept current to within a few hours of mainframe changes.	In-house developed and maintained	1990's	Windows 2000/XP	Focus for Windows 6.4
Active Member Lookup Screen - CICS	Single-screen view of an active (or recently withdrawn/retired) member's general information, directly from legacy VSAM master file.	Most frequently used member lookup facility, showing personal, beneficiary, contributions, interest, salary, service and plan information. Can be accessed using membership ID, SSN, or (for VSERS only) payroll employee ID.	In-house developed and maintained	1990's	Windows 2000/XP	Focus for Windows 6.4
1099R Processing Subsystem	1099R tax reporting software.	Mainframe jobs generate 6 files annually, two types for each of the three systems: files for input to 1099Pro forms printing; files for reporting to IRS.	1099Pro 2004 (version upgraded annually), installed on client PC's, database on network	1999	Windows 2000/XP	n/a
Disability Tracking Subsystem	Recording/tracking of events leading up to approval or rejection of disability request: application, correspondence tracking, receipt of medical and other documents, etc. Current version is rudimentary and inadequate.		In-house developed and maintained	1998	Windows 2000/XP	Access 97

PROGRAM NAME	PURPOSE	TECHNOLOGY	SOFTWARE	INSTALLED	OS	DBMS
Legacy MRS/TRS DB Employer Holdfile Reporting System	The core mainframe system for balancing quarterly MRS and TRS employer contributions data, generating automatic enrollments, posting transactions for the active master file, and printing quarterly report (turnaround document).	About 10 COBOL programs, running under MVS, using VSAM and straight sequential disk files, hosted on IBM mainframe.	In-house developed and maintained	1976	MVS	n/a
VMERS DB Employer Reporting Web Site	Web site for Payroll Officers to report quarterly VMERS DB contributions, salary, hours, name/address changes, terminations and new members, via entry forms or file upload; to balance entered contributions to bank remittances; to provide history and remittance reports.	Site closes at end of period; data exported to VMERS DB Balancer subsystem for office modifications prior to mainframe processing; site then reset for new period and reopened.	In-house developed and maintained	2005	Windows 2000/XP, Dream Weaver, ASP, Java Script	MS SQL Server
VSTRS DB Employer Reporting Web Site	Web site for Payroll Officers to report quarterly VSTRS DB contributions, salary, hours, name/address changes, terminations and new members, via entry forms or file upload; to balance entered contributions to bank remittances; to provide history and remittance reports.	Site closes at end of period; data exported to VSTRS DB Balancer subsystem for office modifications prior to mainframe processing; site then reset for new period and reopened.	In-house developed and maintained	2004	Windows 2000/XP, Dream Weaver, ASP, Java Script	MS SQL Server
VMERS DB Focus Database Subsystem	User's intermediate database subsystem for correcting and finalizing VMERS DB reports and generating maintenance transactions for application to mainframe Holdfile processing system.	Database is loaded from Web site output plus any manual entries. Any report can be modified and re-balanced here. The entire database is exported as mainframe maintenance transactions and cleared.	In-house developed and maintained	1990	VM	VM Focus (IBI) 7.0.9

PROGRAM NAME	PURPOSE	TECHNOLOGY	SOFTWARE	INSTALLED	OS	DBMS
VSTRS DB Focus Database Subsystem	User's intermediate database subsystem for correcting and finalizing VSTRS DB reports and generating maintenance transactions for application to mainframe Holdfile processing system.	Database is loaded from Website output plus any manual entries. Any report can be modified and re-balanced here. The entire database is exported as mainframe maintenance transactions and cleared.	In-house developed and maintained	1990	VM	VM Focus (IBI) 7.0.10
VMERS DB Focus Lockbox Subsystem	User's subsystem for processing VMERS DB lockbox remittances. Source of remittance information for balancing on employer Web site.	Collects remittance information from daily bank files (lockbox coupons, ACHs) and direct entry; performs recon to processed paper coupons; provides detail and statistical reporting;	In-house developed and maintained	1999	Windows 2000/XP	Focus for Windows 6.4
VSTRS DB Focus Lockbox Subsystem	User's subsystem for processing VSTRS DB lockbox remittances. Source of remittance information for balancing on employer Web site.	Collects remittance information from daily bank files (lockbox coupons, ACHs) and direct entry; performs recon to processed paper coupons; provides detail and statistical reporting.	In-house developed and maintained	1991	Windows 2000/XP	Focus for Windows 6.4
Legacy ERS Employer Biweekly DB Processing	The core mainframe program (TRCE0101) for processing ERS biweekly employer contributions data export file from state payroll HR system, generating automatic enrollments, posting transactions for the active master file, and printing new enrollment list, exception report and totals.	One COBOL program, running under MVS, using VSAM and straight sequential disk files, hosted on IBM mainframe	In-house developed and maintained	1977	MVS	n/a

PROGRAM NAME	PURPOSE	TECHNOLOGY	SOFTWARE	INSTALLED	OS	DBMS
VSERS DB and DC HR Payroll Reporting Database	Maintain a reporting history database of HR state payroll biweekly data file submissions. VSERS DB and DC (plus VSTRS members on state payroll) reported: contributions, retirement-eligible compensation, name/address, department, title, location, various codes and dates.	Accumulation of every pay period data file reported by state payroll from fiscal 1998 forward.	In-house developed and maintained	1997	Windows 2000/XP	Focus for Windows 6.4
VSERS DB Towns and Colleges Reporting Subsystem	User's subsystem for entering and balancing quarterly reporting from VSERS member entities not on state payroll. Generates posting transactions for active master file.	Entry forms for hand entry of contributions, salary, service (in pay periods) and name. Input to mainframe job to generate and post data to active master file.	In-house developed and maintained	1991	VM	VM Focus (IBI) 7.0.10
Defined Contribution (DC) Processing	Process VMERS and VSERS DC Plan.	Subsystems as described below. Reports received from VMERS entities or VSERS HR department; output is report to Fidelity Investments, plus totals for remittance.	various	1999	various	various
DC Election Tracking Subsystem	Record and track DC (defined contribution plan) eligible new members, for sending out election materials, receiving plan selection (or failure to receive) within eligibility period (90 days for Municipal, 60 days for State)	Each eligible ('exempt') state employee added to system. User enters date packet sent, received.	In-house developed and maintained	1999	Windows 2000/XP	Access 97

PROGRAM NAME	PURPOSE	TECHNOLOGY	SOFTWARE	INSTALLED	OS	DBMS
VMERS DC Employer Reporting Web Site	Web site for Payroll Officers to report biweekly VMERS DC contributions, salary, hours, name/address changes, terminations, via entry forms or file upload; to balance entered contributions to bank remittances; to provide history and remittance reports.	Site closes at end of period; data exported to VMERS DC Focus Database; site then reset for new period and reopened.	In-house developed and maintained	2000	Windows 2000/XP, Dream Weaver, ASP, Java Script	MS SQL Server
VSERS DC Report Transmission Subsystem	Small subsystem to receive and transmit HR Department state employee payroll DC report to Fidelity Investments.	Collects report files (Web entries, Web upload files and direct office entry); collects remittance information from daily bank files (lockbox coupons, ACHs) and direct entry; performs balancing, exception reporting, detail and statistical reporting; prepares DC biweekly report file for Fidelity Investments; closes database for current period.	In-house developed and maintained	1999	Windows 2000/XP	Focus for Windows 6.4
VMERS DC Focus Database Subsystem	User's database system for processing VMERS DC reports and remittances.	Collects report files (Web entries, Web upload files and direct office entry); collects remittance information from daily bank files (lockbox coupons, ACHs) and direct entry; performs balancing, exception reporting, detail and statistical reporting; prepares DC biweekly report file for Fidelity Investments; closes database for current period.	In-house developed and maintained	1999	Windows 2000/XP	Focus for Windows 6.4

PROGRAM NAME	PURPOSE	TECHNOLOGY	SOFTWARE	INSTALLED	OS	DBMS
Legacy DB Pension Payroll System	The core mainframe system for pension payroll processing, including general maintenance, new retiree enrollment, survivorship processing, monthly payments (checks and ACHs), federal and state tax withholding calculation, deaths and survivorships, deduction maintenance, 1099R tax forms, standard reporting, year-end closing.	About 10 COBOL programs, running under MVS, using tape and straight sequential disk files, hosted on IBM mainframe.	In-house developed and maintained	1978	MVS	n/a
Pension Check Writer Subsystem	Interface for requesting and printing monthly pension checks.	User requests pension check-write; subsystem provides next available check serial number to mainframe; mainframe job processes pension master for all monthly checks, sending check-write data back to subsystem. Separate interface used to print checks (MICR encoding applied in-house) in Accounting Division of Treasurer's Office. Monthly run.	In-house developed and maintained	2001	Windows 2000/XP	Access 2000
Pension Mailer Writer Subsystem	Interface for printing mailers for monthly electronic banking (ACH and Credit Union) direct deposits.	Uses output file from mainframe check-write run. Interface in Accounting Division of Treasurer's Office prints mailers with same stub information as checks. Monthly run.	In-house developed and maintained	2001	Windows 2000/XP	Access 2000

PROGRAM NAME	PURPOSE	TECHNOLOGY	SOFTWARE	INSTALLED	OS	DBMS
Pension Maintenance Entry Subsystem	Data entry facility (office) for pension payroll file maintenance. Three entry screens enable general maintenance, new retiree enrollment, survivorship processing, deaths and survivorships, deduction maintenance, personal information, dates, codes, etc.	On demand, a file of accumulated maintenance transactions is generated and sent to mainframe to await accompanying paper cover letter, authorizing DII to schedule the MVS job for mainframe processing. Subsystem database is cleared for next batch accumulation.	In-house developed and maintained	1980	VM	VM Focus (IBI) 7.0.9
VSTRS Health Insurance Members and Dependants Database Subsystem	Legacy system does not show dependant information. This subsystem associates dependants with retirees, allowing reconciliation with Blue Cross bill, which bills retirees and dependants separately.	Updated monthly, to reflect additions, deletions and changes in coverage.	In-house developed and maintained	1999	Windows 2000/XP	Access 97
VSERS Health Insurance Members and Dependants Database Subsystem	Legacy system does not show dependant information. This subsystem associates dependants with retirees, allowing generation of complete monthly membership file to CIGNA.	Updated monthly, to reflect additions, deletions and changes in coverage.	In-house developed and maintained	2001	Windows 2000/XP	Access 97
Health Insurance Plan/Class Table Entry	Data entry subsystem for entering changes to health insurance plan premiums by plan and insurance class (single, married, family, Medicare-eligible or not).	Generally run annually, feeds mainframe job that applies changes globally to a permanent mainframe file.	In-house developed and maintained	1996	VM	VM Focus (IBI) 7.0.9
Pension Reporting Subsystem - VM	Suite of menu-driven reports for inquiry, statistics, etc.	Utilizes VM copies of pension masterfile, kept current to within a few hours of mainframe changes.	In-house developed and maintained	1980's	VM	VM Focus (IBI) 7.0.9

PROGRAM NAME	PURPOSE	TECHNOLOGY	SOFTWARE	INSTALLED	OS	DBMS
Pension Reporting Subsystem - Network	Suite of menu-driven reports for inquiry, statistics, etc.	Utilizes network copies of pension masterfile, kept current to within a few hours of mainframe changes.	In-house developed and maintained	1990's	Windows 2000/XP	Focus for Windows 6.4
IRS Tax Table Entry	Data entry subsystem for entering changes to IRS Federal and State Tax Table values.	Feeds permanent file on mainframe, generally updated annually in January.	In-house developed and maintained	1980's	VM	VM Focus (IBI) 7.0.9

Other existing systems and points of interface are described below.

Payroll (PeopleSoft HCM)

HCM (Human Capital Management) is managed by the Vermont Department of Human Resources (formerly the Department of Personnel). The system tracks all payroll information of state employees including the distribution of overtime, benefits, and other contract-related items. The HCM system (Payroll Division, Department of Human Resources) supplies a biweekly file of state employee retirement information for posting to the VSRS. That file contains member contributions, retirement-eligible salary and service credit information. It is also used to report new members, terminated and rehired members, and name/address changes.

Retirement plans covered include:

- Defined benefit plan A (grandfathered plan)
- Defined benefit plan C (law enforcement)
- Defined benefit plan D (judges)
- Defined benefit plan F (current general plan)
- Members of the STRS who are on state payroll
- The state's defined contribution plan.

The payroll data is input to the mainframe retirement system. A copy is applied to a Treasurer's network database and used for reporting and office lookup. Payroll also provides the Treasurer's Office with a biweekly electronic defined contribution report for transmission to a third-party record-keeper, and various statistical and informational reports. The Retirement Division also accesses the HCM system directly for employee information lookups.

The existing payroll exports must be incorporated into the new retirement system in an automated fashion.

VISION (PeopleSoft FMS)

The Vermont Department of Finance and Management manages the VISION system. This PeopleSoft product is the chief accounting software to officially record all financial transactions made by the State's 62 business units. The VISION implementation (on July 1, 2001) included the Financial and Distribution modules contained within PeopleSoft's software suite for Education and Government (E&G) Version 7.5 (an upgrade is in process). The individual modules contained in the software suite include:

- General Ledger (GL)
- Payables (AP)
- Purchasing (PO)
- Receivables (AR)
- Billing (BI)
- Inventory (IN)
- Asset Management (AM)
- Order Management (OM) -- Commercial Version 7.5.

There are currently no direct interfaces between the Retirement Division computer system and VISION. Retirement and Accounting staff input data manually into the VISION system as needed. Retirement

checks are printed by the Treasurer's Office Access database system. The input data is supplied by the mainframe system, and includes comprehensive stub information.

VRS assumes that the number of LOB-related GL transactions will not change significantly under the bidder's LOB solution. With that in mind, VRS does not require an automated interface between the LOB solution and VISION. However, VRS would look favorably upon a solution that facilitates this process and minimizes or eliminates the manual data entry required. The capability would need to allow for review of the transactions prior to them being posted to VISION and control the timing of such postings. If the bidder solution supports the generation of GL transactions (including those for deposits and vouchers) and/or has access to interfaces between its LOB solution and PeopleSoft Financials 8.8, the bidder should indicate so in their proposal.

Other Subsystems

Copies of mainframe databases are kept current on the network to serve as a comprehensive source of reporting for member information, statistics, and for ad-hoc reporting.

Entry subsystems exist on the mainframe (Focus) and on the network (Access, Focus) to provide input to the nightly mainframe batch process. It is VRS's expectation that there be no batch processing conducted in the LOB system (see Section B-2.8.4 - Availability Requirements, for VRS definition of "batch").

Processes exist for the receipt and processing of lockbox and ACH deposits to the Municipal and Teachers' defined benefit plans, and the VMERS defined contribution plan. These include:

- Automated receipt of daily FTP transmissions from our depository bank into the lockbox database systems
- Transmission to depository bank via FTP of ACH pension payments and prenotes
- Web sites for entry of Municipal and Teacher retirement contribution reporting by payroll officers
- Proposed Web site for member self-service: interactive retirement data lookups, benefit projections, and direct input of certain forms
- Other shadow systems where functionality is to be incorporated in LOB solution
  - » Disability tracking subsystem
  - » VMERS (municipal) DB/DC enrollment tracking subsystem
  - » VSERS (employees) DB/DC enrollment tracking subsystem
  - » IRS 1099R special entries subsystem
  - » Tax table entry subsystem
  - » Check write/replacement/positive pay/archive subsystem
  - » Health insurance global increases entry subsystem
  - » Check reconciliation subsystem (Accounting Division)
  - » CIGNA (VSERS) member and dependant reporting subsystem
  - » Blue Cross (VSTRS) member and dependant reporting subsystem
  - » VSERS towns and colleges (not on state payroll) contribution entry subsystem.

A-4.2.3 Data

Data files in use in the current retirement application set are:

Table 7. VRS Current Retirement Data Files

FILE NAME	# OF RECORDS	RECORD LENGTH	FILE SIZE IN MB	COMMENTS
Active Master Record	37,000	1570	40	LOB active master file format. Single flat file. Last 540 bytes reserved for nine 60 byte sections recording previous plan summaries
Active Posting Transactions	280,000 per year	90	3.5	LOB posting trans, created by TRBB, TRCC, TRCE. Posted to active master file by TRBD
Active Maintenance Transactions	Varies per run. About 25,000 per year.	80	n/a	LOB maintenance trans forms field formats, used by TRBE and TRBF. 20 different 80-byte formats containing all maintainable active master fields.
Check Reconciliation Warrants File	Varies per run. About 14,000 per year.	80	n/a	Each check issued, accum'd mthly for export to Accounting Div. recon app
Employer Reporting Holdfile Record	18,500	180	5	Summary and detail records for batch balancing employer contrib, salary, service and reporting new members
Employer Reporting Holdfile Maintenance Transactions	Varies per run. About 100,000 per year	80	n/a	Maintenance trans for batch balancing quarterly or biweekly employer contrib, salary, service and reporting new members. 4 different 80-byte formats containing all maintainable Holdfile fields.
Pension Master Record	10,000	500	7.5	LOB pension master file format
Pension Tax Table File	22	27	594 by	Tax tables updated annually by TRDR
Pension Health Insurance Premium File	160	11	1760 by	LOB Pension Health Ins Premiums for each insurance plan and class, applied by TRBU

FILE NAME	# OF RECORDS	RECORD LENGTH	FILE SIZE IN MB	COMMENTS
Pension Maintenance Transactions	Varies per run. About 2,000 per year.	80	n/a	LOB pension maintenance trans file formats. 9 different 80-byte formats containing all maintainable pension master fields.
IRS 1099R IRS Reporting File	About 10,000 per year	750	n/a	Annual 1099R IRS reporting format
1099Pro 1099R Forms Import File	About 10,000 per year	375		Import for printing 1099R forms and State Tax Dept report

PART B PROJECT SCOPE

B-1 BUSINESS FUNCTIONAL REQUIREMENTS

The following sections provide detailed information on the business and functional requirements that MUST be satisfied by the new system. The information is divided into the 24 functional business areas that VRS supports. The bidder is required to provide both:

- Existing functionality (the "as is state" defined in Section B-1 Current "As Is" Business Functionality) that must be reproduced, albeit with a greater degree of automation and integration, imaging enabled, with improved business processes and workflow, with improved data accuracy, and with an improved degree of user and customer satisfaction.
- New functionality (the "to be state" defined in the section B-2) that must be developed with a high degree of automation, integration, and improved business processes and workflow.

If at the time of contract award, requirements gathering, or detailed design, an agreement is made between the bidder and VRS not to implement any current functionality, that agreement must be documented thoroughly and signed by both parties.

The selected bidder will be responsible for integrating all data insertion (i.e., name, address, service credits, etc.) in forms and letters using appropriate tools. The selected bidder will also be required to redesign all existing forms and letters, to design all new forms and letters, and to include barcode capabilities, appropriately integrated with workflow components of the new system.

The bidder will also redesign all forms and/or combine forms to reduce their number (subject to agreement from VRS) – and actually develop the forms. The selected bidder will teach VRS staff how to use the tools to maintain and update existing forms, and to create new ones. Finally, the selected bidder will be responsible for implementing in the new system the functionality of all existing reports, forms, and letters (unless otherwise agreed to by the bidder and VRS during the requirements definition and design phases), as well as for implementing all new desired reports. For a listing of VRS's current forms, letters and reports, please see the Appendices.

Any and all functions inherent to manual calculations and standalone spreadsheets in the "as is" environment are to be automated and integrated in the new system; integrated means the system does the calculation, and not that the spreadsheet is loaded with data and then manually executed by a user and the resulting data re-entered into the LOB system.

Additionally, all edits and updates described are to be on-line real time and not "sequential" overnight batch jobs executed on successive nights. In rare cases will batch jobs be allowed; and in no cases will the aforementioned sequential job processing executed on successive nights be acceptable to VRS.

VRS's environment is governed by a myriad of rules, regulations, "standard" operating procedures, and long-standing practices (both formal and informal, documented and undocumented). Developing a full set of all of the rules, regulations, procedures, and practices that need to be accommodated in the new solution is a critical, integral part of the project – and the key to its eventual success. Bidders must factor into their proposals, in terms of manpower, cost, and schedule, their responsibility to completely:

- Explore and define all such rules, regulations, procedures, and practices – both those that currently exist and those to be added in the new environment
- Develop pertinent specifications

- Implement those capabilities.

In preparing their responses to this RFP, bidders are cautioned to budget sufficient manpower to decompose this information to a level of detail sufficient to obtain sign-off from VRS staff during the initial phases of the implementation.

Among other factors, bidders' responses will be evaluated on the basis of their commitment to this portion of the effort, as evidenced by their workplan for addressing this issue and the funds, manpower, time allotment, and quality of bidder staff proposed to be dedicated to it.

Because this issue is critical, bidders **must affirm in writing, both in their proposals and in the accompanying cover letter,** their understanding of this responsibility. In developing the requirements definition of the new system, VRS expects the selected bidder to involve VRS staff members in many requirements and design "workshop" sessions. This involvement of staff members is understood by VRS as essential to preparing correct, comprehensive requirements definitions and systems designs. Yet the time required of VRS staff for this level of participation may inhibit the day-to-day business of VRS. Therefore, VRS requires that staff participation in the requirements definition process be as efficient as possible.

To this end, any written materials supplied by the bidder for use in requirements and design meetings with VRS staff <u>must be targeted specifically to VRS</u>. VRS recognizes that the bidder may utilize materials prepared for other retirement system customers to "bootstrap" the design definition effort. However, such materials must be purged of any specifics (including but not limited to name references, forms, and calculation routines) that relate to another of the bidder's customers. Ideally, these materials should be tailored to VRS's specific business practices from the time they are first exposed to VRS staff members. At a minimum, they must be neutral, that is, they must not contain any overly specific references to specific practices of other retirement systems so as to avoid any confusion or wasted effort during the requirements definition and design sessions with VRS staff.

B-1.1 Current "As Is" Business Functionality

The following sections describe the current "as is" functionality at VRS. Current functionality has been classified into the following 24 functional categories:

1. Employer reporting
2. Enrollment/beneficiary
3. Customer service/activity tracking
4. Health, dental, and life
5. Disability
6. Benefit calculations
7. Purchase of service
8. Death
9. Refunds
10. Pension payroll and post payroll adjustments
11. Tax reporting
12. Imaging and workflow
13. Divorce
14. Estimate
15. Reporting and query
16. Counseling, scheduling, and seminars
17. Internet
18. Correspondence tracking, letters, and forms
19. Return to work
20. Auditing and security
21. Global/general items
22. Fund/plan management
23. Power of attorney
24. Defined contribution processing.

Multiple functions are included for most of the 24 functional categories, although a few categories include only a single function.

Business process workflow diagrams exist for some, but not all, of the individual current functions. Please refer to Appendix E-9 to view the workflow diagrams that are available.

B-1.1.1 Employer Reporting

B-1.1.1.1 Municipal Quarterly Report Audit

Process Summary

Municipalities send forms and reports quarterly to VRS for processing. After the Secretary (Monica Chiren) sorts these forms and reports from other incoming mail, she sends them to Program Technican Katherine LaRaus for additional processing.

LaRaus consolidates all municipality information prior to processing, since the forms and reports may be submitted separately. If the incoming form or report requires setup under the Defined Contribution (DC)

plan, LaRaus completes this process. Assuming the member is enrolled in the Defined Benefit (DB) plan, LaRaus must call the municipality for missing information, as needed, and wait for the receipt of this information prior to terminating the member from the DB account. When all information and deposits have been received, she marks the file with a red "T" and the defined benefit termination date.

At the same time, LaRaus reviews and corrects any discrepancies with deposits received either by check or by lockbox. Lee sends the lockbox deposit report to LaRaus for reconciliation activities.

LaRaus then reconciles the reports against deposits received from the municipality. If they reconcile, she enters the report information into the Inquiry Teacher Municipal State (ITMS) system and posts the transactions to the member's account. Otherwise, she corrects any discrepancies before attempting to reconcile again.

At this point, LaRaus is responsible for balancing activities.

Inputs

Inputs include:

- Reports and forms submitted by municipalities,
- Checks and lockbox deposit information,
- Returned beneficiary designation forms, and
- Entry of beneficiary designation forms into ITMS system.

Outputs

Outputs include:

- Updated ITMS data.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.1.2 Teacher Retirement System Quarterly Reports

Process Summary

Program Technician (Wendy Lee) reviews printed Teacher Retirement System quarterly reports and sends them to the appropriate supervisory units which in turn forward to appropriate individual schools who enter information on the web-reporting system.

Within four weeks, the school district completes the reports via the Web reporting system and Lee verifies the deposit received against the report total. The deposits are sent to VRS on a rolling basis, but must not arrive later than the end of each quarter. If Lee observes any discrepancies, she contacts the school district to resolve the error.

After verifications are complete, she updates the account for the school district in the VM or ITMS system as appropriate. If the school district did not submit any new enrollment forms, the process is complete.

If a new member enrollment form is present, a new enrollment certificate and member number is generated when the file is posted. Lee mails a Member Handbook and any other materials to the member. She then prepares a paper file folder for the new member, creates a 3x5 card file with the member information and enters the information into the "Active member" book.

If a separation of employment form is submitted by the school district, Lee updates the VM system to indicate termination of employment.

Inputs

Inputs include:

- School district quarterly reports (via Web reporting system),
- Deposits from school districts,
- Updates to the ITMS system through VM and Web reporting import,
- Updates to the "Active member" book,
- New member enrollment forms from school district,
- Separation of employment forms from school district, and
- Updates to the ITMS and VM systems regarding termination of employment.

Outputs

Outputs include:

- School district quarterly reports,
- New enrollment certificate,
- New member number,
- Member handbook,
- Beneficiary form,
- Paper file for new member, and
- 3x5 index card for new member.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.1.3 Teacher Retirement System Deposits

Process Summary

On a daily basis, any school district may deposit funds using the "lockbox" software. The financial institution processes deposits received daily and Program Technician Wendy Lee loads this information electronically into the system. A courier is dispatched to deliver the paper deposit ticket to VRS and Lee.

Lee verifies the deposit ticket against the total indicated in the "lockbox" software. If the totals do not reconcile, Lee contacts the school district and/or Bank directly to resolve the discrepancy.

When the totals reconcile, she runs the Daily Deposit Report and sends to the Retirement Deputy Director (Michael Clasen for review and approval. Clasen then authorizes Accountant C Jennifer Thivierge to process the monthly deposits. This part of the process is complete for Lee.

On a daily basis, Lee prepares deposits for checks received through the mail from school districts or members. After preparing the deposit slip, she sends it to Clasen for review and approval. Clasen then authorizes Accountant C Thivierge to process the special weekly deposits.

If the deposit is from a school district, Lee manually enters the deposit information into the "lockbox" software. If it is a member deposit, she enters information into ITMS to update the member's account for a corrected statement for the member. She copies the statement, mails it to the member, and files the copy in the member file.

Inputs

Inputs include:

- Lockbox deposits from school districts,
- Daily reports from financial institution,
- Deposit slip from financial institution,
- Generate daily report for deposits,
- Checks from school district or member for deposit, and
- Entry into "lockbox" software for school district check deposits.

Outputs

Outputs include:

- Daily deposit report,
- Deposit slip for check deposits from school district or member, and
- Corrected statement for member sending check deposit.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.1.4 State Defined Contribution Transfer Payroll

Process Summary

Program Technician Katherine LaRaus receives a printout from Office of the Treasurer's Technology Services Division (Dan Fine) on the Friday before the week of payroll. This print out shows contribution amounts to be transmitted to the TPA. LaRaus initiates a bi-weekly update program in the FOCUS system and compares the amounts to be transmitted against the report provided by the Information Technology section. If the totals match, then she prepares an allocation worksheet and transmittal memo in Microsoft Word and faxes to the TPA.

Next, LaRaus prepares a wire transfer memo in Microsoft Word and sends to Retirement Deputy Director Michael Clasen for review. Clasen returns the information to LaRaus, who keeps a copy and forwards the original to Treasurer's Financial Operations Director Skip Perkins, who completes the wire transfer approval. When complete, he sends the approved wire transfer back to LaRaus.

LaRaus logs onto the TPA Web site and transmits the State DC contributions data electronically from FOCUS to the TPA. The TPA e-mails a status report to LaRaus. If the transmission is received and there are no errors, LaRaus applies funding; if there are errors, the errors must be fixed before funding can be applied. LaRaus receives the State IT report from Accountant C Jennifer Thivierge. LaRaus then verifies that the report matches the amount to be transmitted. Upon verification, LaRaus prepares a State deposit and sends to Webster for signature approval. Webster forwards the signed deposit to LaRaus, who makes a copy and forwards the original to Thivierge who completes the "Deposit Process." After the deposit has been completed, LaRaus records the deposit information in a Microsoft Excel worksheet.

Inputs

Inputs include:

- Report indicating State payroll amounts to be transmitted to VRS,
- State electronic contributions on the TPA Web site, and
- "Apply funding" process on the TPA Web site.

Outputs

Outputs include:

- Totals from bi-weekly update program,
- Notification memo for the TPA regarding current contributions,
- Wire transfer memo,
- CIT report of amounts to be transmitted,
- Deposit form for signature approval, and
- E-mail from the TPA regarding receipt of contributions.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.1.5 Municipal Defined Contribution Transfer Payroll

Process Summary

Program Technician Katherine LaRaus reviews Municipal DC entities payroll reporting every two weeks on the VMERS system. For all the reporting entities, she uploads or performs manual entries for payroll reporting into the FOCUS system. She also manually enters multiple checks, bonuses or new entities from the "Daily Lockbox" into the FOCUS system. LaRaus then prints the daily deposits, files a copy into the "deposit book" and sends the deposit information to Accountant C Jennifer Thivierge for the "Deposit Process."

Every other Wednesday at 3:00 PM, the VMERS system is closed in order to run batch programs within the FOCUS system to update the municipal reporting entities contributions. The FOCUS system generates a printout of the contributions from the reporting entities. LaRaus reviews the information for accuracy, makes any necessary corrections, and then initiates a "Load Entities" program in the FOCUS system. This process generates a "Balancing Entities" report. If all reporting entities are in balance, on Thursday LaRaus initiates the "Close Pay Period" process in the FOCUS system. For those entities not in balance, LaRaus forwards information to the next pay period in order to allow entity time to correct the error.

After closing the pay period, LaRaus prints a "verification" report for the TPA. LaRaus prepares a memo in Microsoft Word for the TPA. She sends the memo to Retirement Deputy Director Clasen for signature and faxes the memo with the verification report to the TPA. Next she prepares a wire transfer memo in Microsoft Word and sends to Clasen for review. LaRaus takes the memo to Treasurer's Financial Operations Director Skip Perkins who completes the wire transfer. LaRaus logs onto the TPA Web site and sends individual contributions electronically from FOCUS to the TPA. The TPA e-mails a status report to LaRaus. Then LaRaus logs-on to the TPA Web site and provides authorization to apply the funding.

Inputs

Inputs include:

- Municipal entities payroll reporting,
- Uploads and manual entries to FOCUS,
- Daily lockbox, multiple checks, bonuses, and new entity entries into FOCUS,
- "IT batch programs" in FOCUS,
- "Load entities" program in FOCUS,
- "Close pay period" program in FOCUS,
- Individual electronic contributions on the TPA Web site, and
- "Apply funding" process on the TPA Web site.

Outputs

Outputs include:

- Printed daily deposit form,
- Reporting entities printout from FOCUS,
- Balancing entities report from FOCUS,
- The TPA "verification" report from FOCUS,
- Wire transfer memo,
- Notification memo for the TPA regarding current contributions, and
- E-mail from the TPA regarding receipt of contributions.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.1.6 (Employer) Deposits

Process Summary

Accountant C Jennifer Thivierge receives a deposit from a VRS staff member. If the deposit is a paper check, then Thivierge reviews the deposit, time/date stamps the deposit and completes the worksheet submitted with the checks.

Thivierge then sends the deposit to the bank, awaits confirmation from the bank, then enters the deposit information into a Microsoft Excel worksheet and the VISIONS system.

If the deposit is a "lockbox" deposit, then Thivierge reviews the worksheet submitted with the deposit slip and enters the deposit information into a Microsoft Excel worksheet and the VISION system.

Inputs

Inputs include:

- Deposit slip,
- Deposit worksheet, and
- Deposit information entry into Microsoft Excel.

Outputs

Outputs include:

- Deposit confirmation from bank (if applicable).

Operational and Service Measurements

No measurements collected at this time.

B-1.1.2 Enrollment/Beneficiary

B-1.1.2.1 Member Account Maintenance

Process Summary

Program Technician Katherine LaRaus receives member account change requests from various sources (i.e., phone, letter and returned mail). She separates the requests according to the retirement system requiring the change (i.e., Municipal, Teachers, or State), verifies the member information in the ITMS system, and then makes the appropriate field changes in the ITMS system.

LaRaus then creates and submits a cover letter to have the State process the requested changes. The changes are batch-processed overnight. The following day, LaRaus receives a printout of the changes and verifies them for accuracy.

Inputs

Inputs include:

- Change requests from multiple sources, and
- Member change entry into ITMS.

Outputs

Outputs include:

- Cover letter requesting IT to process changes, and
- Printout of changes made in ITMS system.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.2.2 New Member Account Setup

Process Summary

Every two weeks State payroll personnel submit 3x5 index cards of new employees and once every quarter Municipalities send new member information on quarterly reports. The new member setups are sent to Program Technician Katherine LaRaus for processing. School districts submit new member setups quarterly, and Program Technician Wendy Lee processes them independently of this process summary.

LaRaus prepares labels and file folders for each of the new members and updates the "active member book" in Microsoft Excel. She mails a confirmation letter along with a beneficiary form to the new member. She then places a copy of the confirmation letter in the file.

For Municipal new members, LaRaus discards any index cards created from the new member after the member has been entered into Microsoft Excel and files the new member as a Municipal Active File.

For State new members, if the member's start date is questionable, LaRaus forwards the 3x5 index card to Accountant C Jennifer Thivierge who researches and makes the necessary corrections on the card. This staff member is responsible for returning the index card to LaRaus who updates the card file, member file, and the "active member book" in Microsoft Excel. If no changes are needed, or once changes are made, LaRaus files the new member file.

When the member returns the beneficiary designation form, it is sent to LaRaus for processing. She updates the member file, enters the information into the ITMS system, and re-files.

Inputs

Inputs include:

- New member information on 3x5 index card or with quarterly reports,
- Enter changes in "active member book" in Microsoft Excel,
- Returned beneficiary designation form, and

- Enter beneficiary designation into ITMS system.

Outputs

Outputs include:

- New member confirmation letter,
- Create new member file, and
- Mail beneficiary designation form to new member.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.2.3 New State/Exempt Member

Process Summary

Each Wednesday, Office of the Treasurer's Technology Services Division staff memberLane Safford provides a list of new State/Exempt employees from the State DC database to Program Technician Katherine LaRaus. The State DC database is updated bi-weekly and automatically adds new employees to the system.

LaRaus reviews the list of new employees to determine if they have previous service with the State of Vermont. If she observes previous service, she then verifies if the account is closed. If the account is open then the new employee contributions will be deposited in the old account. Otherwise, she processes the employee with previous service as a new employee of the State.

LaRaus begins the new member process by performing a comparison analysis of the benefit plans available to the new employee. She uses VRS's ITMS and Payroll systems to compare the defined benefit plan against defined contribution plans with the TPA. LaRaus prepares a comparison letter in Microsoft Word, makes a copy for the member file, places a "sticky note" with reminder and deadline dates on the copy, and mails the original letter with the State DC packet and the TPA's Prospectus and Q/A to the new member. She then enters the packet/letter mailing date into the State DC database.

The member has the option to select a defined contribution plan but must respond to the letter sent by LaRaus or the member is defaulted into the defined benefit plan. If their election is received prior to the reminder/deadline dates, LaRaus prepares a "Welcome" letter in Microsoft Word and sends the letter to the member. She e-mails Payroll indicating the election selected by the new member.

LaRaus prints the new member information for the TPA then verifies the change from DB to DC has occurred in the payroll system. She enters the transfer date and the new member salary into the State DC database. Because several months may have elapsed since the new member began employment and their election has been selected, the member deposits have been made to the DB plan by default. LaRaus must move these funds to the DC plan. If LaRaus determines they are DC eligible then she verifies if they had previous Defined Benefit (DB) service with the State of Vermont. If previous service exists, she has Retirement Specialist do rollover worksheet and enters the previous service onto the TPA Web site. LaRaus sends the rollover calculation to Retirement Director Webster for approval.

LaRaus then prepares to move the contributions from the DB to the DC plans by completing the "Wire Transfer Process." She prepares a final letter for the new member in Microsoft Word explaining the rollover of funds from DB to DC and withdraws the account.

If the member does not respond to the original election letter, LaRaus sends a reminder letter to the member indicating the deadline to respond and what events will occur should they not respond.

Finally, if the member does not respond by the deadline indicated, they stay in the DB plan.

Inputs

Inputs include:

- List of new exempt employees from State DC database,
- New member election form with choice, and
- Transfer date and salary information in State DC database.

Outputs

Outputs include:

- New member packet with election form, comparison analysis, State DC packet and the TPA prospectus,
- Reminder/deadline letter (when applicable),
- "Welcome" letter to new member,
- E-mail to payroll regarding member election,
- Member information printout for the TPA,
- Rollover calculation worksheet,
- "Wire Transfer" process,
- "Withdraw Account" process, and
- Rollover explanation letter to new member.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.2.4 New Municipal Defined Contribution Member

Process Summary

On a quarterly basis, municipal payroll officers fax, mail or e-mail a "Notification of New Employee" form to VRS. Program Technician LaRaus receives the forms and information into Municipal Web site for tracking. She then determines if the new member is eligible to participate in the Defined Contribution (DC) plan. If they are not eligible, she processes the individual as a new defined benefit member.

If LaRaus determines they are DC eligible, then she verifies if they had previous Defined Benefit (DB) service with the State of Vermont. If previous service exists, she has Retirement Specialist do a rollover worksheet and enters the previous service onto the TPA Web site, and sends the member a comparison packet.

If the member with previous DB service elects the DC plan, LaRaus pulls the DB file to consolidate all pertinent information and then calculates a rollover using information from the ITMS system and entering information into a Microsoft Excel worksheet. She sends the rollover calculation to Retirement Director Webster for approval. Upon receiving the approval, LaRaus prepares a transfer notification in Microsoft Word, a TPA allocation worksheet in Microsoft Excel and a rollover notification letter in Microsoft Word for the member. She sends the entire file back to Webster for approval. When the approved file is returned to LaRaus, she sends the transfer notification to the TPA. She prepares a wire transfer memo in Microsoft Word and sends to Deputy Treasurer Beth Pearce for review. Beth sends the memo to the Treasurer's Financial Operations Director (Skip Perkins) who completes the wire transfer approval. When complete, he sends the approved wire transfer back to LaRaus whoshe faxes and mails the wire transfer to custodian bank. The file goes through the "Withdraw Account" process to withdraw the DB account and the files are combined into one member file.

If the member chose DC as their plan and their previous DC account is still open, the member remains in the DC plan. If the previous DC account is closed, the member receives another election and VRS waits to receive the member's election choice. If the election choice letter is received prior to the deadline and the member elects DB as their plan choice, then the paperwork is sent to LaRaus for processing. If no election or a late election is received, the member is transferred to the DB plan by default.

For members who do not have previous service, LaRaus enters the new hire information into the MUNI system and prints a "welcome" letter from MUNI. She accesses the TPA Web site and generates and prints an automated benefit comparison to send to the member. She makes copies of the letter and benefit comparison for the member file and mails the information along with State DC packet and the TPA's Prospectus Q/A to the member.

The member has 60 days to make and return their election choice to VRS. If the election choice is not received within 60 days, the member is automatically enrolled in the DB plan. Otherwise, if the election choice is received before the deadline and they select DB as their plan, LaRaus records the decision in the MUNI system.

For those members who select the DC plan, LaRaus prepares a "thank you" letter, places a copy of the letter in the member file, prints a the TPA information letter, and mails these items to the member. She also drafts and sends a memo to the Payroll Officer. In addition, she sends all appropriate information to the TPA. The NOE, the TPA Comparison, and all letters are put in the member's file and stored in a cabinet near LaRaus's desk. The TPA information is placed in a New Hire book, and the Payroll Officer memo is filed under correspondence for the appropriate entity.

Inputs

Inputs include:

- "Notification of New Employee" from municipalities,
- New hire information into Municipal system if member is DC eligible,
- Previous service information into the TPA Web site,
- Rollover worksheet,
- Service information entry into Microsoft Excel to calculate rollover, and
- Member election decision letter.

Outputs

Outputs include:

- "Welcome" letter for new member from MUNI,
- New member packet with election form, comparison analysis, State DC packet and the TPA prospectus,
- "Thank You" letter for member DC election choice,
- The TPA information letter,
- Rollover calculation form,
- Transfer notice and allocation for the TPA,
- Rollover letter for member,
- Payroll Office memo, and
- Wire transfer memo for custodian bank.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.2.5 Transfers within the System

Process Summary

During the quarterly reporting process from reporting entities, a new member social security number can be submitted that had been previously set up due to service in another system within the state. When this occurs, Accountant C Jennifer Thivierge receives notification of the new member. She prepares a letter in Microsoft Word to send to the new member outlining "transfer out" options available to them. The member can choose to withdraw their existing account or combine all accounts into one file. They are given one year to decide the action they desire to take.

If the member chooses to withdraw their existing account, then Thivierge performs the "Withdraw Account" process.

If the member chooses to combine their accounts, then she pulls both files and prints account screens from the ITMS system. She calculates years of service, salary paid, and the amount to be moved. Thivierge then sends the files to Program Technician Katherine LaRaus for auditing.

When Thivierge receives the audited files, she performs the "Check Order" and "Deposit" process to move the funds from one account to another. She moves the dollar amount and the years of service in the VM system. She also classifies the member as "mixed" so others are aware of the combined account.

The accounts are combined by overnight batch processing activities and Thivierge verifies the changes for accuracy the following day. At this point, she combines all paper documents into one file and re-files.

If the member does not return the "transfer out" options letter within the allotted time and the member is vested, the accounts are automatically combined. Otherwise, the old account is withdrawn and the funds are returned to the member.

Inputs

Inputs include:

- Quarterly reports from reporting entities, and
- Returned "transfer out" options letter.

Outputs

Outputs include:

- "Transfer out" options letter to member,
- Screen prints from ITMS system,
- Previous account calculations using Microsoft Excel,
- "Check Order" process,
- "Deposit" process,
- "Withdraw Account" process, and
- Combination of both member accounts into one file.

Operational and Service Measurements

Measurements include:

- Number of transfers within the system processed annually.

B-1.1.3 Customer Service/Activity Tracking

B-1.1.3.1 Incoming Telephone Calls

Process Summary

Three Retirement Division staff members are designated to receive all incoming phone calls made to the VRS main telephone number – two Customer Service Technicians and one Program Technician. Customer Service Technician Monica Chiren is "Number One" on phones. Like the other two staff members, Chiren assists each caller when possible, but she also transfers a number of call types to other staff members. Chiren typically transfers the following call types to various positions within the Retirement Division:

- Insurance questions,
- All calls from Municipal entities,
- Requests to speak to a Retirement Specialist,
- Specific questions regarding State retirement benefits,
- Active teacher questions,
- Complaints, and
- Calls from Board of Trustees Member(s).

In all cases, when a caller is transferred he or she will speak with a live person, have the option to leave a voicemail if a person is not available, or transfer out to speak with Chiren.

Chiren provides assistance with the following call types:

- Report of death of Retired State Employees,
- Scheduling of Treasury building conference rooms,
- General questions, and
- Requests for retirement estimates.

Regarding report of death and retirement estimate calls, Chiren collects the necessary information such as Social Security Number, current address, etc., pulls the member file and prints any screens from related systems to prepare the file. She forwards all information (including the paper file) to a Retirement Specialist or other VRS staff member. Chiren is also able to provide complete assistance with scheduling conference rooms and general questions. Chiren also sorts and delivers all incoming mail and assists walk-ins.

Other calls requiring transfers include requests to speak with specific VRS employees and abandoned property questions.

Customer Service Technician Cheryl Taylor ("Second") and other staff provide back-up to Chiren and also answer calls pertinent to their job descriptions.

Inputs

Inputs include:

- Incoming telephone calls, and
- Member or call specific information collected during the call.

Outputs

Outputs include:

- Transferred calls,
- Screen prints for certain call types, and
- Member files pulled from filing area and forwarded to specific Division individuals.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.3.2 Incoming Mail

Process Summary

Each day, incoming mail is delivered to the Secretary (Chiren) who time and date stamps all pieces of mail and sorts the mail by type and member. If there are no returned checks or returned mail due to bad addresses, she delivers the sorted mail to the appropriate Retirement staff members and places copies when appropriate in the member's file.

If there are returned checks or returned mail, Chiren makes copies of the original check or returned mail, searches all relevant and related systems for an address change, prepares new envelopes, and resends to the member or retiree. She sends the copy of the check or returned mail to the appropriate Retirement staff.

If Chiren is unable to locate an updated address, she sends the original check or returned mail to the appropriate Retirement staff for further research and handling.

All outgoing mail is placed in the basket outside Nancy Dimick's office where it is held for daily pick-up.

Inputs

Inputs include:

- All incoming mail.

Outputs

Outputs include:

- Sorted mail delivered to appropriate retirement staff,
- Copies of checks or returned mail, and
- Original checks or returned mail.

Operational and Service Measurements

No measurements collected at this time.

A sample of the number of pieces of incoming mail over approximately a four-week period (including returned mail) is included below.

Day	Date	Count	Notes
Fri	1/9	219	
Mon	1/12	518	
Tues	1/13	62	
Wed	1/14	91	
Thurs	1/15	47	
Fri	1/16	89	
Mon	1/19	513	Holiday
Tues	1/20	321	
Wed	1/21	312	
Thurs	1/22	268	
Fri	1/23	621	
Mon	1/26	220	
Tues	1/27	489	
Wed	1/28	419	
Thurs	1/29	189	
Fri	1/30	320	
Mon	2/2	293	
Tues	2/3	84	
Wed	2/4	487	
Thurs	2/5	176	
Fri	2/6	142	
Mon	2/9	312	
Tues	2/10	143	and a box

Average=	**275.43**
Average Monday=	371.20
Average Tuesday=	219.80
Average Wednesday=	327.25
Average Thursday=	170.00
Average Friday=	278.20

Figure 2. Mail Count from January 9, 2004 – February 10, 2004

B-1.1.3.3 Pension Verification

A member calls requesting a letter that outlines their monthly pension from VRS. VRS staff looks up information on VRS legacy system and completes a form letter that includes the member's gross pension, tax, and health insurance or other deductions, if any, and net amount of their pension along with a statement that the pension is payable for the duration of the member's life. A copy of the completed form or letter is placed in the file and the original is mailed to the member or the person/entity requesting the information.

Written requests from Social Security, HUD, or financial institutions are forwarded to Customer Technician Taylor who pulls the member file to ensure a release of information is on file before preparing a letter described above or the form if a one was provided. If a release of information is not included in the file, the form or letter is returned indicating VRS cannot provide requested information without a signed release of information from the member. If a release of information is on file, a copy of the completed form or letter is placed in the file and the original is mailed to the member or the person/entity requesting the information.

Inputs

None provided.

Outputs

None provided.

Operational Measurements

None provided.

B-1.1.3.4 Presentations

This section is included in Section B-1.1.16 Counseling, Scheduling, and Seminars.

B-1.1.4 Health, Dental, and Life

B-1.1.4.1 Retiring Teacher Insurance

Process Summary

During the retirement process, if the retiring member is requesting health insurance as part of their retirement package, Customer Service Technician Cheryl Taylor does not separate these files from "regular" retirement files. Accountant C Jennifer Thivierge holds all pending retirement files until one month prior to retirement. At that time, Thivierge will review the pending retiree files and check for the "3-part" insurance forms.

If the form is in the file, she verifies the form for completeness, adds the group number and name to the form, and stamps it "processed." She manually updates a Microsoft Excel spreadsheet that calculates additions and deletions to the Blue Cross/Blue Shield payment file.

Thivierge sends the original form to BCBS for processing. BCBS forwards plan information to the retiree separately. The retiring member file is then forwarded to Program Technician Wendy Lee for retirement processing.

Lee processes the retirement, completes the "Blue" form (if applicable), and sends the file to the Retirement Specialists. They complete benefit calculations and audit activities, then send the file to Thivierge to processes Form 0.

Thivierge returns the file to Lee, who performs the "Withdrawal Process" and sends it on to complete the retirement process.

Inputs

Inputs include:

- "3-part" insurance information form in pending retiree file,
- Add group number, name and stamp "3-part" form, and
- Update BCBS spreadsheet with additions and deletions in Microsoft Excel.

Outputs

- Outputs include:
- Send original of "3-part" form to BCBS.

Operational and Service Measurements

Measurements include:

- No measurements collected at this time.

B-1.1.4.2 Retiring State Employee Insurance

Process Summary

The application for insurance with Cigna for a retiring state employee is generally received thirty (30) days prior to the member's retirement date.

Accountant C Jennifer Thivierge enters the application information from the form into a Microsoft Access database. The data is exported monthly and sent to Cigna via FTP. This process is facilitated by the State IT group.

If errors exist in the file transfer, an error report is e-mailed to Thivierge. She contacts CIGNA directly to correct any issues present within the file. Otherwise, she holds the retiring state employee file until payroll clears. When payroll has cleared, she prints the payroll screen, places in the file, and forwards the file to the Retirement specialists for pension benefit calculations.

The file is eventually returned to Thivierge and, using Microsoft Excel, she prepares and prints a Form 0 to be audited. Upon receiving signed approval that the file is correct, Thivierge enters insurance information into the VM system. A cover sheet and VM control card are prepared and sent to State IT for nightly batch processing.

The following day, Thivierge receives a paper copy of the output and totals for CIGNA insurance. She balances the totals against the "Form 0" then sends the output to Program Technician Katherine LaRaus for audit purposes. The audited information is sent back to Thivierge, she date/time stamps the "Form 0," then inserts in file and forwards the folder to Taylor for processing retirement certificates.

Inputs

Inputs include:

- CIGNA insurance application from member,
- Enter insurance information from application into Microsoft Access,
- Error report from CIGNA, and
- Enter insurance information into VM system.

Outputs

Outputs include:

- Export insurance data to CIGNA,
- Print payroll screens for retiree file,
- Audit Form 0 (zero),
- Batch process cover sheet and control card for CIT, and
- Paper copy of output from batch process for balancing purposes.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.4.3 Insurance Open Enrollment: Teachers

Process Summary

Each January, February, July, and August, Insurance Open Enrollment is available to all Retired Teachers. The April newsletter provides official notification of Open Enrollment activities and outlines the process and the schedule for Open Enrollment throughout the year.

Open enrollment interest and questions generated by this newsletter causes increased phone call inquiries. Typically, these calls are forwarded to Accountant C Jennifer Thivierge who explains the process and the changes a retired teacher is eligible to make. Upon request, Thivierge sends the retiree a new application along with an insurance booklet and rate sheet (see Insurance Rate Tables Update below).

As completed application forms are received they are held until the month preceding the enrollment date.

Thivierge updates the retiree information in the VM system and validation of the data entry is completed. The completed application forms are sent to Blue Cross Blue Shield (BCBS) to be processed.

Once processed, BCBS corresponds with the retiree directly notifying them of changes to their plan and coverage.

Inputs

Inputs include:

- Incoming phone calls from retiree,
- Rate Tables update from BCBS, and
- Completed Health Insurance applications.

Outputs

Outputs include:

- Blank Health Insurance applications to members,
- Updated retiree information in VM, and
- Processed Health Insurance applications to BCBS.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.4.4 Insurance Open Enrollment: State Employees

Process Summary

Each October, Information Technology generates labels for State employees who are eligible to make insurance changes and sends them to the Department of Human Resources. They send letters to all eligible State employees notifying them about Open Enrollment.

When a State retiree contacts VRS to request an insurance application during Open Enrollment, the caller is transferred to Accountant C Jennifer Thivierge. She takes the necessary information from the member and sends them the application. She also explains that any requested changes must be submitted by November 30th.

Thivierge waits to receive all the applications. She enters the requested changes into the CIGNA and VM systems.

Inputs

Inputs include:

- Incoming phone call from State employee,
- Completed CIGNA applications, and
- Data entered into CIGNA and VM systems.

Outputs

Outputs include:

- Labels from IT to Dept. of Personnel,
- Letters from Dept. of Personnel to State employee,
- CIGNA Application to State employee, and
- Processed original applications sent to CIGNA.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.4.5 Insurance Rate Tables Update

Process Summary

Each April, Accountant C Jennifer Thivierge receives updated insurance tables from Blue Cross Blue Shield (BCBS). For tracking purposes and for sending information to retirees, Thivierge maintains a rate table spreadsheet in Microsoft Excel.

In June, after updating her spreadsheet, she enters the rate changes into the VM system for preliminary processing. The VM system generates an updated rate table report and Thivierge verifies her entries for accuracy.

The report and insurance rates from BCBS receive a second verification from Katherine LaRaus. If the changes are accurate, then Thivierge requests that the IT section process the changes. The rate updates affect all retired teachers who receive a monthly benefit and have insurance with BCBS. No formal notification is sent to the retiree unless they request an updated rate sheet.

Inputs

Inputs include:

- Updated insurance rate tables from BCBS,
- Update insurance tables in Microsoft Excel, and
- Update insurance tables in VM.

Outputs

Outputs include:

- Rate table report from VM.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.5 Disability

Process Summary

The disability retirement process typically begins with a telephone call from the member or an advocate of the member. The recipient of the call takes personal information about the caller, such as Social Security Number, current address and estimated retirement date, and information regarding the member's beneficiary when applicable.

Retirement staff accesses the ITMS system, prints information related to the requestor and pulls their paper file. Based upon all the information provided, a Retirement Specialist prepares an estimate of expected benefits in a Microsoft Excel worksheet. The Retirement Specialist sends the member an estimate in a packet, which includes an application for retirement, medical release form, and other forms required for disability retirement processing. Donna Holden files the copies in the Active Member files and waits for a response from the member.

When the member returns the application, Holden updates a Microsoft Access database with all the necessary information, merges this information with Microsoft Word, prepares and sends an Acknowledgement letter to the member. The purpose of this database update is to generate reminders to send periodic reminder letters to the member if information is not received in a timely manner. Concurrently, the member is attempting to acquire medical information from the physician, which indicates the member is physically unable to fulfill their employment duties. The complete member medical file must be received prior to sending the disability determination file to the independent Medical Review Board (MRB).

When all requested information has been received, Holden prepares the member file for evaluation by the MRB. She notifies the board members of an impending meeting, prepares an agenda and sends member packets to the MRB two weeks prior to the meeting for review. The MRB completes medical review evaluation forms independently then attends the MRB meeting the second Thursday of every month. Holden holds all the cases until a monthly conference call where decisions are made regarding the member request.

If the member disability retirement request is approved by the MRB, they return their completed forms along with the packets to Holden. Holden documents limited information for the applicable Retirement Board (RB), notifies the retirement board of an impending meeting, prepares an agenda, and sends member packets to the retirement board two weeks prior to the meeting for review. It is during this time that the retirement board can accept or reject the recommendations of the MRB. The RB also holds a separate meeting on the second Thursday of every month. Holden documents the minutes of the meeting for the State of Vermont Retirement Board. Although the Retirement Board does not have to accept the recommendations of the MRB, it does not have the ability to overrule the decisions of the MRB.

Upon approval, Holden prepares an approval letter that is sent to the member. The entire file is then sent for review and disability retirement set up. If the MRB requests an annual review, Holden enters the member information into a Microsoft Excel "tracking" worksheet. The audited file is sent back to Thivierge for final retirement processing.

Other actions to be taken by the MRB are deferral or denial of the member request. If the file is deferred, then the MRB is requesting additional information from the member or the physician. The member file is in pending status until the additional information has been received. Upon receipt of this additional information, the member request is sent through the same processes as listed above.

When the request is denied by the MRB, Holden prepares a "denial" letter containing information regarding the appeal process. She also sends the denial information to the appropriate Retirement Board. The Board chair documents the reason for the denial. The member has 60 days to submit an appeal. If no appeal is received within that period of time, the file is closed.

Inputs

Inputs include:

- Contact from member or advocate of member,
- Disability Retirement application,
- Medical information from physician, and
- Approval, deferral, or denial from MRB.

Outputs

Outputs include:

- Member information from ITMS,
- Retirement estimate,
- Retirement packet,
- Acknowledgement letter,
- Reminder letter (when applicable),
- Member packet for MRB,
- Medical review evaluation form,
- Approval, deferral, or denial letter.

Operational and Service Measurements

Measurements include:

- Number of disability retirements processed annually (all three systems).

B-1.1.6 Benefit Calculations

B-1.1.6.1 Teacher/State Final Retirement Benefit Calculations

Process Summary

The Teacher/State retirement final calculation process begins with the member sending a retirement application.

Customer Service Technician Cheryl Taylor completes the "Retirement Acknowledgement" process. She sends the file to Accountant C Jennifer Thivierge who will hold the file until it is time for the member to retire.

If the retiree is a Teacher, Thivierge forwards the file to Program Technician Wendy Lee to gather the information for the Retirement Specialist to use in calculating benefit documents.

If the retiree is a State Employee, Thivierge waits until the member termination period clears state payroll, prints related screens from the HRMS system, and transfers the entire file to a Retirement Specialist.

The Retirement Specialist completes the final retirement calculation in Microsoft Excel and forwards the file to a second Retirement Specialist for auditing purposes. If the second Retirement Specialist observes any errors, they return the file for corrections. When the audit process for the file is complete, the Retirement Specialist sends the file back to Thivierge.

Thivierge completes an "Audit Form 0" and forwards the file with the form to another department employee for auditing. The staff member returns the audited file to Thivierge who completes the "Pension Process," "Life Insurance Process" (if applicable), and the "Check Order Process."

When all these processes are successfully completed, Thivierge sends the retired member file to Taylor who completes the "Retirement Certificate Process" and any other certificates required. Taylor mails the certificate and a letter acknowledging the completed processing of the retirement to the retired member.

If the retiree was a State Employee, Taylor returns the file to Thivierge who completes the "AWAT Process." Thivierge files the folder in the "Retired" file cabinet when complete.

If the retiree was a Teacher, Taylor returns the file to Lee who completes the "AWAT Process." Lee then files the folder in the "Retired" file cabinet.

Inputs

Inputs include:

- Retirement applications from retiring Teacher or State Employee, and
- Final retirement calculation in Microsoft Excel.

Outputs

Outputs include:

- Audit worksheet for retirement calculation, and
- Benefit payment.

Operational and Service Measurements

Measurements include:

- Number of retirements processed annually.

Although there are no other measurements collected at this time, the Retirement Specialist Training Plan described above calls for manual counting of the number of retirement sessions performed and final estimates calculated weekly by each of the Specialists in training.

B-1.1.6.2 Municipal Final Retirement Benefit Calculations

Process Summary

This process begins when a municipal employee sends a completed retirement application to VRS. Customer Service Technician Cheryl Taylor completes the "Retirement Acknowledgement" process. She sends the file to Accountant C Jennifer Thivierge, who will hold the file until it is time for the member to retire.

If the member is retiring mid-quarter, Retirement Specialist Tina Kawecki prepares a letter in Microsoft Word requesting that the municipality send the most recent information regarding the member to VRS. If the member is not retiring mid-quarter, she pulls the most recent quarterly report, prepares the retirement calculation in Microsoft Excel, and forwards the file to another Retirement Specialist for auditing. She makes any corrections indicated by the Retirement Specialist, and forwards the file with the form to Accountant C Jennifer Thivierge for auditing.

Taylor prepares a certificate of retirement and a letter in Microsoft Word acknowledging the member's retirement. She makes copies for the file, and mails the check and information to the retiring member.

If no check is required, Taylor prepares a certificate of retirement and a letter in Microsoft Word acknowledging the member's retirement, makes copies for the file, and mails the information to the retiring member. She gives the file to the Accountant for Withdrawal and completes the process by filing the folder in the "Retired" file cabinet.

Inputs

Inputs include:

- Completed retirement application from municipal member,
- Most recent employer quarterly reports,
- Data for retirement calculation in Microsoft Excel,
- Data for adding to pension spreadsheet in Microsoft Excel, and
- Data to withdraw member from VM system.

Outputs

Outputs include:

- Screen prints from ITMS system,
- Letter to municipality requesting most recent member information,
- Final retirement calculation worksheet report from Microsoft Excel,
- Completed "Audit Form 0,"
- Check for retiring member (if applicable),
- Certificate of retirement mailed to retired member, and
- Retirement letter and other appropriate information mailed to retired member.

Operational and Service Measurements

Measurements include:

- Number of retirements processed annually.

Although there are no other measurements collected at this time, the Retirement Specialist Training Plan described above calls for manual counting of the number of retirement sessions performed and final estimates calculated weekly by each of the Specialists in training.

B-1.1.6.3 Retirement Acknowledgements and Certificates

Process Summary

Customer Service Technician Cheryl Taylor receives applications for retirement and other specific forms needed from the member. Upon receipt of an application, Taylor prepares a letter in Microsoft Word acknowledging receipt of the paperwork and listing any missing or incorrect items. She copies and files the letter, places the file in "Pending Applications," and holds until all required documentation and forms have been received.

When the member has sent all required documentation, Taylor prepares a second letter acknowledging receipt of all forms and sends it to the member. She then sends all retiring member files to Accountant C Thivierge for processing, unless the retiring member is a teacher with no health insurance. In this case, the files are sent to Program Technician Wendy Lee. Files are then sent to the appropriate Retirement Specialist. (See Section B-1.1.6.1 Teacher/State Final Retirement Benefit Calculations for more information.)

After the retirement has been processed and the file audited, it is returned to Taylor for certificate processing. Taylor prepares certificates for:

- Retirement,
- Life Insurance, and
- Single Deposit Investment Account.

Taylor makes copies of the certificates, mails the originals to the member, places copies in the member's file, and returns the file to Thivierge for "closing" activities.

Inputs

Inputs include:

- Retirement application,
- Documentation requested from member, and
- Health Insurance application.

Outputs

Outputs include:

- First Acknowledgement letter requesting documentation,
- Second Acknowledgement letter acknowledging receipt of all documentation, and
- Certificates of Retirement, Life Insurance, and Single Deposit Investment Account.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.6.4 Teacher Retirement System Verification of Service

Process Summary

A member requests verification of service by calling or sending a letter to VRS. These requests are forwarded to Program Technician Wendy Lee.

If the request is for out-of-state service, Lee looks for the file on-site at VRS. If the file is on-site, she reviews the file for service information and completes a verification of service form in Microsoft Excel. She places a note in the file of the previous member requesting verification, prepares a letter in Microsoft Word and sends it to the member along with the verification of service.

If the file is not on-site, Lee requests the file from Public Records (a central storage location for state agencies). If the file is located, she reviews the file for service information and completes a verification of service form in Microsoft Excel. She places a note in the file of the previous member requesting verification, prepares a letter in Microsoft Word and sends it to the member along with the verification of service. Finally, she returns the file to Public records.

If the file is not located in Public records, Lee returns the form or letter to the requestor explaining that the information requested is not available.

If the request is for purchase of service, Lee locates the member file, mails “Form 9” to the requestor and awaits their response. When she receives the completed form, Lee sends the “certification form” to the previous employer. If the employer is unable to certify employment, Lee returns the form to the requestor explaining that the information requested is not available.

Otherwise, she prepares an estimate in Microsoft Excel using current salary to set price. She also prepares a letter in Microsoft Word explaining service purchase options and sends along with the estimate to the member.

At this point, the member may opt to purchase the service or not. If the member purchases the service, they will send a check that will go through the "Deposit Process" and Lee will update the member account information.

Inputs

Inputs include:

- Telephone call or letter requesting verification of service,
- File from Public records (if applicable),
- Completed "Form 9" from requestor,
- Estimate calculation for purchase of special service in Microsoft Excel,
- Check for deposit from member purchasing service, and
- Update member file with service purchased (if applicable).

Outputs

Outputs include:

- Public record request for files not on-site,
- Completed Out-of-State service form to member,
- Letter to member regarding request,
- Note in member file regarding verification of service request,
- Return form and/or request letter (if applicable),
- "Form 9" mailed to requestor,
- Certification form to previous employer, and
- Estimate for purchase of special service to member.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.6.5 QDRO

See Section B-1.1.13 "Divorce" below.

B-1.1.7 Purchase of Service

Members are allowed, under certain conditions, to contribute additional funds to their retirement plan in order to increase their retirement benefit or to qualify for a retirement benefit. These "purchase" or "restoration" transactions may be made available for service withdrawal (e.g., for refunds), for:

- Under Age 30 Suspension
- In-State Deferred Service
- Out-of-State Service
- Peace Corps
- Vista
- Municipal Employment
- State Government Employment

- Private or Parochial Teaching Service
- Military Service
- Leave of Absences
- Air Time Service.

Process Summary

The following sections describe the various conditions for purchase or repurchase of service.

Leave of Absence (LOA)

An authorized leave applies to a leave of absence for military service, family leave, or a sabbatical. VRS typically discovers gaps in service when reviewing the member's account and finds that a full year of service had not been granted for a period of time. When processing the leave request, VRS first investigates details of it with the member. A form is sent to the applicable employer for verification of the leave. When the verification form is returned and the leave has not been approved, a rejection letter is sent to the member. Otherwise, if the verification indicates the leave was approved, the cost of the leave time is calculated using the system's contribution rate and the salary as reported by the employer on the verification form.

Approved leave of absences must have occurred after 7/1/90 for TRS and after 7/1/00 for ERS. The contribution amount for the LOA goes into a standard form letter and is sent to member. The member can elect to then pay in either a lump sum or over time. In either case, the check is deposited when received. Confirmation acknowledging receipt of the payment and indicating the due date of the next payment is sent to the member. The due date for the next payment is not currently recorded in the member's file. The burden is on the member to make timely payments given the information provided in the initial correspondence. No finance charge is applied if payment is late.

Payments made for all purchases are recorded as either a pre- or post-tax contribution. Service is not granted until the contribution amount is paid in full or when the member elects to stop making installment payments. In the latter case, the service is prorated.

When the contribution balance is paid in full, an acknowledgement letter is sent to the member indicating so.

"Air time"

Members of TRS and ERS can purchase up to five years of Air Time once they have attained 25 years of service.

Under certain conditions, up to five years of service may be purchased by a teacher's employer in order for the teacher to qualify for a retirement benefit. The time purchased under such an arrangement is often used as an early retirement incentive.

The teacher approaches VRS about purchasing such time and grants permission for the VRS to talk to the member's various teacher employers. The employer is sent a purchase cost sheet and may elect to purchase up to five years of service. The employer returns the cost sheet and election to VRS. A purchase contract is drafted and signed by school officials and VRS Director. The first payment must then be received by the last day of the month before the retirement effective date. The teacher employers have up to four years to complete the purchase. Interest for the balance is then calculated. Each of the

remaining payments is for the same amount. Contributions can be recorded as either a pre- or post-tax contribution. A notification is sent to the employer in subsequent years prior to the due date. The contract is placed in the member's file and is included in the retirement benefit calculation. A log of all the "airtime" contracts is maintained in an Excel spreadsheet that is used to generate the payment notifications.

Conversions

A member may convert years of non-contributory participation to contributory time or convert lower percentage years to higher percentage years. The member contacts the VRS to make the request. VRS uses a spreadsheet to convert transactions gathered from the source information in the member's file. Output from the conversion spreadsheet is included, along with a cover page, and is sent to the member. From this point forward, the process of tracking payments and adding service is the same as for the other purchase or repurchase examples.

Restoration

Restoration is available only for state service and applies to contributions a member previously withdrew as a refund.

The VRS retrieves the historical records for the member. This may require gathering them from public records or from the "tub cards" in the Department of Personnel. History from the "tub cards" goes back to 1976. If the required information cannot be found, the burden is on the member to provide data to substantiate the claim.

The collected data is entered into a calculation spreadsheet. A cost report is printed and sent to the member. From this point forward, the process is the same as for the other purchase arrangements. If the contributions withdrawn were for contributory service, the service is returned to the member's account where the contributions may subsequently be refunded. However, the state portion the member repays as part of the restoration cannot be added to their account.

Contributory and non-contributory years restored are counted as such in the benefit calculation. Service is only added upon the completion of the restoration arrangement.

Military Service

Military service is often identified by a gap in the member's service record or, alternatively, simply by a member's request for the time. Currently, a member needs to return to service within 90 days of discharge and may request granting of the service any time thereafter provided the member supplies a valid DD214. No salary is associated with the service and the years associated with the service are not included in the calculation of Average Final Salary. When the grant is completed, an acknowledgement letter is sent to the member.

Prior Military Service

TRS and ERS members who have attained 15 years of service, served one year of active full-time military service prior to their membership date, and had military service during the following conflict periods can receive up to three years of military service granted. They can then purchase up to two additional years of prior military service.

Conflict periods:

6/25/50 – 1/31/55 and 8/5/64 – 5/7/75

MRS members can only purchase prior military service.

Transfers to Defined Contribution

A member classified as an "exempt employee" under state or any municipal employee whose entity offers a Defined Contribution plan may elect to transfer contributions made under the defined benefit plan into a defined contribution plan. See Section B-1.1.24 "Defined Contribution Processing," below.

Granting Service and Purchase of Service

When the appropriate paperwork has been received and reviewed, VRS enters the service amount granted in the mainframe membership system. A maintenance form with the amount granted is filed in the member's folder as the source of the update.

Under Age 30 Suspension

TRS members can purchase all years they suspended when they were under age 30.

In-State Deferred Service

TRS members can purchase their first year of teaching employment in which they elected not to contribute to the retirement system.

In-State Prior Service

TRS and MRS members can purchase years of service previously withdrawn by refund.

Out-of-state Service

TRS and ERS members can purchase up to 10 years of out-of-state service. Municipal members do not have a limit on the number of years they may purchase of out-of-state service.

Teaching – Private or Parochial

TRS members can purchase up to 10 years of this prior service.

VISTA and Peace Corps

TRS, ERS and MRS members can purchase up to five years of either service once they have attained 15 years of service.

State Government and Municipal Employment

TRS and ERS members can purchase up to 10 years of either service. Municipal members do not have a limit on the number of years they may purchase.

NOTE: Verification must be provided prior to making any of the above purchases. The member may not be drawing a benefit from or be eligible for a benefit from any of the sources of the years

purchased (e.g., the member may not be drawing a benefit from a neighboring state if the members seeks to purchase those years under one of the three VRS pension systems).

Input

None defined.

Outputs

None defined.

Operational and Service Measurements

There are approximately 20 requests per day for the range of purchase and repurchase estimates defined above. The majority of these are estimates for "air time" (60-70%), followed by purchases of service out of state (20%). This work requires approximately 20% of the time of the four staff positions allocated to it.

B-1.1.8 Death

B-1.1.8.1 Retired State Employee Deaths

Process Summary

VRS receives notification of the death of a member by multiple sources, such as: a telephone call, news clipping, notification by mail from a bank or a friend and family member. When VRS staff members receive notification, they pull the member file and print the appropriate system screens. Chiren is responsible for death processing specifically for Retired State Employees. If Chiren speaks directly to the individual who is notifying VRS of the death, she attempts to obtain the beneficiary information.

Chiren then forwards the file to Accountant C Jennifer Thivierge to stop payment and to record the death in the ITMS system.Thivierge records pertinent information onto a steno pad and completes a hand-written worksheet that she attaches to the file.

The file is returned to Chiren who then performs the necessary benefit calculations, insurance changes and checks for Single Depository Investment Account (SDIA). Chiren also prepares a benefit letter for the beneficiary. Once audited, the letter and benefit calculations are mailed to the beneficiary and Chiren files the folder into the pending file.

When the beneficiary returns the completed forms, Chiren pulls the file and sends to Retirement Operations Deputy Director Clasen for review and signature. Clasen sends the file to Thivierge who prepares a check order form in Microsoft Excel. Thivierge sends the form to Clasen for review and signature. Clasen then sends the form to Thivierge for processing.

When Thivierge receives the audited file, she requests checks to be disbursed in the VISIONS system. The checks are disbursed and sent to Thivierge as ready. She performs "self-audit" activities, enters the check number into a Microsoft Excel tracking worksheet, and sends the checks with the file to Chiren.

Chiren then prepares a beneficiary letter. Letter and file are sent to Clasen for final approval. Upon approval, Chiren attaches the check and sends all materials to the beneficiary. Copies of all letters are made and added to the file.

Inputs

Inputs include:

- Notification of death from multiple sources,
- Beneficiary information and date of death,
- Completed forms from beneficiary,
- Death Certificate for deceased member file.

Outputs

Outputs include:

- Worksheet with deceased member information,
- Benefit calculation for beneficiary,
- Check order form for benefit payment to beneficiary,
- Letter for beneficiary, and
- Benefit payment for survivor/beneficiary.

Operational and Service Measurements

Measurements include:

- Number of deaths processed annually.

B-1.1.8.2 Retired Teacher Deaths

Process Summary

VRS receives notification of the death of a member by multiple sources, such as: a telephone call, news clipping, or notification by mail from a bank or a friend and family member. Customer Service Technician Cheryl Taylor receives all notifications of death of Retired Teachers and pulls the corresponding member file. If she is talking directly to the individual who is notifying VRS, she attempts to obtain the beneficiary information.

Taylor sends the file to Accountant C Jennifer Thivierge to stop payments from being disbursed to the deceased member. Thivierge records the date of death in the ITMS system. Taylor then determines if a "pop-up" exists. If a "pop-up" exists, then she prepares a letter requesting the death certificate from the beneficiary. When the death certificate is received, Taylor prepares a pop-up form in Microsoft Word and sends the file to Clasen for review and signature.

Clasen forwards the file to Thivierge who requests issuance of the payment for the beneficiary. When the check is received, Thivierge sends the file and the check to Taylor for mailing to the beneficiary. Taylor marks the retirement book, then obtains a "T Number" from the retirement book. She then pulls the card file, records the date of death and files the card.

If a "pop-up" does not exist, then Thivierge returns the file to Taylor who prepares a beneficiary letter in Microsoft Word. Taylor then mails the original letter and necessary forms for completion to the beneficiary and files the deceased member file in "pending" until the beneficiary sends back the completed forms. If the beneficiary does not complete the forms correctly, Taylor prepares another letter in Microsoft Word and resends the forms to the beneficiary.

Once all information is received, Taylor would then send the complete file to Clasen for verification and final approval.

Clasen forwards the file to Thivierge who requests issuance of the payment for the beneficiary. When the check is received, Thivierge sends the file and the check to Taylor for mailing to the beneficiary. She marks the retirement book, then obtains a "T Number" from the retirement book. Taylor pulls the card file, records the date of death and files the card.

Inputs

Inputs include:

- Notification of death from multiple sources,
- Beneficiary information and date of death,
- Completed forms from beneficiary, and
- Death Certificate for deceased member file.

Outputs

Outputs include:

- Benefit calculation for beneficiary,
- "Pop-up" form,
- Letter to beneficiary, and
- Benefit payment to beneficiary.

Operational and Service Measurements

Measurements include:

- Number of deaths processed annually.

B-1.1.8.3 Municipal Retirement System Deaths

Process Summary

VRS receives notification of a municipal retirement system member death from multiple sources, such as: a telephone call, news clipping, or notification by mail from a bank or a friend and family member. Active death notifications are sent to Retirement Specialist Tina Kawecki who pulls the member file, prints the member screen from the VM system, and gives to the Accountant to enter related information into the "death notebook." The retired municipal deaths would go to the front office staff.

On a monthly basis, the Accountant enters information recorded in the "death notebook" into a Microsoft Excel worksheet. Kawecki accesses the VM system and updates related fields to record death of municipal member.

The Accountant then requests a nightly batch process from the State and receives a printout from the VM system of the changes submitted. Thivierge verifies and balances her changes against this report. Kawecki then prepares a letter to send to the beneficiary. She will request a pro-rated reimbursement of ineligible disbursements made to the deceased member, if applicable. If payments are made via EFT, Kawecki will stop EFT payments. She sends the letter including a statement requesting the return of ineligible disbursements and appropriate forms to the beneficiary. She holds the member file until the beneficiary returns the forms and any funds due VRS.

When the beneficiary has returned all the forms and ineligible disbursements, Kawecki completes the "death worksheet" in Microsoft Excel and, if there is a survivor, Thivierge completes Form 9 and sends the file to Darling for audit purposes. Thivierge then updates the pension maintenance screens in the VM system and adds the beneficiary to the "pension spreadsheet" in Microsoft Excel. Changes are also checked by Darling for accuracy.

If a check is needed, Thivierge prepares a manual check order form in Microsoft Excel, makes a file copy, and sends original to the Retirement Operations Deputy Director Clasen for approval. Clasen returns the approved check order form to Thivierge to complete the "Check Order" process.

Thivierge returns the check to Kawecki who prepares a letter for the beneficiary, sends the check and the letter to the beneficiary, and files the copies.

Inputs

Inputs include:

- Report of death from multiple sources,
- Data for entry into death notebook,
- Data for update and completion of death worksheet in Microsoft Excel,
- Data for entry into pension maintenance in ITMS,
- Completed forms and return of ineligible disbursements from beneficiary, and
- Data for updating pension spreadsheet in Microsoft Excel.

Outputs

Outputs include:

- Letter and forms to beneficiary,
- Printout of changes from VM system,
- Completed death worksheet in Microsoft Excel,
- Check order request in Microsoft Excel, and
- Letter and benefit payment to beneficiary.

Operational and Service Measurements

Measurements include:

- Number of deaths processed annually.

B-1.1.8.4 Active Member Deaths (State/Teacher/Municipal)

Process Summary

VRS receives notification of the death by multiple sources such as a telephone call, news clipping, or notification by mail from a bank or a friend and family member. Whoever receives notification of a death pulls the corresponding member file and gives it to Retirement Specialist Kristine Boswell. If she is talking directly to the individual who is notifying VRS, she attempts to obtain the beneficiary information and she records the date of death in the ITMS system.

Based upon information within the member file, she determines survivorship options and calculates the amount for a "Return of Contributions" to the beneficiary. She also prepares two estimates for disability or early retirement. She retains the higher estimate and will send this to the beneficiary. All information collected at this point is entered into a Microsoft Excel spreadsheet for tracking purposes.

Boswell then prepares a letter in Microsoft Word requesting the death certificate and includes the "Return of Contributions" calculation and the higher estimate for the retirement benefit. The letter explains the benefits to the beneficiary and provides instructions regarding their response requirements.

If the beneficiary selects a "Return of Contributions," they must sign and return the request. A retirement specialist does the calculations that must be checked by a second retirement specialist. The signed request is forwarded to Michael Clasen for approval and then to Jennifer Thivierge for disbursement processing. When the check is received from the state treasury, it is forwarded to Boswell who prepares a letter in Microsoft Word for the beneficiary. She sends the letter and check to the beneficiary and closes the member file.

If the beneficiary chooses a monthly benefit disbursement, a "final" pension estimate is prepared in Microsoft Excel by Boswell and forwarded to a different Retirement counselor for review. The counselor forwards the file to Thivierge who completes the setup on Annuity Payroll. Thivierge sends the file back to Boswell who completes an "Audit Form 0" and sends the file back to Thivierge. The beneficiary benefit disbursement is finalized and filed in appropriate Retirement Division file.

Inputs

Inputs include:

- Notification of death from multiple sources,
- Beneficiary information and date of death,
- Signed "Return of Contributions" request,
- Benefit selection form,
- "Deaths" spreadsheet for tracking purposes, and
- Death Certificate for deceased member file.

Outputs

Outputs include:

- "Return of Contributions" calculation,
- Benefit calculation for survivor,
- Letter requesting death certificate from survivor,
- Audit Form 0, and
- Benefit payment for option selected.

Operational and Service Measurements

Measurements include:

- Number of deaths processed annually.

B-1.1.8.5 Student Benefits for State Deceased Members

Process Summary

Retirement Specialist Nancy Dimick routinely reviews a Microsoft Excel file listing all "active student beneficiaries" who are or who will be 18 or 23 years of age.

If student beneficiaries have reached 18 years of age, Dimick prepares a letter in Microsoft Word indicating that their benefits will cease unless they provide proof that they are still attending school. She also sends a one-time reminder letter if they do not respond in a timely manner.

If a student beneficiary responds with a statement that he or she is still attending school, Dimick prepares a verification letter in Microsoft Word and sends it to the student and the school indicated by the student beneficiary. Letters are sent to the student and schools two times a year.

If the school responds affirmatively, Dimick notifies Accountant C Thivierge that benefits should continue for the student beneficiary and she updates the active student beneficiaries Microsoft Excel file.

NOTE: Retirement specialists calculate student benefits. The calculations are then checked by another specialist. The file is then given to Thivierge for further processing.

When student beneficiaries have reached 23 years of age or they cannot provide proof that they are still attending school, Retiremetn Specialist Nancy Dimick determines whether or not a student beneficiary has received benefits to which he or she is not entitled. In this case, Dimick prepares a letter in Microsoft Word requesting return of the benefit payment(s). In all cases, Dimick prepares a letter notifying student beneficiaries that their benefits will end. She also makes a copy of notification letters for the file. At age 23, benefits are terminated for all student beneficiaries. Dimick sends notification to Thivierge to complete the stop benefit payment process, files the copies of any letters, and updates the active student beneficiaries Microsoft Excel file.

She completes the process by filing student beneficiary file in the non-active accounts file drawer.

Inputs

Inputs include:

- Review and updates to active student beneficiary Microsoft Excel file,

- Statement from student beneficiary regarding attending school, and
- Verification from school regarding student beneficiary attending school.

Outputs

Outputs include:

- Application requesting proof of attendance in school,
- Verification request from school regarding student beneficiary,
- Request for return of ineligible benefits received (if applicable),
- Notification of termination of benefits for student beneficiary, and
- Notification to Thivierge to stop benefit payments.

Operational and Service Measurements

Measurements include (but currently not tracked):

- Number of active student beneficiaries in systems.

B-1.1.9 Refunds

B-1.1.9.1 Teacher Retirement System Refunds

Process Summary

When a member leaves employment covered by the Teacher Retirement System, they can contact VRS to request a refund of his or her contributions. Program Technician Wendy Lee receives all teacher requests for refunds by mail or telephone. Lee prints the application for refund from Microsoft Excel, prepares a waiver document if eligible for benefit and letter in Microsoft Word, and mails the information to the member.

When the member returns the completed application, Lee verifies they are at a terminated status from the quarterly reports or by calling the school. If the member is terminated, Lee begins final calculations in Microsoft Excel to determine the amount to be disbursed. Once this worksheet is complete, she sends the file to another Program Technician Katherine LaRaus to begin check calculations to calculate refund and LaRaus sends the file back to Lee. If the refund request is for a cash withdrawal, Lee data enters the refund information into the ITMS system at which time the request for a check is generated using Check Writer. The State performs nightly batch processing activities and Lee forwards the file to Accountant C Jennifer Thivierge for review and to complete check request activities. Thivierge returns the file to Lee with the check attached.

Lee prepares an explanation letter in Microsoft Word and mails the letter and the check to the refunding member. She updates the paper member file, active member book, and card file to reflect the refund request. Lee then files the member file in the “Withdrawal” file drawer.

If the refund request is for a rollover, the data includes the rollover refund information in a paper check request (manual process). She forwards the request to the Retirement Deputy Director Clasen for review and approval. Clasen sends the approved request to Thivierge who completes check request activities.

Thivierge returns the file to Lee with the check attached. Lee prepares an explanation letter in Microsoft Word and mails the letter and the check to the appropriate individual. She then updates the paper member file, active member book, and 3x5" card file to reflect the refund request. Once all is complete, Lee files the member file in the "Withdrawal" file drawer.

Inputs

Inputs include:

- Telephone call or letter requesting refund,
- Completed application for refund from member,
- Completed waiver form from members with over five years of experience,
- Calculation of refund in Microsoft Excel, and
- Data entry into ITMS requesting refund.

Outputs

Outputs include:

- Application, waiver and letter mailed to member requesting refund,
- Final calculation of refund prepared in Microsoft Excel,
- Check request reviewed by Thivierge and Webster (if applicable),
- Check and letter mailed to refunding member, and
- Updated paper member file, active member book and card file.

Operational and Service Measurements

Measurements include:

- Number of refunds processed annually.

B-1.1.9.2 State and Municipal Refunds

Process Summary

Members requesting a refund send a letter or call VRS with their requests. If a request comes from a teacher, it is forwarded to Program Technician Wendy Lee for processing (see Teacher Refunds Process). All other refund requests are forwarded to a Program Technician Katherine LaRaus. LaRaus collects the necessary information, pulls the member file, and prints their account information from the ITMS system.

If the member is a State employee and has more than five years of service, LaRaus forwards the file to a Retirement Specialist who performs related account balance calculations (see Perform Calculation for State Estimate Process).

If the member is a Municipal employee and has more than five years of service, LaRaus forwards the file to Retirement Specialist Tina Kawecki who performs related account balance calculations (see Perform Calculation for Municipal Estimate Process).

Any member with five or more years of service must also sign and return a Waiver Form that is also generated by LaRaus. The Waiver Form is sent at the time the application form is sent. When either of these calculations is complete, the appropriate VRS staff member forwards the file back to LaRaus for additional processing activities. LaRaus performs account calculations for all members having less than five years of service. To do so she completes a Microsoft Excel worksheet to calculate interest changes. Interest is accrued monthly for Municipal employees and bi-weekly for State employees. LaRaus saves the Microsoft Excel file under the last name of the member.

If an acknowledgement letter has not previously been sent to the member at this point, LaRaus generates a letter in Microsoft Word based on member information (i.e., Vested/Not Vested, etc.), makes a copy of all the paperwork and places in the file, and then mails with an application for refund to the member. If a letter has already been sent, she sends a new letter with the application and a new calculation. She holds the file until the member returns the completed application and any other information requested. If the application for refund was originally sent to Kawecki, then LaRaus pulls the member file and performs the necessary calculations, but no letter is required to be sent to the member.

When the member returns the completed application for refund, LaRaus verifies that the form is correctly completed and has been properly notarized. If the application is not notarized, she returns it to the member and holds the file until the notarized application is returned.

LaRaus then verifies whether the refunding member is a Municipal or State employee. If he or she is a Municipal employee and has been terminated in the previous quarter, LaRaus uses the current quarterly report to obtain the required information to complete the refund process. If the termination is in the current quarter, she holds the file until the next quarterly reports have been received and processed.

If the refund is for a State employee, he or she must be completely terminated and through the payroll system before the refund process continues. This process occurs twice per month since State payroll and reporting is bi-weekly.

LaRaus then updates the “withdrawal” book in Microsoft Excel and assigns the next “withdrawal” number. If the refund requested is a rollover, LaRaus completes a manual check order form in Microsoft Excel, and sends to the Retirement Deputy Director Clasen for review and approval. Clasen forwards the check order form to Accountant C Jennifer Thivierge who performs the “Check Order Process.” When the checks have been received and verified by Thivierge, she forwards the checks to LaRaus who verifies the check totals against the ITMS system. LaRaus then prepares a rollover letter in Microsoft Word for the financial institution receiving the check, makes a copy for the member file, moves the file to the withdrawn files, and updates the pending refund spreadsheet in Microsoft Excel by removing the refunding member from the file. LaRaus also pulls the member’s index card from the Active Cards area, updates the information, and re-files with Withdrawn Cards.

If the refund requested is a cash distribution, LaRaus requests an online check using Check Writer (Microsoft Access database) and updates ITMS. She forwards the request to Thivierge who performs the “Check Order Process.” When the checks have been received and verified by Thivierge, she forwards the checks to LaRaus who verifies the check totals against the ITMS system. LaRaus then prepares a letter in Microsoft Word to the member receiving the check, makes a copy for the member file, moves the file to the withdrawn files, and updates the pending refund spreadsheet in Microsoft Excel by removing the refunding member from the file. LaRaus also pulls the member’s index card from the Active Cards area, updates the information, and re-files with Withdrawn Cards.

Inputs

Inputs include:

- Incoming phone call or request for refund,
- Completed refund application from member,
- Prepare refund worksheet in Microsoft Excel,
- Enter withdrawal number in "active book," and
- Online check request via "Check-Writer" and ITMS.

Outputs

Outputs include:

- Screen prints from ITMS,
- Completed refund worksheet from Microsoft Excel saved under member's last name,
- Letter to member containing information related to member status,
- Refund application sent to member,
- Copies of all paperwork in member file,
- Manual check order form from Microsoft Excel,
- Requested checks sent to member or rollover financial institution, and
- Final letter to member or rollover financial institution regarding refund.

Operational and Service Measurements

Measurements include:

- Number of refunds processed annually. (State and Municipal).

B-1.1.10 Pension Payroll and Post Payroll Adjustments

B-1.1.10.1 Retiree Address, Tax and Direct Deposit Changes

Process Summary

Through other established processes, a retiree requests or downloads a form to change their address, tax withholding or direct deposit instructions. The completed forms are forwarded to Accountant C Jennifer Thivierge for processing.

When Thivierge receives the form she enters the change into the VM system. After the nightly batch update, report of changes is sent to Program Technician Katherine LaRaus for verification. If the changes have been inputted correctly then the process is complete. Otherwise, LaRaus sends the errors back to Thivierge for reprocessing.

Change requests must be received by the 15th in order to be processed in current month.

Inputs

Inputs include:

- Completed change request forms from retiree.

Outputs

Outputs include:

- Report of changes from VM system.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.10.2 Check Order Process

Process Summary

Accountant C Jennifer Thivierge receives check orders from multiple sources depending upon the type of payment needed. The individuals requesting the check(s) must have their requests submitted no later than 12:00 PM each Wednesday to ensure check disbursement by Friday.

Thivierge first verifies there is an account set up for the payee in the VISIONS system. If no account exists, then she completes a payee setup form in Microsoft Word and sends the request via e-mail to Financial Operations. When she receives notification of payee setup, she continues with the check order process.

Thivierge requests checks to be issued for each of the payees in the VISIONS system. She prints the check order and sends to Auditing (Dan Currier) for auditing purposes.

Currier returns the audited check order form to Thivierge. She receives the checks on Fridays, performs self-audit activities to ensure accuracy, then sends the checks to the original requestor.

Inputs

Inputs include:

- Check order from multiple sources,
- Payee account setup activities in VISIONS system,
- Notification of payee account setup, and
- Check request in VISIONS system.

Outputs

Outputs include:

- Payee account setup form,
- E-mail to Financial Operations requesting payee account setup,
- Printed check order form for auditing, and
- Checks requested from VISIONS system.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.10.3 Direct Deposit and Credit Union Deposit

Process Summary

Accountant C Jennifer Thivierge completes the "Check Order" process. If the deposit is a direct deposit, Thivierge creates an electronic file of all checks for direct deposit. She sends the electronic file to Banknorth and also faxes one cover sheet for each system with the direct deposit information attached.

The process is complete after she receives confirmation from Banknorth.

If the deposit is for a credit union, she creates an electronic file, saves it to a floppy disk and sends the disk to the State Employee Credit Union. She also sends a paper "backup" file to the credit union. Thivierge calls her contact at the Credit Union to verify receipt of deposit.

Inputs

Inputs include:

- Checks ordered through the "Check Order" process.

Outputs

Outputs include:

- Electronic file of deposit information,
- Fax cover sheet to bank,
- Floppy disk with deposit information, if credit union, and
- Confirmation of deposit from Banknorth.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.10.4 COLA Adjustment

Retirees' benefits may receive a Cost of Living Adjustment (COLA) dependent on length of retirement and on system and group parameters.

Process Summary

Each of the three retirement systems administered, and each of the groups within each retirement system, has its own COLA provisions (i.e., the rates may vary among the groups). Any COLA increase is determined by the system's Board of Trustees in the fall prior to when the COLA takes effect (e.g., COLA granted in January 2005 is determined during the third or fourth calendar quarter of 2004). COLA is granted on the benefit in effect on December 31 for members who retired with 30 years of service or at age 62 and have received benefits for a minimum of 12 months. Members who retired under early

retirement must wait until the January following their 62nd birthday for their first COLA. The benefits on which the COLA is calculated are loaded into a Focus shadow system where the COLA adjustment is determined. The data is then uploaded to the mainframe after the 1099s are produced and after the year-end closing and clearing process is run. An edit list or audit run of the COLA adjustments is generated. Exceptions to COLA processing (e.g., QDROs) are identified in the edit list for review and possible modification or correction. A COLA Change document indicating the amount of the COLA increase is then printed and filed in each member's folder. Finally, a COLA register is produced identifying the COLA increases for the universe of retirees.

Input

None defined.

Outputs

None defined.

Operational and Service Measurements

None defined.

B-1.1.10.5 1099R Process

An IRS Form 1099R is produced for each benefit distribution from the retirement trust funds.

Process Summary

Form 1099R production is divided into two categories: Special 1099Rs and Regular 1099Rs. Special 1099Rs (approximately 200-300 per year) are produced on death benefit payouts. Producing these is a manual process and involves, first, determining the amount and then entering the amounts into a Focus mainframe program. Within the program all pertinent taxability information is entered along with distribution codes, percentages and splits among beneficiaries.

Regular 1099Rs (i.e., those requiring no special attention) are generated for retirees and for active members taking a refund of contributions. At calendar year end, three mainframe jobs (one for each retirement system) are run for refund 1099Rs, and three more for pension payroll 1099Rs. This produces six printed reports with totals, six ASCII data files in IRS reporting format, and six ASCII files for import into 1099 Pro for forms printing. The data files are automatically sent via FTP to the network and placed in the IRS folder.

Once information for both the special and regular 1099Rs has been entered or generated, an audit report is run and reviewed and any necessary adjustments are made. The information is reconciled against quarterly payroll summaries. In addition, the review confirms that all refunds that fell within the July fiscal year-end close were included and accurately recorded in the 1099R production process.

The Technology Services Division runs each file through totaling utilities (Focus for Windows) to prove to the printed report totals. The forms files are sent to 1099 Pro for initial import. Totals and exception reports are printed by 1099 Pro and balanced to report totals. The IRS instructions page, to be included with the 1099R's, is sent out to be printed on the back of the blank 1099R form stock. The 1099R forms are printed by 1099 Pro. The printed forms (with either an insert of official instructions or the same preprinted on the back of the form stock), plus a supply of appropriately marked window envelopes, are

brought to Personnel's envelope processing room to be stuffed and sealed. The sealed 1099R envelopes are delivered to the State mail processing center to be bar-coded, stamped and mailed (prior to January 31). 1099 Pro creates an electronic version of a 1099R tax report containing the reporting information for each 1099R recipient in tabular form. This is sent to the Vermont Department of Taxes.

On or about March 1, the six 1099R data report files are transmitted to the IRS via their Web based "Fire" reporting site. Any adjustments (changes, additions or deletions) made after the production mainframe runs have been completed are done via the paper reporting process.

Input

None defined.

Outputs

None defined.

Operational and Service Measurements

None defined.

B-1.1.10.6 Tax Table Adjustments

State and federal tax withholding tables are maintained within the mainframe application and used when processing contribution refunds, retirement benefits, and other distributions.

Process Summary

When a new Internal Revenue Service Circular E is received, the applicable federal tax table information is keyed into a temporary working file on the mainframe. The file is uploaded into the mainframe membership and benefit payroll application only after all the Form 1099Rs have been produced and after completing the annual closing and clearing process. After the upload is completed, an automated process cycles through the benefit payroll records and updates the withholding amount based on the retiree's tax status and the new withholding information. Following the update process, a report is produced indicating the new withholding amount applied to each retiree's benefit. The process of entering and updating federal tax tables and retiree withholding may occur multiple times in a year for as many Circular Es as are received. Benefit recipients are only notified of the withholding change via their benefit check stub or their direct deposit advice.

The process for maintaining the state withholding table and rates differs from that for federal withholding. There is not table, per se, for state withholding. Rather, the rates are hard coded into the appropriate applications after being downloaded and printed from the State Department of Taxes.

Input

- IRS Circular E
- State Department of Taxes withholding tables

Outputs

- Retiree Withholding Modifications report

- Modified payroll stub or direct deposit advice

Operational and Service Measurements

None defined.

B-1.1.11 Tax Reporting

Process Summary

Accountant C Jennifer Thivierge creates a spreadsheet in Microsoft Excel for taxes due to Federal and State government at the end of each month. Under special circumstances, she will make payments weekly for Federal deposits.

Thivierge verifies the spreadsheet totals against a "master" spreadsheet. If the totals reconcile, then she performs the "Check Order" process to generate the payments.

Tax payments automatically generate a wire transfer form that is sent to Auditing (Dan Currier) for review and processing. Thivierge verifies the wire transfer form was sent to Auditing. At this point, the process is complete.

Inputs

Inputs include:

- Calculated Taxes Withheld and Due

Outputs

- Outputs include:
- Updated Microsoft Excel spreadsheet, and
- Wire transfer form for tax distribution.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.12 Imaging and Workflow

VRS currently has no electronic imaging or automated workflow processing capability. As result, there is no "as is" documentation for this area.

B-1.1.13 Divorce

A Qualified Domestic Relations Order (QDRO) recognizes the existence of an alternate payee's right to receive, or assigns to an alternate payee the right to receive, all or a portion of the benefits payable with respect to a participant under a pension plan.

Process Summary

A draft QDRO is received and routed to the Retirement Specialist responsible for the plan in which the member is enrolled. The draft is reviewed by the Retirement Specialist for conformance to statute. If the draft conforms to statute, an Acceptance Letter is generated and it and the draft are returned to the party submitting the draft (this is typically an attorney representing the member's spouse). If the draft does not conform to statute, the areas that do not conform are identified in a Correction Letter and it and the draft are returned to the party submitting the draft. The process may repeat a number of times (see Operational and Service Measurements, below) before a finalized QDRO is received and recorded. VRS currently has no system for tracking the status of a particular QDRO within the process short of having a copy of the finalized QDRO in the member's file.

In its evaluation of the draft QDRO, if VRS determines that the member is already drawing a benefit, the benefit option cannot be changed. If the member is not currently taking a benefit, then the retirement option is typically dictated by the terms of the finalized QDRO. When the member eventually takes a benefit – via refund, retirement or death – the terms of the QDRO dictate the distribution of the benefit. More than one QDRO may be in effect against a retired member's benefit or waiting to take effect against an active member's benefit. Other retirement benefits that may fall under the terms of the QDRO include life insurance, health insurance (for dependent children), and SDIA.

When the finalized, court approved QDRO is received, the member's file is stamped on the outside of the file to indicate that a QDRO is in place against the account.

When a benefit is distributed under the current system, all recipients of a portion of the benefit have the same benefit record number with the exception of the last digit of the number. The last digit is either a zero (0) representing a normal retiree, a one (1) representing a beneficiary or survivor, or a two (2) indicating a QDRO recipient. This distinction is the only indication that the account has a QDRO against it. A Form 1099R is distributed to each benefit recipient with the tax information appropriate to the distributions as determined by the QDRO.

Inputs

QDRO (original, revision, draft and final)

Outputs

- Correction Letter
- Acceptance Letter.

Operational and Service Measurements

Approximately 25-30 new QDROs enter the process each year. Approximately ½ of that number require 2-3 review cycles by VRS (see Process Summary, above) before they are approved by the court. The balance may take 8-10 review cycles, spanning 9-12 months, before they are finally approved by the court.

Currently, there are no management reports or counts maintained of QDROs in place and awaiting activation when the member takes a benefit.

B-1.1.14 Estimate

B-1.1.14.1 Teacher/State/Municipal Estimates

Process Summary

VRS receives a request for a retirement estimate from a member by phone, mail, or payroll officer. A Retirement Specialist (Laurie Lanphear, Kristine Boswell, Nancy Dimick, or Tina Kawecki) receives the request, pulls the member file and prints related information from the ITMS, State HRMS or FOCUS systems.

If the request is from a Teacher, the Retirement Specialist pulls the quarterly report (if needed).

If the request is from a State Employee and they were employed prior to 1994, the Retirement Specialist prints related HRMS payroll screens and "tub cards." Otherwise, she prints the information from the FOCUS system.

The Retirement Specialist analyzes the file and ITMS screens to determine the member's group. She then determines if a future projection is needed. If so, then she prepares the future projection in Microsoft Excel, prepares the retirement estimate in Microsoft Excel and prints both documents. Two copies of estimates are printed: one for the member and one for the file. The Excel spreadsheet is saved for future reference.

She then prepares a packet of information including the Retirement Packet (if member is retiring within a year), service purchase information, pay back period and the printed future projection and retirement estimate. She mails the entire estimate packet to the member requesting the estimate and re-files the member folder.

Inputs

Inputs include:

- Request for estimate from member through various sources,
- "Tub Cards" (if applicable),
- Quarterly reports, and
- Prepare future projection and retirement estimate in Microsoft Excel based upon analysis of member file.

Outputs

Outputs include:

- Screen prints from ITMS, HRMS and FOCUS
- Future projection and retirement estimate in Microsoft Excel, and
- Estimate packet for member.

Operational and Service Measurements

Although no measurements are collected at this time, the Retirement Specialist Training Plan described above calls for manually counting the number of retirement sessions performed and estimates calculated weekly by each of the Specialists in training.

B-1.1.15 Reporting and Query

B-1.1.15.1 Mainframe Reporting and Query Overview

The only direct view of the live data is a single, general purpose active member lookup screen called ITMS (Inquire Teachers Municipal and State). It is the most frequently used view in the office. The mainframe MVS COBOL runs generally produce printed output. Depending on the application, this ranges from simple totals to complex multi-format exception or detail reports, to mailed certificates and statements. See Appendix E-6 for report samples.

B-1.1.15.2 Ad-hoc Reporting and Analysis Capability

To address needs for ad-hoc reporting and analysis, the legacy active, pension and history databases (MVS) are copied to VM and to the network, and kept current (to within hours) with any changes. This reporting subsystem is used extensively to provide office lookups and reporting menus, ad-hoc queries, statistical analysis, troubleshooting and testing, and data correction (by generating maintenance transactions for input to the legacy system). It also produces data extracts in many formats (Dbase, Excel, Comma-separated, ASCII, etc.).

The networked databases, while not exact clones of the legacy databases, are reliable renditions of them. In some cases, minor data cleansing has been done. For example, plan codes missing on older records have been changed to the plan in effect at that time. Some dates, particularly birth dates, have been converted to 4-digit years.

This capability is available to the vendor, as appropriate, to assist in data analysis, cleansing and conversion. The tool used for ad-hoc reporting is Focus for Windows (IBI), a fourth generation relational database management system.

B-1.1.15.3 Reaching 65 Years of Age

Process Summary

Blue Cross Blue Shield (BCBS) continually monitors VRS retirees on the insurance program files for participants reaching 65 years of age. One to two months prior to reaching 65 years old, BCBS e-mails Accountant C Jennifer Thivierge regarding the event. Because Medicare benefits will “kick-in” on the retiree’s 65th birthday and the retiree will no longer be eligible for certain plan options under BCBS, plan changes are required.

Thivierge prepares a letter in Microsoft Word and sends the letter to the retiree notifying them of the effects of their 65th birthday on their insurance coverage and encloses a new insurance application, and will send a follow-up letter if the retiree does not respond in a timely manner.

If the retiree completes and returns the application greater than 60 days prior to their 65th birthday, their member information is updated in the VM system the month before the member reaches age 65. The original application is sent to BCBS for processing. BCBS then corresponds with the retiree directly notifying them of changes to their plan and coverage.

If the application is not received at least 60 days prior to their 65th birthday, which is also the Policy Cancellation date, then Thivierge sends a "follow-up" letter to the retiree.

As the Policy Cancellation date approaches and cancellation is imminent, Thivierge sends a cancellation letter by certified/registered mail. No phone calls are made.

Inputs

Inputs include:

- E-mail from BCBS, and
- Completed Health Insurance application.

Outputs

Outputs include:

- Blank Health Insurance application,
- Notification of 65th Birthday letter,
- 2nd Notification of 65th Birthday letter,
- Updated retiree information in VM, and
- Processed Health Insurance application to BCBS.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.16 Counseling, Scheduling, and Seminars

There is no "as is" documentation for this area. Please refer to Section B-1.2.16 - Counseling, Scheduling, and Seminars.

B-1.1.17 Internet

Currently, the only functionality VRS has available on the internet is that for employer wage and contribution reports. A description of that capability may be found under Section B-1.1.1 Employer Reporting. Refer to Appendix E-7 for applicable screen shots.

B-1.1.18 Correspondence Tracking, Letters and Forms

Currently, VRS has no automated tracking process for outgoing letters and forms. Outgoing letters and forms, as they are produced and distributed, are filed in the member's folder. There is no additional "as is" documentation for this area. However, samples of the letters and forms are available in Appendix E-6.

B-1.1.19 Return to Work

There is no "as is" documentation for this area. Refer to Section B-1.2.19 Return to Work.

B-1.1.20 Auditing and Security

B-1.1.20.1 Activity Logging

The legacy system contains three forms of rudimentary activity logging:

1. All office maintenance to the active member database is recorded in a year-to-date file with three years of tape backup. The unedited transaction record is recorded. The value before modification is not recorded, the enterer is not identified, but the date of the transaction is shown.

2. All posting transactions generated from the employer reporting system are recorded in a year-to-date file. This file is merged annually onto a history file that has an accumulation of transactions going back approximately ten years. The data captured is period end date, employer ID, employee ID, name, salary for the period, contributions and service credit in the form of hours (Municipal), biweekly pay periods 1-26 (State Employees), or FTE (Teachers).

3. As a reporting feature, whenever the salary, contributions, interest, or service credit entries are changed for a prior fiscal year, the “before” and “after” values are saved in a report file used to generate an automated “corrected statement.” This statement approximates the in-house generated active statement of account. It is mailed to the member, with a copy placed in the member’s file folder.

There is no equivalent logging function in the pension payroll system.

B-1.1.20.2 History

The legacy system uses a history file to archive withdrawn (refunded and retired) active master file records. These withdrawn memberships remain on the active master file for a full fiscal year after their withdrawal. Then, as part of the fiscal year closing procedure, they are purged from the active master file and added to the history file. Therefore, the legacy system retains a copy, in some form, of all memberships ever enrolled in the three systems, with certain exceptions.

TRS (Teachers' system) was established in 1947. TRS members withdrawn before July 1, 1975, (establishment of legacy computer system) are omitted. VSERS (State Employees' system) was established in 1945. VSERS members withdrawn before July 1, 1975, were manually added to history in capsule form. Therefore, every member since plan inception is represented in the system.

VMERS (Municipal Employees' system) was established on July 1, 1975. Therefore, every member since plan inception is represented in the system. Also on the history file are detail records, each one showing contributions, interest, service, and plan for a single year.

History exists in another form as well. A copy of every active master file at June 30 has been kept for every year from fiscal 1976 to the present. This is available to the network reporting database (See 3.1.15 Reporting and Query).

B-1.1.20.3 Backup and Restore

Most mainframe databases reside on VSAM or straight sequential disk files, with tape backups. The number of backups is calculated to provide sufficient recoverability for approximately three runs. In critical functions, more recoverability is provided.

The pension payroll database is kept on tape with 10 cycles (current version and 9 backups).

B-1.1.20.4 Passwords

The legacy system uses IBM's RACF security services to protect access in the TSO and CICS environments. CICS is currently only used for the ITMS active member general display screen. TSO is used to allow office employees to start mainframe jobs from the office, via the Zeke scheduler's Work Center screen. RACF forces passwords to be changed every 30 days. VM passwords are fixed (unless changes requested). The active and pension maintenance entry systems (VM Focus) are protected by a login that mimics the RACF user ID, but does not require a password. The SOVTRE network (MS Windows 2003 Active Directory) requires a 10-digit (minimum) password, which must be changed every 30 days.

B-1.1.21 Global/General Items

There are no applicable "global" or "general" requirements identified for "as is" functionality.

B-1.1.22 Fund/Plan Management

B-1.1.22.1 Municipal New Entities

Process Summary

When a municipal entity wants to join VRS, the entity contacts Retirement Director Cynthia Webster and/or Retirement Specialist Tina Kawecki to arrange meetings to discuss membership opportunities. When the decision has been made to allow the new entity to join VRS, the entity is required to send several key pieces of documentation to VRS for review. Kawecki receives all documentation and sends an acknowledgement letter using Microsoft Word to the entity. She maintains a checklist of items needed for VRS purposes only. The request for the entity to join must be presented to the VMERS board for approval.

If the entity is not a previous VRS employer and the VMERS board has approved the request, Kawecki adds the new entity and a "maintenance step" in the VM system. She holds the file until batch processing has completely added the new entity to the system. Kawecki then manually enters the "new hire" information from enrollment forms received. The new entity is now set up for quarterly reporting processes.

If the entity is a previous member, Kawecki calculates previous service and salary for each new member in Microsoft Excel or she uses actuary information providing the service and salary.

She manually enters all information into the VM system for each new member and their beneficiary. Kawecki then requests an overnight batch process from the State and verifies all changes in the system the following day. The new entity is now set up for quarterly reporting processes.

Inputs

Inputs include:

- Meetings with potential new entities,
- New entity documentation requested by VRS,

- New entity information added into VM system,
- "New hire" information from forms added into VM system,
- Calculated previous service and salary in Microsoft Excel, and
- Reports requested via overnight batch process from the Information Technology section.

Outputs

Outputs include:

- Acknowledgement letter to new entity,
- Checklist for VRS purposes,
- List of changes made in VM system, and
- Quarterly reports for new employer.

Operational and Service Measurements

No measurements collected at this time.

B-1.1.23 Power of Attorney

There is no "as is" documentation for this area. See the corresponding "to be" section.

B-1.1.24 Defined Contribution Processing

VRS administers a defined contribution plan made available to qualified state and municipal employees. Record-keeping for the plan is performed by a third-party administrator (TPA).

Process Summary

When persons become state employees they are, by default, enrolled in the defined benefit (DB) program upon hire date. Those in certain employed positions may elect to enroll in the defined contribution (DC) plan rather than the DB plan and transfer funds associated with service under the DB plan into the DC plan.

The process typically runs as follows:

1. A person enters state employment.
2. A state payroll officer faxes or mails VRS the new hire form which includes the employee's name, address, salary, and group.
3. VRS determines any prior service under DB plans administered by VRS.
4. VRS navigates to the TPA Web site where an analysis of the contribution rate, investment return and the anticipated future value is conducted given information entered by VRS.
5. A report comparing the DB and DC benefits is produced for and sent to the member along with other reports produced by the TPA and a DC election form.
6. The member has 90 days from the date of hire to respond to the analysis and elect either to enroll or not to enroll in the DC plan. If no response is provided within the 90 days, the member remains in the DB plan.
7. If the member elects to enroll in the DC plan:
    a. The member is added to a tracking system developed under Access.
    b. A beneficiary designation form is sent (for State employees).

   c. The member is formally notified by VRS of his/her election.
   d. The member cannot return to DB unless he/she withdraws his/her DC funds.
8. The state payroll officer is notified and instructed to begin taking deductions upon the 91st day of employment.
9. VRS recalculates the rollover amount from the DB plan to the DC plan (there typically is a small rollover amount arising from contributions to the DB plan for new employees).
10. Director Webster determines the day of the transfer and then withdraws the member from the DB plan to add him/her to the DC plan and marks the member record on the mainframe with a "V."
11. Program Technician notifies the DC administrator at the TPA who sets up a member account.
12. Notification is sent to the Treasurer's Office with the amount to be transferred from the DB plan at the custodian bank to the DC plan at the TPA.

Enrollment for municipal members is similar to that for state employees. Some municipal employers only offer the DC plan. Their employees are enrolled in the DC plan automatically but do not receive an election form.

The eligibility date for the municipal DC plan is 90 days after the date of hire (i.e., contributions to the DC plan cannot be made before hired date plus 90 days). However, the application due date is 60 days from the analysis and election package's post mark date. This occasionally results in the member missing the eligibility date when VRS receives late notification of a new hire.

Contributions to the DC plans are processed as follows:

1. A bi-weekly report of member DC contributions is submitted by employers through a VRS-developed, Web-based reporting tool. Information entered includes check date, check number, SSN, salary, employer contributions and employee contributions.
2. A summary number or cash total is entered as a checksum against the detail entered.
3. The employer must submit the data by 2 pm on the Wednesday prior to the payroll period being filed. The Web site becomes unavailable at 2 pm. VRS provides an option to electronically upload the data. The information may also be submitted via fax. In such cases the information is enter manually into the Focus-based system. Some employers fail to submit their data on time.
4. Data from the Web site and from the electronically uploaded files is imported via the network into the Focus database.

A balancing report using the Focus data is run to compare the employer and employee contributions reported against the remittance made via lock box or ACH transactions, as recorded by the bank. This comparison is done daily to identify discrepancies between reported and remitted amounts.

By 2 pm Thursday, VRS has to identify whatever errors exist and what corrections are necessary. The same errors are often repeated by the same employers. Once the reconciliation is completed, a file of employee contributions is generated and sent to the TPA. A letter is sent to the Accounting Department identifying the funds to be transferred to the TPA. If the TPA finds errors in the file submitted to them, corrections are made by VRS and the file is regenerated and resubmitted. If the TPA finds no errors, the Treasurer's Accounting Department is notified and funds are transferred to the TPA. Once the funds are received, the TPA sends an e-mail to VRS confirming receipt.

If a DC plan member terminates prior to 1 year 11 months (12 months if a Municipal member) of employment and seeks a refund, he/she must contact the TPA directly. If the member retires before he/she is vested, he/she receives only the employee portion of contributions. Address changes and beneficiary data are maintained by VRS (not by the TPA) and are stored in the member's folder.

Inputs

- Notifications of new member enrollments
- Member election forms
- Employer payroll filings
- Remittance advice from bank
- Error reports from the TPA
- E-mail acknowledgement from the TPA

Outputs

- Contribution analysis from the TPA
- Election form and information package
- Output from reconciliation process
- Member contributions file to the TPA
- Letter for funding level to accounting department

Operational and Service Measurements

There are approximately 100 employers with 1,000 members in the DC plan. Fifteen of the employers electronically upload contributions data for approximately 100-200 members. Three of the employers, each having 2-3 members, submit this information via fax. Approximately 10 new DC accounts are added each pay period.

B-1.1.25 Current System Overview

The current system functionality is provided, in outline form, on the following pages.

1. Municipal and Teachers' quarterly payroll data collection process (Hold File data entry, auditing and balancing, prior to posting to master file).

1.1. Data entry methods.
- 1.1.1. Accepting electronic files.
- 1.1.2. Receiving Web-entered data.
- 1.1.3. Manual entry of paper reports.

1.2. Data sources.
- 1.2.1. Supervisory Unions (overseeing school districts).
- 1.2.2. Payroll units (municipalities and school districts).
- 1.2.3. Teachers' members on state payroll (small group).

1.3. Maintenance functions.
- 1.3.1. Applying quarterly service, salary and contributions.
  - 1.3.1.1. computer pre-audit and exception report of electronic reports.
  - 1.3.1.2. manual pre-audit of paper reports.
  - 1.3.1.3. balancing report details to report totals.
    - 1.3.1.3.1. problem resolution.
      - 1.3.1.3.1.1. out-of-balance.
      - 1.3.1.3.1.2. delinquent.
      - 1.3.1.3.1.3. adjustments after balance.
  - 1.3.1.4. remittance processing.
    - 1.3.1.4.1. lockbox subsystem.
      - 1.3.1.4.1.1. receipt of bank data.
      - 1.3.1.4.1.2. reconcile paper coupons with data submissions.
    - 1.3.1.4.2. ACH processing.
  - 1.3.1.5. Balancing quarterly report to remittance.
    - 1.3.1.5.1. to quarterly check(s) remitted.
    - 1.3.1.5.2. to Biweekly or monthly lockbox deposits remitted.
- 1.3.2. Adding new employees.
  - 1.3.2.1. deferred enrollments.
    - 1.3.2.1.1. DB/DC election process.
  - 1.3.2.2. automatic enrollment process.
    - 1.3.2.2.1. if SSN not already on file with active membership.
- 1.3.3. Diverting rehired members to existing active account (via SSN match).
- 1.3.4. Recording terminations and leaves of absence.
- 1.3.5. Municipal changes of plan.

1.3.6. Payroll unit maintenance.
1.3.6.1. adding new units (assigning entity number).
1.3.6.2. deleting units.
1.3.6.3. changing unit name.
1.3.6.4. maintenance of contact information.
1.3.6.5. teacher supervisory unions associated with units.
1.3.7. Web Reporting.
1.3.7.1. Remittance history (lockbox, ach and wire).
1.3.7.2. Reports history (previous quarters (direct entry and electronic uploads).
1.3.7.3. Forms, electronic signatures.
1.3.7.3.1. new employee enrollment notification (form or electronic signature).
1.3.7.3.2. beneficiary designation form.
1.4. Annual functions.
1.4.1. June quarter over and under reports (TRS).
1.4.2. Annual clearing of Hold File (YTD amounts and terminations).

2. State Employees' payroll data collection process.

2.1. Biweekly electronic file from state payroll system.
2.1.1. Distinguishing TRS members on state payroll.
2.1.1.1. accumulate data for TRS quarterly report.
2.1.2. Distinguishing existing VSERS DC members.
2.1.3. Creating posting transactions from ERS salary and contribution data.
2.1.4. Automatic enrollment process (not already active on master file).
2.1.5. Identifying re-hires (recognition not to create new account) .
2.1.6. Identifying terminations.
2.1.7. Identifying plan (and change of plan) from position type and class title codes.
2.1.7.1. Judges, state police troopers and other eligible enforcement workers, old plan A, etc.
2.1.8. Identification of VSERS DC candidates (exempts) and DC member terminations.
2.1.9. Exception reports – conflicts between payroll and retirement data.
2.1.10. Keeping biweekly detail transactions in database for lookup and reporting.
2.2. 'Towns and colleges' reporting process (members not on state payroll reporting directly).
2.2.1. Identify by group code: L through Z.
2.2.2. Now reporting annually - could be quarterly or biweekly.

3. Posting contributions, salary and service data to active master file (from 1. and 2. Above).

3.1. Totals and proofs.
3.1.1. Prove posting total to Hold File totals (MRS and TRS).
3.1.2. Prove posting totals to Payroll totals and payroll funds transfers (ERS, TRS on Payroll).

3.2. Exception reports.
- 3.2.1. Name changes.
- 3.2.2. 10% salary increases.
- 3.2.3. Variances (ERS only).
- 3.2.4. Special group changes.
- 3.2.5. Closing discrepancies unresolved.
- 3.2.6. Posting to non-active members.
- 3.2.7. Judge service report (ers annual).
- 3.2.8. Special group listing (ers annual).
- 3.2.9. Out of service (AO) too long.
- 3.2.10. Non-contributory (plan E) out of service.
- 3.2.11. Employee terminations.
- 3.2.12. 25-year plan "A" employees (ERS and TRS).
- 3.2.13. Master records built (postings to un-enrolled members).
- 3.2.14. Annual service exceptions.
- 3.2.15. Municipal inactive members on ‘reduced hours’ status (‘R’ term employ code).

3.3. State biweekly ‘instant’ interest calculation on YTD contributions.

4. Active Member Administration.

4.1. Enrollment of new members.
- 4.1.1. Automatic enrollment process.
- 4.1.2. Manual enrollment process.
  - 4.1.2.1. requesting new active number.
- 4.1.3. Use of unique self-generated 10-digit active ID number with modulus 10-digit check.

4.2. Maintenance of master file fields.
- 4.2.1. Personal information.
- 4.2.2. Designation of beneficiaries.
- 4.2.3. Salary, service, contribution and interest adjustments.
- 4.2.4. Various dates, codes and fields.
- 4.2.5. Previous plan history.

4.3. Office inquiry and reporting.
- 4.3.1. Online inquiry.
- 4.3.2. Standard reports.
- 4.3.3. Ad-hoc reporting.

4.4. Withdrawal/transition processes.
- 4.4.1. Retirements.
  - 4.4.1.1. final benefit process.

4.4.1.2. disability eligibility.
4.4.2. Refunds and rollovers.
4.4.2.1. check-writing process.
4.4.2.1.1. deductions.
4.4.2.1.2. manual checks.
4.4.2.1.3. warrant reports.
4.4.2.1.4. check recon data file creation.
4.4.2.1.5. rollover creation
4.4.2.2. Discrepancies.
4.4.2.2.1. contributions after withdrawal.
4.4.2.2.2. second refunds.
4.4.2.2.3. Un-withdrawals.
4.4.3. Deferred Statuses.
4.4.3.1. Vested deferred status.
4.4.3.1.1. Establishing.
4.4.3.1.2. Returns to service.
4.4.3.2. Inactive status.
4.4.3.2.1. Establishing.
4.4.3.2.2. tracking AOs (statutory grace period after leaving service).
4.4.3.2.2.1. AO too long process (mandatory withdrawal).
4.4.3.2.2.2. suspense status (if not located).
4.4.3.2.2.3. due diligence and Abandoned Property submission.
4.4.3.2.2.4. Don't consider Municipal members with 'reduced hours' status ('R' term employ code).
4.4.3.3. Municipal 'reduced hours' status – doesn't meet minimum requirements to continue, but need to track for entire period of employment. No retirement allowed unless restored to fulltime status first.
4.4.4. Automated maintenance of registers: active, withdrawal, vested, retired, and their unique numbers. Now used to track issuance and continuity at FY end.
4.4.4.1. Note withdrawal numbers issued for vested-deferred, then abandoned when member returns to service (now a problem). Question need for this numbering scheme.
4.5. Benefit calculations.
4.5.1. Estimates.
4.5.1.1. break out service by plans worked, particularly MRS plans A1, a2, A3, B, C, and D.
4.5.1.2. show salary, contributions, and service history by year.
4.5.2. Finals.
4.5.3. Benefit recalculations.
4.5.4. Archive of previous estimates and finals.

4.6. Annual Processes.
- 4.6.1. Interest and service calculations.
  - 4.6.1.1. Review service credit methods – MRS: hours (2080), ERS: pay periods (26 or 27), TRS: FTE (100).
    - 4.6.1.1.1. Improve TRS FTE method? Research going to pay period method, hours worked vs. hours expected or standard hours, or YTD salary vs contracted annual.
    - 4.6.1.1.2. Need to factor in different school year lengths for different districts
    - 4.6.1.1.3. Need to identify part-time employees (for more accurate benefit projections).
  - 4.6.1.2. Judge 12-year service special calculations.
- 4.6.2. Actuarial reporting.
- 4.6.3. Benefit and balance statements.
  - 4.6.3.1. Corrected previous year statements during following year.
- 4.6.4. Fiscal year closing.
- 4.6.5. Purging files and archiving old accounts to history.
- 4.6.6. Unclaimed balances to Abandoned Property.
- 4.6.7. Calendar year end tax reporting (1099R).
  - 4.6.7.1. Reconcile 12 monthly IRS reports with annual report from 1099R production (IRS penalty if different).

4.7. Fund Accounting.
- 4.7.1. Transfers.
- 4.7.2. Bank reconciliation.

4.8. Investment Accounts.
- 4.8.1. SDIA (single deposit investment account).
  - 4.8.1.1. Office co-ordination with ATR.
  - 4.8.1.2. Name/address maintenance.

5. Pension Payroll Administration.

5.1. File Maintenance.
- 5.1.1. Maintenance run/report.
  - 5.1.1.1. each add/change/delete transaction listed, accepted/rejected status, error messages.
  - 5.1.1.2. file totals at end, compared with control totals for balancing.
  - 5.1.1.3. report of automatic changes to federal tax deduction, before and after amounts, reason.
- 5.1.2. New retirees.
  - 5.1.2.1. use of self-generated 6-digit unique retiree ID number.
- 5.1.3. Personal information.
  - 5.1.3.1. address.
    - 5.1.3.1.1. alternate address (direct deposit or seasonal).
      - 5.1.3.1.1.1. Method of recording alternate addresses for seasonal movers, toggle back and forth.
      - 5.1.3.1.1.2. Keeping seasonal addresses current for quarterly SDIA n/a updates.

5.1.3.1.2. Foreign addresses – marking, proper format, including special postal codes (Canada)
5.1.3.1.3. marking invalid (previously returned) addresses.
5.1.4. Dates, codes and active history.
5.1.5. Deductions, current and year-to-date.
5.1.5.1. health Insurance.
5.1.5.1.1. balancing all health plans and classes.
5.1.5.1.2. Medicare-eligibility (age 65) processing.
5.1.5.1.3. dependent management (show each dependant's premium separately, esp in combo plans).
5.1.5.1.4. reconciliation of premiums with carrier's billing (Teachers Blue Cross).
5.1.5.1.5. monthly data extract to carrier (CIGNA).
5.1.5.1.6. prepay processing.
5.1.5.2. federal tax.
5.1.5.2.1. fixed deduction or tax table withholding from W4.
5.1.5.2.2. exclusion ratio method calculation.
5.1.5.2.2.1. predicting expiration of exclusions.
5.1.5.2.3. exemptions from and additions to withholding.
5.1.5.3. state tax.
5.1.5.3.1. Fixed deduction or tax table withholding from W4.
5.1.5.3.2. exemptions from and additions to withholding.
5.1.5.3.3. Option to link with changes to Fed (use same exemptions and additions).
5.1.5.4. credit union.
5.1.5.4.1. deductions with positive net.
5.1.5.4.2. full net credit union (zero net – all 'net' to credit union).
5.1.5.5. VRSEA (ERS only).
5.1.5.6. SECCA (new).
5.1.5.7. general deduction automation features.
5.1.5.7.1. Automated individual changes triggered by date (or other logic).
5.1.5.7.2. Global deduction changes, including 'no deduction' periods (rate holidays).
5.1.6. Payment categories (pension, annuity, stipend, etc).
5.1.7. Electronic deposit process.
5.1.7.1. pre-notification of new or changed accounts.
5.1.7.2. monthly transmission of ACH file.
5.1.8. Termination and beneficiary creation.
5.1.9. QDRO's.
5.2. Monthly payment process.
5.2.1. check writing.

5.2.1.1. warrant listings with totals.
5.2.1.1.1. alphabetical for Retirement office.
5.2.1.1.2. check number sequence for Accounting.
5.2.1.2. monthly recon warrant file.
5.2.1.3. daily recon warrant file (positive pay).
5.2.1.4. data export to check printing subsystem (own existing, or VISION accts payable).
5.2.1.5. possible internal check reconciliation system, or export/import to external check recon.
5.2.2. electronic deposits.
5.2.2.1. warrant listings with totals.
5.2.2.2. produce mailers for electronic banking
5.2.2.2.1. controlled – print only if first payment, December or change in amount.
5.2.3. credit union deposits.
5.2.3.1. warrant listings with totals.
5.2.3.2. produce mailers for full-net credit union
5.2.3.2.1. controlled - print only if first payment, December or change in amount.
5.3. Tracking Functions.
5.3.1. Disability tracking.
5.3.2. Level income tracking.
5.3.3. Child and student beneficiary tracking.
5.3.4. Expiration of federal tax exclusions.
5.3.5. Age 65 Medicare-eligible notification.
5.4. Data Exports.
5.4.1. Monthly pre-notifications to bank.
5.4.2. Monthly ACH transmission of electronic deposits to bank.
5.4.3. Monthly deposits to Vermont State Employees' Credit Union.
5.4.4. Monthly health insurance report to CIGNA (data extract).
5.4.5. Quarterly SDIA name/address reporting to ATR (actives too).
5.5. Annual processes.
5.5.1. Actuarial reporting.
5.5.2. Calendar year closing.
5.5.3. Archiving old accounts to history.
5.5.4. Calendar year end tax reporting (1099R).
5.5.4.1. Reconcile 12 monthly IRS reports with annual report from 1099R production (IRS penalty if different).
5.5.5. COLA increases.
5.5.6. Federal Tax table changes.
5.5.7. State Tax changes.

5.6. Fund Accounting.
- 5.6.1. Transfers.
- 5.6.2. Account reconciliation.

5.7. Investment Accounts.
- 5.7.1. SDIA (single deposit investment account).
  - 5.7.1.1. Office co-ordination with ATR.
  - 5.7.1.2. Name/address maintenance.
- 5.7.2. Deferred Comp.

B-1.1.26 Response to "As Is" Business Requirements

To ensure that VRS's selection of a vendor is adjudicated by the merits of the proposed solutions, one of the following responses must be provided for each "As Is" business requiremens described in the preceding sections and as listed in Table 8 below. Vendors are to replicate the matrix, check the appropriate column in the matrix to indicate their response, and include the matrix in their technical proposals. Acceptable bidder responses are indicated in the following table:

Table 8. Acceptable Bidder Responses

ANSWER	DEFINITION
Compliant	Functionality included in the base product with no customization required.
Non-compliant	Functionality is not currently included and will not be available in the next 12 months.
Modification	Functionality not included in the base product but will be provided now by a customization to the base product.
Future	Functionality is not currently included but will be available in the next 12 months and will be provided in the proposed solution.
Third Party	Functionality provided now by a third-party partnering arrangement.

YOUR RESPONSE MUST INCLUDE A COMPLETELY FILLED-IN MATRIX FOR EACH FUNCTIONAL AREA IN ORDER TO BE CONSIDERED FOR EVALUATION.

Table 9. Response to "As Is" Business Requirements

SECTION	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
B-1.1.1.1	"Employer Reporting - Municipal Quarterly Report Audit" requirements as defined in the corresponding section of the RFP.					
B-1.1.1.2	"Employer Reporting - Teacher Retirement System Quarterly Reports" requirements as defined in the corresponding section of the RFP.					
B-1.1.1.3	"Employer Reporting - Teacher Retirement System Deposits" requirements as defined in the corresponding section of the RFP.					
B-1.1.1.4	"Employer Reporting - State Defined Contribution Transfer Payroll" requirements as defined in the corresponding section of the RFP.					

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SECTION	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
B-1.1.1.5	"Employer Reporting - Municipal Defined Contribution Transfer Payroll" requirements as defined in the corresponding section of the RFP.					
B-1.1.1.6	"Employer Reporting - (Employer) Deposits" requirements as defined in the corresponding section of the RFP.					
B-1.1.2.1	"Enrollment/Beneficiary - Member Account Maintenance" requirements as defined in the corresponding section of the RFP.					
B-1.1.2.2	"Enrollment/Beneficiary - New Member Account Setup" requirements as defined in the corresponding section of the RFP.					
B-1.1.2.3	"Enrollment/Beneficiary - New State/Exempt Member" requirements as defined in the corresponding section of the RFP.					
B-1.1.2.4	"Enrollment/Beneficiary - New Municipal Defined Contribution Member" requirements as defined in the corresponding section of the RFP.					
B-1.1.2.5	"Enrollment/Beneficiary - Transfers within the System" requirements as defined in the corresponding section of the RFP.					
B-1.1.3.1	"Customer Service/Activity Tracking - Incoming Telephone Calls" requirements as defined in the corresponding section of the RFP.					
B-1.1.3.2	"Customer Service/Activity Tracking - Incoming Mail" requirements as defined in the corresponding section of the RFP.					
B-1.1.3.3	"Customer Service/Activity Tracking - Pension Verification" requirements as defined in the corresponding section of the RFP.					
B-1.1.4.1	"Health, Dental, and Life - Retiring Teacher Insurance" requirements as defined in the corresponding section of the RFP.					
B-1.1.4.2	"Health, Dental, and Life - Retiring State Employee Insurance" requirements as defined in the corresponding section of the RFP.					

SECTION	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
B-1.1.4.3	"Health, Dental, and Life - Insurance Open Enrollment: Teachers" requirements as defined in the corresponding section of the RFP.					
B-1.1.4.4	"Health, Dental, and Life - Insurance Open Enrollment: State Employees" requirements as defined in the corresponding section of the RFP.					
B-1.1.4.5	"Health, Dental, and Life - Insurance Rate Tables Update" requirements as defined in the corresponding section of the RFP.					
B-1.1.5	"Disability" requirements as defined in the corresponding section of the RFP.					
B-1.1.6.1	"Benefit Calculations - Teacher/State Final Retirement Benefit Calculations" requirements as defined in the corresponding section of the RFP.					
B-1.1.6.2	"Benefit Calculations - Municipal Final Retirement Benefit Calculations" requirements as defined in the corresponding section of the RFP.					
B-1.1.6.3	"Benefit Calculations - Retirement Acknowledgements and Certificates" requirements as defined in the corresponding section of the RFP.					
B-1.1.6.4	"Benefit Calculations - Teacher Retirement System Verification of Service" requirements as defined in the corresponding section of the RFP.					
B-1.1.7	"Purchase of Service" requirements as defined in the corresponding section of the RFP.					
B-1.1.8.1	"Death - Retired State Employee Deaths" requirements as defined in the corresponding section of the RFP.					
B-1.1.8.2	"Death - Retired Teacher Deaths" requirements as defined in the corresponding section of the RFP.					
B-1.1.8.3	"Death - Municipal Retirement System Deaths" requirements as defined in the corresponding section of the RFP.					

SECTION	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
B-1.1.8.4	"Death - Active Member Deaths (State/Teacher/Municipal) " requirements as defined in the corresponding section of the RFP.					
B-1.1.8.5	"Death - Student Benefits for State Deceased Members" requirements as defined in the corresponding section of the RFP.					
B-1.1.9.1	"Refunds - Teacher Retirement System Refunds" requirements as defined in the corresponding section of the RFP.					
B-1.1.9.2	"Refunds - State and Municipal Refunds" requirements as defined in the corresponding section of the RFP.					
B-1.1.10.1	"Pension Payroll and Post Payroll Adjustments - Retiree Address, Tax and Direct Deposit Changes" requirements as defined in the corresponding section of the RFP.					
B-1.1.10.2	"Pension Payroll and Post Payroll Adjustments - Check Order Process" requirements as defined in the corresponding section of the RFP.					
B-1.1.10.3	"Pension Payroll and Post Payroll Adjustments - Direct Deposit and Credit Union Deposit" requirements as defined in the corresponding section of the RFP.					
B-1.1.10.4	"Pension Payroll and Post Payroll Adjustments - COLA Adjustment" requirements as defined in the corresponding section of the RFP.					
B-1.1.10.5	"Pension Payroll and Post Payroll Adjustments - 1099R Process" requirements as defined in the corresponding section of the RFP.					
B-1.1.10.6	"Pension Payroll and Post Payroll Adjustments - Tax Table Adjustments" requirements as defined in the corresponding section of the RFP.					
B-1.1.11	"Tax Reporting" requirements as defined in the corresponding section of the RFP.					
B-1.1.13	"Divorce" requirements as defined in the corresponding section of the RFP.					

SECTION	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
B-1.1.14.1	"Estimate" requirements as defined in the corresponding section of the RFP.					
B-1.1.15.1	"Reporting and Query - Mainframe Reporting and Query Overview" requirements as defined in the corresponding section of the RFP.					
B-1.1.15.2	"Reporting and Query - Ad-hoc Reporting and Analysis Capability" requirements as defined in the corresponding section of the RFP.					
B-1.1.15.3	"Reporting and Query - Reaching 65 Years of Age" requirements as defined in the corresponding section of the RFP.					
B-1.1.17	"Internet" requirements as defined in the corresponding section of the RFP.					
B-1.1.18	"Correspondence Tracking, Letters and Forms" requirements as defined in the corresponding section of the RFP.					
B-1.1.19	"Return to Work" requirements as defined in the corresponding section of the RFP.					
B-1.1.20.1	"Auditing and Security - Activity Logging" requirements as defined in the corresponding section of the RFP.					
B-1.1.20.2	"Auditing and Security - History" requirements as defined in the corresponding section of the RFP.					
B-1.1.20.3	"Auditing and Security - Backup and Restore" requirements as defined in the corresponding section of the RFP.					
B-1.1.20.4	"Auditing and Security - Passwords" requirements as defined in the corresponding section of the RFP.					
B-1.1.22.1	"Fund/Plan Management - Municipal New Entities" requirements as defined in the corresponding section of the RFP.					

SECTION	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
B-1.1.24	"Defined Contribution Processing" requirements as defined in the corresponding section of the RFP.	■	■	■	■	■
B-1.1.25	"Current System Overview" requirements as defined in the corresponding section of the RFP.					

B-1.2 Desired "To Be" Functionality

The matrices in the following subsections list the many detailed business function capabilities that the proposed integrated retirement system solution must provide.

YOUR RESPONSE MUST INCLUDE A COMPLETELY FILLED-IN MATRIX FOR EACH FUNCTIONAL AREA IN ORDER TO BE CONSIDERED FOR EVALUATION.

To ensure that VRS's selection of a vendor is adjudicated by the merits of the proposed solutions, one of the following responses must be provided for each listed capability in the "To Be" matrices. Vendors are to replicate the matrices, check the appropriate column in the matrix to indicate their response, and include them in their technical proposals. Acceptable bidder responses are indicated in the following table:

Table 10. Acceptable Bidder Responses

ANSWER	DEFINITION
Compliant	Functionality included in the base product with no customization required.
Non-compliant	Functionality is not currently included and will not be available in the next 12 months.
Modification	Functionality not included in the base product but will be provided now by a customization to the base product.
Future	Functionality is not currently included but will be available in the next 12 months and will be provided in the proposed solution.
Third Party	Functionality provided now by a third-party partnering arrangement.

The functional requirements are broken down into the following categories corresponding to the RFP sub-sections which follow:

1. Employer reporting
2. Enrollment/beneficiary
3. Customer service/activity tracking
4. Health, dental, and life
5. Disability
6. Benefit calculations
7. Purchase of service
8. Death
9. Refunds
10. Pension payroll and post payroll adjustments
11. Tax reporting
12. Imaging and workflow
13. Divorce
14. Estimate
15. Reporting and query
16. Counseling, scheduling, and seminars
17. Internet
18. Correspondence tracking, letters, and forms
19. Return to work
20. Auditing and security

21. Global/general items
22. Fund/plan management
23. Power of attorney
24. Defined contribution processing.

B-1.2.1 Employer Reporting

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to (in the event a reporting error results in VRS owing funds to the employer) determine amount of credit due to the employer; generate letter and credit adjustment form for employer.					
2.	Ability to (when there are individual records with errors) post the validated member records and then suspend the member records containing errors and generate a report.					
3.	Ability to accept multiple transactions per employee per reporting period.					
4.	Ability to accept various forms of media (disk, paper, Web, etc.) containing member data submitted by employers on different frequencies (e.g., bi-weekly, monthly), with different pay cycles (e.g., Employer A weekly pay periods, Employer B, semi-monthly pay periods) aggregated to different levels (e.g., Employer A one record for each bi-weekly pay period, Employer B two semi-monthly pay periods rolled into one record).					
5.	Ability to accommodate the entry of comments or notes regarding an employer data file.					
6.	Ability to accommodate the transmission of data adjustments to prior periods as well as information for the current period with functionality limited to specific users.					
7.	Ability to account for a member working simultaneously for multiple employers.					
8.	Ability to assign an “effective” period(s) to employer submitted data, so that reporting may be associated with the appropriate year.					
9.	Ability to automatically create appropriate general ledger transactions for employer payments receipts (e.g., monthly payments of contributions) and disbursements (e.g., refunds of over payments).					
10.	Ability to automatically scan the disks and CDs for viruses if the payroll detail is received in the form of a diskette or CD.					
11.	Ability to be fully “self-service” to submit data, receive feedback on the validity of that data, and make needed corrections. In addition, the ability to provide for communicating information (such as delinquent reporting) to employers via e-mail.					
12.	Ability to check employer entry and termination dates against employee service records to ensure that service credited is within the participation period of the employer or related provision.					
13.	Ability to correct data by manual entry.					
14.	Ability to create and delete individual records within the employer data file subject to VRS internal audit controls, limited to specific users.					
15.	Ability to create and maintain employer demographic information, including the VRS-assigned employer number, employer name, multiple contacts, multiple addresses, multiple e-mail addresses, and other pertinent information.					
16.	Ability to credit employer with employer and employee contributions paid for a non-qualifying employee.					
17.	Ability to generate a letter to employer and employee for any adjustment made in-house to salary, contributions, and service and display those adjustments at both the summary level and the detailed transaction level.					
18.	Ability to generate a report/subsequent reports which present summaries of exceptions for each employer that needs to be corrected.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
19.	Ability to generate and retain a billing for employee and employer contributions to the employer on demand as well as in a fixed schedule. For those situations where the employer is delinquent in the reporting of member wages and salaries, ability to generate billings based on a system-generated estimate.					
20.	Ability to generate and retain a statement showing unpaid monthly charges identified by both prior and current periods. Conversely, any cash receipt not applied against a monthly charge will be shown on the statement.					
21.	Ability to handle more than one employment status code (full-time salary, full-time hourly, part-time salary, part-time hourly, part-time per diem, reduced hours status etc.) for a member employed by one employer or multiple employers. *Note – refer to list provided by VRS.*					
22.	Ability to identify, track, and report against those members who have been reported under various personnel status codes (Hire Date, Re-Hire, Leave Without Pay, Terminate, Suspension, Sabbatical, Workers' Comp, Disability, Military Leave, Legislative Leave, etc.) and have both start and end dates. *Note – refer to list provided by VRS.*					
23.	Ability to indicate when an employer data file is not in balance.					
24.	Ability to lock a member's account, preventing other VRS staff from making changes to the locked account. If changes are attempted, the system will display a message stating that the account is locked, when, and by whom.					
25.	Ability to maintain the data relationship between the employer and member.					
26.	Ability to maintain year-to-date balances of total employer and employee contributions for each employer.					
27.	Ability to monitor the submission and processing of employer data files, and to produce an aged listing of delinquent employers.					
28.	Ability to notify, track, and flag the situation where employer-reporting information is received for a member who is applying for retirement, received an initial benefit, or has a final calculation of benefit.					
29.	Ability to present all data errors for each employer and/or member for staff processing as defined by VRS users.					
30.	Ability to prevent invalid or duplicate data from posting to the member's account.					
31.	Ability to automatically initiate a workflow on new member submission.					
32.	Ability to produce a report that lists employers who are delinquent in the payment of employee and employer contributions. This report shall include an aging of delinquencies. The system should provide for the entry of comments or notes regarding specific employer delinquencies.					
33.	Ability to produce a turn-around document reflecting the employer's information reported to VRS showing current salary, contributions, and change balances.					
34.	Ability to produce report comparing a member's salary and hours (as adjusted) for preceding months and identifying, by employer, instances where information submitted violates VRS business rules (e.g., salary exceeds an acceptable band; no salary reported; no hours reported but required for plan, etc.).					
35.	Ability to produce a correspondence, through various means (e.g., print, fax, e-mail), notifying employers of corrections they need to make on their next month's contribution summary report.					
36.	Ability to provide a summary of any data file received from an employer, including batch totals and number of detail records.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
37.	Ability to provide an audit trail of activity posted to a member's account and adjustments made thereto, including who made the change (and why), salary, contributions, and hours.					
38.	Ability to provide an edit for concurrent time (e.g., an employee contributing in two places), which may be allowable, within two different plans, and prompt the user to check further into the circumstances, subject to VRS plan limitations.					
39.	Ability to provide appropriate validations to ensure that service is consistent with reported salary or hours (as determined by VRS plan), and that both are properly posted to the member's account.					
40.	Ability to provide edit checks on SSNs, employer numbers, duplicate names, blank fields, negative numbers, and dates. Validate that the appropriate number of pay periods is being reported, as determined by the employer; check whether reporting dates have already been posted.					
41.	Ability to provide for user-defined rules to validate data. The system should also permit the grouping of error conditions to distinguish their severity.					
42.	Ability to provide user-maintainable tables for employer and employee contribution rates and to validate reported data against these table values – based on each retirement system.					
43.	Ability to re-execute data validations and re-calculate batch totals after a correction is made or if records are created or deleted subject to VRS internal audit controls.					
44.	Ability to reconcile the total member and employer contributions due, net of any applicable and recorded adjustments, to the employer remittance.					
45.	Ability to record a termination date whenever an employer reports that a member has terminated employment. Ability to keep a historical record of termination dates.					
46.	Ability to reflect the merging of employers, allowing for a recombining of data from old employers into the new employer. However, the ability to query on historical data from the old employer should remain unimpeded. In addition, to facilitate inquiries, ability to provide a crosswalk that maps the old and new employer name and number.					
47.	Ability to report delinquency back to the employer, i.e., letter, statement, invoice, Web.					
48.	Ability to report the status of receivables for employee and employer contributions on demand. This capability shall extend to both VRS staff and to employers.					
49.	Ability to report, record, and track shortages and overages of employer and employee contributions. Ability to have mechanisms by which to report these shortages and overages back to the employer, i.e., letter, statement, invoice.					
50.	Ability to reverse, suppress and otherwise prevent from appearing in the member record, detail from employer payroll files submitted either in error or with sufficient internal errors to render the entire filing unusable. Access to such a function shall be limited by specific users or roles.					
51.	Ability to process multiple payroll transactions (e.g., one or more standard payroll transactions, overtime transactions, employer initiated adjustments, etc.) from a single employer or multiple employers for a given member. This should be based on date-effective information sent by the employer and organized by plan.					
52.	Ability to tie contributions posted to the system to a payroll period ending date and update employee salary history for the appropriate years.					
53.	Ability to track received, processed and unprocessed employer data files.					
54.	Ability to track the submission and processing of periodic employee and employer contributions.					

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
55.	Ability to use the payroll ending date to calculate employee and employer contributions in accordance with the rates in effect at the time.					
56.	Ability to validate and grant service credit, using the plan-appropriate service credit accumulation values (e.g., salary, hours, etc.), if a member is reported for the period.					
57.	The system's employer reporting process must identify new members and automatically initiate or invoke enrollment through the appropriate workflow.					
58.	Ability to allow employers, on-line or via Web application, to enter termination dates, unpaid leave dates, last year of service, etc.					
59.	Ability to maintain payroll reporting units separate from the related employers and to maintain contact information specific to the reporting unit.					
60.	Ability to maintain the current employer code in the LOB.					

B-1.2.2 Enrollment/Beneficiary

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to (in the case in which a member is both a retiree and a beneficiary) "tie" together information so that users can view all the benefits an individual is receiving.					
2.	Ability to access member accounts with a single entry screen.					
3.	Ability to accommodate (store and apply) future changes (e.g., name change, address change, tax withholdings, direct deposit information, etc.), all with effective dates, as well as to search on historic values.					
4.	Ability to add, update, delete international addresses as well as domestic addresses.					
5.	Ability to add, update, inquire, and delete beneficiary change information.					
6.	Ability to adjust an account to prevent out-of-balance conditions including a reason code and an explanation in order to explain the historical transactions.					
7.	Ability to allow a member to change only the data fields approved by VRS; the fields will be determined at a later time using a Web utility.					
8.	Ability to allow for “real-time” validations and the graceful return from errors where applicable.					
9.	Ability to allow for the employer and/or VRS staff to create, update, and display enrollment information (i.e., member demographics and employment information) provided from an enrollment form, Web utility, or various other media (e.g., tape, diskette, CD, etc.). **Note:** If the information is captured through an enrollment form or Web utility, the creation or update of the enrollment information should occur in “real-time” (currently done batch at night).					
10.	Ability to assign and continue to use an established ID number for members.					
11.	Ability to assign/associate members to their appropriate retirement system (teacher, state, muni, etc.) corresponding contribution rate, coverage, and group based on eligibility rules.					
12.	Ability to automatically generate various acknowledgment letters (i.e., Beneficiaries, Estate and Trust, etc.).					
13.	Ability to automatically notify member at career/retirement milestones (disability, vesting, early, normal retirement, death in service, etc.).					
14.	Ability to automatically set up a Web account for a new member and therefore provide them access to their account and/or files via the Web through use of ID and PIN numbers upon successful member enrollment.					
15.	Ability to automatically transfer all account information from the wrong Social Security number to the corrected Social Security number; send a letter to the member with a copy to the employer, and generate a new *Membership Statement* for the member.					
16.	Ability to track and flag member accounts with pending and approved court orders.					
17.	Ability to be flexible enough to change compounding frequency (e.g., daily, monthly, quarterly, annually, etc.); interest compounding frequency must be table driven and user updateable.					
18.	Ability to capture and produce statistical, demographic, and error information on employer wage and contribution reports, regardless of reporting method.					
19.	Ability to capture comments/attach notes to a member’s account.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
20.	Ability to create, revise, display and print members' information including but not limited to the following: name, address, Social Security number, date of birth, employment date, employment details, membership class, etc.					
21.	Ability to create, revise, maintain, inquire and display multiple transactions (address, employment information, etc.) of the same type with effective dates.					
22.	Ability to create, revise, maintain, inquire, and print the following address types: e-mail address, multiple mailing addresses, recurring and one time "snow bird" addresses, bank address, electronic transfer address (routing number), power-of-attorney address, temporary addresses, beneficiary address, and alternate contact address, etc. that are date sensitive; dates for each address can be participant defined and updated; require entry of at least one address.					
23.	Ability to create, update, and display the survivor detailed information for a retiring or retired member (including name, address, benefit amount, etc.) to be paid at the retiree's death.					
24.	Ability to cross reference member, beneficiary, alternate payee, survivor Social Security numbers showing relationship, etc.					
25.	Ability to determine if the requested change (name, sex, etc.) requires legal documentation and, if so, automatically send a letter requesting the documentation.					
26.	Ability to determine whether the retiree is allowed to change beneficiary based on the retirement option chosen or restrictions placed on account (divorce).					
27.	Ability to display current member address information and be able to update that information when processing a beneficiary change form.					
28.	Ability to display, query and print the history of all changes and who made them and when.					
29.	Ability to provide disbursement addresses for refunds, death benefits and annuity.					
30.	Ability to distribute forms initiated via request by workflow or Web.					
31.	Ability to enclose a "Nomination of Beneficiary" letter explaining what corrections are needed.					
32.	Ability to enforce a standard format for making notes of communications with members and actions on their accounts, and store electronically as individual entries, each including operating, date and time of entry, reason for the entry, as well as other fields.					
33.	Ability to enforce edits on addresses based on postal regulations and have those edits prompt users to follow the standard prior to successful update; also if a user enters a zip code, the system will pre-fill the corresponding city and state (and allow overwriting of same without validation against the ZIP code); the system will ensure synchronization so if a user enters (St., Street, street or st.) the system will convert it to a single standardized format.					
34.	Ability to enroll members from their first day of employment and then either credit the employer with the employer and member portions of the contributions that need to be returned (the employer would be responsible for returning the member's portion to the member) **or** automatically credit the employer with their portion of the contributions that need to be returned and directly refund the member's portion to the member.					
35.	Ability to enter data into the system and set its status to "pending" (also keep its status of "pending" in workflow) for those cases where a document comes in before the document that should have arrived first to initiate the process.					
36.	Ability to flag an account with the status of "forfeiting of a benefit" if elected by the member through the refund process for vested members.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
37.	Ability to flag an enrollment record if enrollment information is received for an individual currently receiving a monthly pension benefit.					
38.	Ability to generate a member-detailed service credit breakdown letter and also provide this information via Web access for members.					
39.	Ability to generate a membership waiver acknowledgement letter (for teacher members only).					
40.	Ability to generate a pre-filled membership waiver form and track the distribution, turn-around and processing of that form for members in the system.					
41.	Ability to generate an annual report identifying members who have not elected a beneficiary or annually identifying members who have not elected a beneficiary and send them a letter and a pre-filled Beneficiary Change form to be completed and returned.					
42.	Ability to generate letters for the approval or denial of membership eligibility with distribution to both the employee and employer.					
43.	Ability to generate reports for telephone statistics (type of call, type of caller, forecasting).					
44.	Ability to generate the appropriate contents of the enrollment “Welcome Packet” based on member status.					
45.	Ability to have a beneficiary “valid indicator” stating whether this information is valid or invalid; also flag any discrepancies between the information on the application and the information in the data base for user follow-up; suspend the retirement process until all discrepancies have been resolved (if applicable).					
46.	Ability to have a valid/invalid address checkbox for a person’s address and -- if the address is marked invalid – track all correspondence that should have been sent until a valid address is known and then generate all the past correspondence (pending user approval) to the new valid address.					
47.	Ability to print the beneficiary change on the membership statement when such a change occurs.					
48.	Ability to identify accounts with a positive-balance after withdrawal of contributions and notify an employer for a possible “Additional Refund” to be processed.					
49.	Ability to identify and report through a workflow process that a member is earning salary, contributions, and service under more than one employer for the same period of time.					
50.	Ability to identify and track the status of members (vested, active, inactive, retired, etc.).					
51.	Ability to identify duplicate names with the same or similar SSN and/or date of birth for staff intervention/validation, then automatically generate a letter to the member requesting verification of SSN and/or date of birth and suspend the account until verification is received.					
52.	Ability to identify duplicate SSN conditions and flag them for staff intervention/validation.					
53.	Ability to identify those members who “missed” the interest posting “window” and have that process re-executed for them.					
54.	Ability to identify those members that are eligible for account interest posting, calculate, and apply interest accordingly – processed depending on the Retirement System (state, teacher, municipalities).					
55.	Ability to identify vesting eligibilities based on member’s termination date, service and age and to automatically generate a letter to the member notifying them of their vested status by system and plan (including for defined contribution).					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
56.	Ability to input death notifications into a member's account so that the information is instantly available to staff working on different levels of the account processes.					
57.	Ability to interface/support exchanged information related to third party sources that provide death information.					
58.	Ability to lock an account (stolen identity, divorce, child support, court order, etc.).					
59.	Ability to maintain a history of positions (job titles) held by a member (employee).					
60.	Ability to maintain contribution rates by Retirement System (state, teacher, municipality, etc.).					
61.	Ability to maintain guardians, conservators, power-of-attorney, and other legal designations.					
62.	Ability to maintain interest rate tables (i.e., Purchase of Service, Member Account Interest, etc.) at both system (e.g., state, teacher, municipality) and group level.					
63.	Ability to maintain marital status information (single, married, widowed, civil union, or divorced).					
64.	Ability to maintain multiple beneficiaries, their entitlement grouping and/or percentage allocation, or flat dollar amount.					
65.	Ability to maintain multiple employment dates and related service credit for the same and/or different employers at the service credit level desired by VRS during requirements and design efforts.					
66.	Ability to manually separate multiple accounts where information is misapplied (e.g., two members under one SSN).					
67.	Ability to name and set up a Primary, Secondary, Guardian, Trust, Estate, Charity, etc. as a beneficiary as well as establish the percentages, payment priority, per stirpes, etc.					
68.	Ability to perform an edit to ensure that a secondary beneficiary cannot also be a primary beneficiary and vice versa.					
69.	Ability to perform an edit to ensure that a secondary beneficiary cannot be added unless a primary beneficiary has already been added.					
70.	Ability to ensure (possibly through workflow) that if a minor is added as a primary beneficiary then a guardian is also established.					
71.	Ability to post purchased service credit to member's account based on the purchase of service process.					
72.	Ability to provide a mechanism to view and/or download contribution, service credit and salary/earnings totals and details for a Retirement System by user defined time periods (e.g. fiscal year, calendar year, reporting period, and transaction year).					
73.	Ability to provide for pending changes with an effective date of implementation, for all address, tax, and direct deposit information.					
74.	Ability to provide statistical information on eligibility status within the enrollment process.					
75.	Ability to retain a history of all changes to the data and display as an audit report.					
76.	Ability to retrieve and update an incomplete enrollment once the additional information is received from either the member or employer.					
77.	Ability to reverse member account transactions.					
78.	Ability to review a former member's account, when a request is received from another state to verify membership in the VRS. If any out-of-balances are detected, generate a letter requesting repayment or pay refund of any contributions before verifying service credit to the requestor.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
79.	Ability to review enrollment information captured through various media (e.g., tape, diskette, CD, etc.) prior to the data being committed to the database and then after processing.					
80.	Ability to search on Social Security number, employee ID number, or name, etc. with the additional capability to use wild card characters.					
81.	Ability to see the member account in both a summary and detailed view.					
82.	Ability to send notification to the imaging system when two accounts are merged or when an account is split so that an imaging administrator can merge /split the member's information.					
83.	Ability to stop adding interest to a member's account once the member has retired, terminated (non-vested), or deceased.					
84.	Ability to store detailed beneficiary (including survivor annuitant) information, including beneficiary name, benefit amount or percent, sex, SSN, etc.					
85.	Ability to support all of the various service credit categories/types that VRS supports based on the retirement system and classifications of membership/job positions.					
86.	Ability to support the enrollment of new employees, transferring employees, employees returning to service, returning from a furlough, or returning from a leave of absence.					
87.	Ability to track all tax-deferred payments for the purchase of service (taxable contributions, rollover, etc.).					
88.	Ability to track date of birth of member and beneficiary.					
89.	Ability to track income verifications, i.e., member/entity/VRS requesting income verification, date received and date returned to company for both active and retired members.					
90.	Ability to validate against enrollment eligibility requirements.					
91.	Ability to validate against membership waiver eligibility requirements.					
92.	Ability to validate incoming data formats from employer and other VRS affiliates (e.g., numeric, field size, physical file attributes, etc.).					
93.	Ability to sort addresses for mass mailings by various values including last name, first name, member ID, elements of address, retirement system.					
94.	Ability for the system to handle all three (3) of the following correspondence generation options: 1. Ability for end-users to generate their own correspondence and print it themselves (locally). 2. Ability for end-users to generate their own correspondence, have it sent to centralized system for consolidation, mail assembly and distribution. 3. Ability to generate correspondence in batch mode.					
95.	Ability, through a flag at member level, to identify those members who have a Single Depository Investment Account (SDIA).					
96.	Ability to flag a member with 25 years of service as having to no longer make contributions, to no longer calculate contributions due for the member when they appear on a wage report, and notify member and employer of same.					
97.	Ability to automatically generate a letter to member upon separation to notify them of their options.					
98.	Ability to record and maintain separate beneficiaries for life, dental, and health insurance where applicable.					

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
99.	Ability to support multiple addresses used for different but specific purposes.					
100.	Ability to export, to a VRS-define file format, data required to populate an active member statement or benefit statement.					
101.	Ability to accumulate service credit through the year based on retirement system driven service accumulation parameters.					
102.	Ability to manually enroll a member outside of the control of workflow and of automatic enrollment through wage and contribution reporting process.					

B-1.2.3 Customer Service/Activity Tracking

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability (when more than one document is received as a package) that these documents get imaged at the desired discrete level, without necessarily initiating multiple workflows. *See separate page of notes.*					
2.	Ability for any/all contact management log capabilities to be integrated with, or a part of, the line-of-business system, not requiring duplicate input of data or separate action and/or access modes.					
3.	Ability for the user interface for customer service/activity tracking screens to "look and feel" to the user like the screens used in the line-of-business solution, but to be customer inquiry and service oriented, and not necessarily work-process oriented.					
4.	Ability for the vendor to provide ten (10) information intensive customer service screens (inquiry only and without diminishing on-screen readability) for specific functional areas (death, refund, pension payroll, disability, beneficiary, etc.) showing the most recent information first, with the ability to see more via drill-down if so desired by the user.					
5.	Ability for users to easily input access/contact with customers; standard codes will be used as well as the ability to input free-form text; ability to scroll chronologically (oldest first, newest first) and to sort by category of contact; ability to produce reports chronologically.					
6.	Ability for various constituents (member, retirees, employers, etc.) to interface with the system via Web access to sign-up for counseling sessions, directions, etc. *Quote as optional.*					
7.	Ability to access a user-friendly report writer for creating custom reports with graphics, headers, footers, totals, subtotals, sorting, and statistics.					
8.	Ability to access the member address update screen (both active and retired) from any "customer service inquiry screen."					
9.	Ability to add new reports to the report menu for easy access.					
10.	Ability to automatically link calendar activities to contacts; support instant access to contacts.					
11.	Ability to automatically prompt/display any related past activity tracking event that a member may have requested previously in order to determine if the member is indeed asking a new request or merely searching/"fishing" for a different VRS response to their inquiry.					
12.	Ability to automatically provide a case/contact tracking feature that stores a history of what information was sent to the member and when, as well as provide the ability to access that historic document directly from the case/contact tracking feature.					
13.	Ability to capture information and report on mass mailings (e.g., type, who, what, when, where, and why) with the ability to both select the mass mailing and view the related member and who it was sent to and select the member and see the mailing under a list of correspondences.					
14.	Ability to capture the type of correspondence/form generated, date, and address of member who was sent information (both system and staff generated).					
15.	Ability to display all activity tracking transactions dates and times.					
16.	Ability to display comments/notes attached to a member's account.					
17.	Ability to distribute any and all forms/correspondence via multiple methods (print, e-mail, fax, etc.).					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
18.	Ability to find information on any contact by SSN, name, date of birth, or other lookup fields.					
19.	Ability to have "returned mail" as one of the imaging document types and to trigger a returned mail workflow process for processing, investigation, etc.					
20.	Ability to have contact management log capability which provides for automatic update to the contact database and member records for life events, including but not limited to beneficiary designation, request for retirement benefit estimate, retirement application, disability application, termination of employment, refund requests, service credit purchases, and death of member, retiree, or beneficiary, etc.					
21.	Ability to have easy access to all pertinent information on a "customer" (member, retiree, or beneficiary) when a contact occurs.					
22.	Ability to have remote access to the line-of-business system (which includes the customer service, activity tracking and counseling features) for any out-of-office counseling sessions, seminars, workshops, etc., understanding that communication with the remote system will be limited by the method of the user connection (e.g., dial up, DSL, cable, etc.).					
23.	Ability to have the document code/document name of imaged documents passed from the existing imaging system to the line-of-business system and update the document tracking log.					
24.	Ability to have the same customer service, activity tracking and counseling features that apply to people (members, beneficiaries, etc.) also apply to organizations (employers, banks, 3rd parties, etc.).					
25.	Ability to have workflow processes initiated both automatically (via the imaging of documents) and manually based on the receipt of a phone-call, walk-in, fax, e-mail, etc.					
26.	Ability to interface the line-of-business application (which includes the customer service, activity tracking, and counseling features) to a standardized office automation solution. *Need to follow-up on "standardized."*					
27.	Ability to maintain day, week, and month calendars to permit users to schedule future activities.					
28.	Ability to print a contact list, all notes, and/or all history for a contact, and any other view exactly as it appears on the user's screen.					
29.	Ability to print both blank and pre-filled forms.					
30.	Ability to produce forms/letters online and have those items enter a print, e-mail or fax queue to be processed on a frequency determined by VRS (multiple times within a day or less frequently). Items in the queue will be consolidated for a member where multiple documents exist awaiting processing. After consolidation and processing, both the imaging system and document tracking log will be automatically updated with the image and the instance of the correspondence respectively.					
31.	Ability to provide document management capability permitting the user to connect documents, images, spreadsheets, and similar or related items to any contact (e.g., spreadsheet used to analyze ad hoc cases).					
32.	Ability to provide statistics on each type of form/letter generated.					
33.	Ability to record the form request (date requested, date mailed, the requestor, the recipient, document).					
34.	Ability to send notification to all staff when any VRS mailing occurs.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
35.	Ability to set up/log those individuals who need to have VRS get back to them (call-back/follow-up) with an answer and the method for getting back to them (call, letter, e-mail, etc.).					
36.	Ability to set up a counseling schedule, assign people to those counseling sessions, and generate various listings, etc. as needed.					
37.	Ability to show the status (not started, in process, pending more information, completed, etc.) of all workflow processes.					
38.	Ability to track all inquiries including comment, status, routing, requestor, caller, relationship, etc. (e-mail, correspondence, telephone calls, personal individual and group).					
39.	Ability to track all member and employer related events as defined by the VRS business areas.					
40.	Ability to track income verifications, i.e., member, company requesting income verification, date received and date returned to company.					
41.	Ability to track on the member level when a mass mailing was sent.					
42.	Ability to maintain, at the individual member level, the preferred means of communication (e.g., relay telephone, Braille, etc.).					
43.	Ability to flag an address as “bad” to alert users generating subsequent correspondence of such case.					

B-1.2.4 Health, Dental and Life

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to add and delete coverage providers as well as modify plan parameters of plan providers based upon effective dates.					
2.	Ability to apply healthcare, dental and life insurance deductions and update coverage based on changes and “life events” based on effective dates.					
3.	Ability to automatically generate payments to providers based on deduction and plan issues (i.e., state co-payments, state subsidies, etc.).					
4.	Ability to capture and store healthcare enrollment related information including, but not limited, to dependents, date of birth, status as fulltime student, Medicare eligibility, plan, etc..					
5.	Ability to comply with HIPPA regulations in effect on the date of contract signing or published to be in effect within 24 months, based on information available on the date of contract signing.					
6.	Ability to support interfaces to multiple health, dental, and life insurance providers (e.g., Blue Cross Blue Shield, CIGNA) based on effective dates and provide the necessary data (e.g., Medicare eligibility, prepays, level income, COBRA, defined contribution).					
7.	Ability to provide sufficient information to reconcile monthly insurance statements.					
8.	Provide an option for direct debit, at member level, for health and other insurance premiums, and produce appropriate bank transactions and files.					
9.	Provide functionality for billing of medical insurance premiums for defined contribution population and for surviving spouses on COBRA benefits.					
10.	Produce an “age 65” letter to members regarding medical insurance eligibility.					

B-1.2.5 Disability

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability (if disability claim denied) to determine if member is eligible for regular retirement or refund.					
2.	Ability to assign an appeal type to the case.					
3.	Ability to automatically generate a report identifying disability applications/cases to be presented to the VRS Executive Staff Review Committee (in case an internal appeal/review process is established by VRS, the VRS Boards, etc.).					
4.	Ability to automatically generate and send follow-up on reevaluation form to disability annuitants three months prior to their reevaluation date, plus any appropriate follow-up letters.					
5.	Ability, automatically or manually, to suspend pension check if disability reevaluation application is not received.					
6.	Ability to close disability account after appeal process completed.					
7.	Ability to create, update, and maintain disability information, as well as restrict various sensitive information.					
8.	Ability to enter disability review status (pending MRB meeting – outcome as of 5/31 was unknown) approved permanent, approved but needs reevaluation, each individual's doctor's vote/recommendation, etc.).					
9.	Ability to forward a work request item to the disability processing activity to reinstate disability benefits if an appeal is approved and then send a letter informing the member of the situation.					
10.	Ability to gather information from the system in order to generate a summary "Appeal Fact Sheet" for an appeal write-up (name, Social Security number, date of birth, employment history, retirement information and payment history, if applicable).					
11.	Ability to generate a report identifying all members appealing who did not request an appeal within 60 days from when VRS received their disability application.					
12.	Ability to generate a report identifying applications that are ready for review by the Medical Board.					
13.	Ability to generate a report listing history of appeals: type, date received, date presented to ESRC (Executive Staff Review Committee), and decision (grant, deny, tabled-need flag, etc.), date presented to Board of Trustees, etc.					
14.	Ability to generate letter to member either denying or granting request for appeal.					
15.	Ability to generate letters to appellants requesting additional information for a multitude of needed information and reasons.					
16.	Ability to generate pension payroll adjustments and appropriate letters.					
17.	Ability to generate the initial allowable earnings letter for members who were approved for disability; hold disbursements of funds until the "Earnings Affidavit" is returned and verified.					
18.	Ability to handle all tax-related implications with respect to disability payments, overpayments, and reimbursements.					
19.	Ability to have a single disability summary screen, possibly with multiple tabs, which contains all information desired by VRS users.					
20.	Ability to have the system mass produce/print all pertinent imaged documents and forward to Appeals staff to review and edit into Appeals Package, subject to user access to images and other information.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
21.	Ability to identify members who have not responded to VRS' request for additional medical information.					
22.	Ability to maintain reason codes/comments as to why benefit was adjusted.					
23.	Ability to maintain tracking system to record pertinent information for all disability applications received; must be able to search under all fields.					
24.	Ability to produce a letter notifying the member of excess earnings and their options for how to pay/reimburse VRS for this overpayment.					
25.	Ability to produce various disability denial letters including reasons, etc.					
26.	Ability to record and track a member's request for an appeal.					
27.	Ability to record receipt of "Application for Disability Retirement", "Physician's Medical Report", "Job Description", and other disability related documents.					
28.	Ability to send an appeal acknowledgement letter and necessary follow-up letters to member.					
29.	Ability to send follow-up letters if "Earnings Affidavit" have not been received.					
30.	Ability to track allowable earnings and compare benefits paid to member earnings and process accordingly. If the member's earnings are less than the allowable earnings, continue with the benefit unaltered. If the member's earnings exceed the allowable earnings, adjust the benefit amount for the difference. The system must be able to capture the actuarial reduction specifically for disability annuitants and automatically make the necessary adjustments to the benefit record.					
31.	Ability to validate that all required disability documents are received before application can be processed.					
32.	Ability to alert the user if the member is not on pension payroll or is in the process of applying for retirement when filing for a disability claim.					
33.	Ability to validate that member meets the disability eligibility requirements.					

B-1.2.6 Final Benefit Calculations

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability for the user to input information into the calculation of a member's retirement benefit if account is determined to be incomplete because of old data in paper format (Override Feature).					
2.	Ability to age accounts/transactions to automatically generate follow-up letters since last activity (e.g., after 30 days, 60 days, etc.).					
3.	Ability to automatically calculate gross annuity, disbursements, transfer amount and taxes according to business rules and laws; update payroll and tax files as they relate to benefit calculations.					
4.	Ability to automatically determine retirement special legislation "windows of eligibility" and apply to benefit calculation rules accordingly.					
5.	Ability to automatically pre-fill user defined member information on all benefit calculation forms.					
6.	Ability to automatically record receipt of money returned; generate work request to Member's Accounting to update Member History; send member a letter acknowledging receipt of payment.					
7.	Ability to automatically run the interest-posting job prior to processing a benefit calculation so that the benefit calculation is correct and up-to-date without actually updating the member account balance.					
8.	Ability to automatically update certain member data with new information (name change, address, etc.) or direct to different work queue if necessary (SSN changes).					
9.	Ability to calculate and apply the IRS 415 limitations to the benefit calculation.					
10.	Ability to calculate and apply the reduction in benefit amount if allowable earnings exceed limitations.					
11.	Ability to calculate and support all VRS defined benefit calculations and benefit options (e.g., Maximum, Option 1, Option 2, Option 3, etc.).					
12.	Ability to calculate retirement benefits using the correct service credit types.					
13.	Ability to calculate the Average Final Compensation.					
14.	Ability to close out a member account for any trailing contributions and interest received after the initial or finalized benefit calculation and benefit setup, and notify operator upon doing so.					
15.	Ability to compare an initial (i.e., estimated) benefit amount versus a final benefit amount automatically without the user having to re-enter or re-calculate this information so that any variances can be handled automatically based on a difference thresh-hold limit.					
16.	Ability to create appropriate tax records upon processing benefit calculation.					
17.	Ability to create printable summary listings of totals and subtotals of member calculation activity for a user-defined period on an ad hoc basis (contributions, interest, and state accumulation monies, etc.).					
18.	Ability to create, update, and maintain retirement age and factor tables (dollar annuity value, early retirement factor, option factors, joint-and-survivor factor, instant and annual interest, level income, etc.).					
19.	Ability to define and enhance benefit calculation logic/specifications, including changes due to legislation, for calculating a average final compensation, final contributions, final interest, final service, etc.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
20.	Ability to define and process eligibility for all types of retirement (early, normal, disability, vested, death in service, etc.).					
21.	Ability to define and record reasons for inaccuracies or incompleteness on the retirement application and/or other related documents, and automatically generate a form and/or standard personalized letters to request same.					
22.	Ability to determine if member's request to change terms of retirement was filed with VRS prior to the generation of the retiree's 1st pension check.					
23.	Ability to determine if the recalculation threshold exceeds the VRS defined levels, and notify staff via workflow for further investigation.					
24.	Ability to enter audit messages explaining what changes/corrections need to be made by a VRS user when auditor returns work after completion of audit.					
25.	Ability to enter the termination date provided on the retirement application and to have such allocate workflow to appropriate person..					
26.	Ability to flag, move, or delete incomplete benefit calculation information transactions when member rescinds retirement prior to retirement date.					
27.	Ability to generate a "Recomputation Letter" detailing the under- or overpayment of benefits. In the case of an overpayment, keep the retiree on payroll (recoup overpayment through lump sum, actuarial, or reduce and recoup over time).					
28.	Ability to handle and apply both fiscal year end (June) and calendar year end (December) closing as it relates to benefit calculation and payroll.					
29.	Ability to handle retroactive payments and disburse them in the same media as the normal pension check.					
30.	Ability to identify when the final salaries, contributions, and service information have been reported by the employer, and recalculate the monthly annuity when there is a variance in any of the three.					
31.	Ability to include deductions in the final benefit calculation to yield net benefit.					
32.	Ability to input retirement application information (option selection, tax withholding, beneficiary, survivor annuitant, etc.).					
33.	Ability to make "last minute" updates to a benefit calculation based on newly received information after having released the record for payment but only when the record has not been paid (option changes received before retirement date).					
34.	Ability to perform retirement benefit calculations for all Retirement Systems (State, Teacher, Municipal employees, and all groups therein).					
35.	Ability to print benefit account detail report.					
36.	Ability to process Option Changes (marital status, intent to change, disability to early, etc.).					
37.	Ability to process returned benefit checks and take corrective action.					
38.	Ability to process the withdrawal of excess contributions and interest as they relate to benefit calculations.					
39.	Ability to produce a "Return Annuity" letter to member requesting returned annuity amount and lump sum payments.					
40.	Ability to produce a "Return Funds" letter to a financial institution to recoup the overpaid rollover amount.					
41.	Ability to produce system generated letter informing new retirees of their initial benefit.					
42.	Ability to provide a checklist detailing which documents have been sent, received, and/or are still outstanding.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
43.	Ability to provide direct access to a member's detailed account information from a benefit calculation screen(s) for viewing and research purposes, with the ability to print this information.					
44.	Ability to provide explanation for any overpayments (drop down box/free form) so that users can explain situations without having to review the detailed transactions.					
45.	Ability to record, track, and display the receipt of the benefit applications.					
46.	Ability to release record for payment after benefit calculation is verified/audited.					
47.	Ability to return record for changes if verification unsuccessful.					
48.	Ability to see the "raw"/detailed benefit calculations if needed.					
49.	Ability to set up, support, and route all audits as they relate to the review of all types of benefit calculations via VRS business rules, operational procedures, etc.					
50.	Ability to track information automatically and generate report identifying number of retirement calculation requests received, dates received, date completed, and by whom.					
51.	Ability to prevent "reduced hours" status members from retiring and refunding from the Municipal plan.					
52.	Ability to create a benefit calculation for members who have service in multiple systems and/or groups within each system (mixed members), with the ability to view each calculation as well as the combined calculation.					
53.	Ability to create an estimate for the Level Income Option incorporating information provided by the Social Security Administration regarding the member's projected Social Security benefit at age 62 and using level income factors base on individual's age at retirement.					
54.	Ability to calculate alternative payments and benefits based on a finalized QDRO.					

B-1.2.7 Purchase of Service

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability for the system to save and rebuild the member account based on the defined service and monies categories/types for those cases where the member has refunded and is now purchasing that service credit, to avoid users from having to manually re-build the account.					
2.	Ability to accept incoming rollover payments toward a purchase of service debt.					
3.	Ability to allow for "real-time" validations and the graceful return from entry errors where applicable.					
4.	Ability to allow for multiple purchases of the same "type" and be able to distinguish the employer for each.					
5.	Ability to allow for various member payment methods including a lump sum payment and installment payments and apply the payment to the appropriate tax-related field.					
6.	Ability to allow the employer, member, or VRS staff to request a purchase of service information needed through either a purchase of service application or Web utility.					
7.	Ability to apply the appropriate service credit amount (in the appropriate service credit grouping/types) to a member's account based on the purchase of service agreement.					
8.	Ability to automatically create, update, and keep a history of each purchase of service receivable record (e.g., amount of service, type of service, cost of service, payments received, etc.) for a member and/or employer purchase of service agreement.					
9.	Ability to automatically generate reimbursement (with a letter of explanation) to the employer, member, or financial institution for an overpaid or member rescinded purchase of service agreement.					
10.	Ability to capture a transaction date and effective date for each purchase of service payment.					
11.	Ability to generate a denial letter if ineligible to purchase the service credit.					
12.	Ability to generate a Service Cost Sheet/Invoice (turn-around document) for the employer (if applicable) that provides the employer's share of the cost of the member's purchase and the terms and conditions.					
13.	Ability to generate a Service Cost Sheet/Invoice (turn-around document) for the member that provides the cost (member) of the purchase, choice of payment plans, and terms and conditions for each payment plan.					
14.	Ability to generate delinquency letters (i.e., 90 days, 120 days, etc.) to the employer/member when agreed upon payments are not made.					
15.	Ability to generate pre-filled applications to purchase service credit and automatically track the distribution, turn-around, and processing of each form.					
16.	Ability to handle legislation, business rules, prior period adjustments, etc. related to those types of service credit adjustments that have no cost associated with them (see Section B-1.2.7 Purchase of Service for a list of valid service credit purchases).					
17.	Ability to maintain a history of individual purchase records for each purchase applied for at the level of detail desired by VRS.					
18.	Ability to maintain a table of eligible purchase of service types with an associated code, including the ability to add a new type when legislation warrants it.					
19.	Ability to maintain all rates, factors, and tables associated with each service credit purchase (e.g., employer rate, member rate, etc.).					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
20.	Ability to maintain the eligibility requirement rules and associated calculation for each type of service credit purchase.					
21.	Ability to produce an acknowledgment letter to acknowledge receipt of each application.					
22.	Ability to provide an estimate comparison of the member's future benefit with and without an eligible service credit purchase (presents the benefit of the purchase) – anticipate this being sent with a purchase estimate. Default to print option, options to not print.					
23.	Ability to audit a member's account for the accuracy of the data input by the employer, member, or VRS staff and the calculation result.					
24.	Ability to provide member and/or VRS staff with the capability to extract purchase of service reports through a Web utility (e.g., report listing all satisfied/outstanding purchase of service agreements that their employees initiated, report listing any outstanding debt the employer is responsible for, etc.).					
25.	Ability to provide the employer, member, or VRS staff a purchase of service estimate calculator to calculate and/or update the cost of purchase through a Web utility.					
26.	Ability to recalculate a purchase based on receipt of additional information and generate a revised purchase estimate.					
27.	Ability to automatically generate a request for additional information for an incomplete purchase of service record and include the appropriate application highlighting the areas that need to be completed or corrected.					
28.	Ability to support the automated calculation, cost determination (member and employer share if applicable), and payment plan determination for the various types of eligible service credit purchases (e.g., see 3.1.7 Purchase of Service for a list of valid repurchase types).					
29.	Ability to update member demographic information while processing a purchase of service application.					
30.	Ability to grant service with no cost (e.g., ERS and TRS (prior military service, approved leave for professional studies), ERS, TRS, MRS (activity in military service)) up to the limit applicable to the plan.					
31.	Ability to recalculate the remaining balance due when payment arrives outside the VRS-defined grace period and produce a statement for the member or employer as controlled by workflow.					
32.	Ability to create an estimate for members who want to convert their lower percentage years to higher percentage years (ERS, TRS, MRS) such estimate drawing on data maintained within the LOB and including the following parameters: TRS – Group B 1.25%, Group C 1.67%.;ERS – Group E 1.25%, Group F 1.67%; MRS – Group A 1.4%, Group B 1.7%, Group C 2.5%, Group D 2.5%.					
33.	Ability to create a restoration estimate for members who want to restore previously withdrawn state service, with such estimate automatically drawing upon information from that member's previously withdrawn membership.					
34.	Ability to create an average final compensation estimate for a Group A or C state member or a Group A teacher member to determine if their unused sick leave can be added to their final year's salary, such estimate deriving information from that member's current account (i.e., unused sick leave balance, hourly rate, etc.).					

B-1.2.8 Death

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to "age" accounts for the purpose of automatically generating follow-up letters; generate a "simple" cover letter explaining that a prior letter was sent (mm/dd/yyyy) and that VRS is still waiting for a response; attach copy of the original letter to the "simple" cover letter, all to be driven by the initiating event. Finalize with a letter sent to unclaimed property when appropriate.					
2.	Ability to automatically stop/hold monthly benefit payment if date of death precedes payment date; record the stop/hold on the account level so that staff processing the account are aware of the stop/hold. All triggered through a workflow.					
3.	Ability to calculate the death benefit (i.e., estimated/finalized) for all payment types (i.e., prorated, survivor, and balance) and store not only the estimated benefit payment calculation information but also the final calculation information along with the results; ability to see the raw detailed calculation if needed (step by step) for all existing payment types and options.					
4.	Ability to capture information related to a death notification (e.g., date received, date of death, contact person(s) name, address, and phone number, relationship to deceased member, death certificate received indicator, etc.) with the ability to update information as received (e.g., relationship, date of death, etc.).					
5.	Ability to create a survivor annuitant payroll record immediately upon notification of a member's death where appropriate.					
6.	Ability to create a system-generated payment letter.					
7.	Ability to determine the member status (i.e., active or retired) when notified of death in order to route the notification of death to the appropriate work area.					
8.	Ability to display a check summary and/or a check detail pertaining to each death benefit payment.					
9.	Ability to display appropriate beneficiary information (e.g., last named beneficiary/survivor annuitant on file, associated percentages, identification of multiple beneficiaries, beneficiary/survivor annuitant relationship to member, etc.).					
10.	Ability to generate a "check stub" for each death benefit payment.					
11.	Ability to generate a Death in Service letter to include the estimated death benefit amount, beneficiary/survivor annuitant information, and what is needed to process the benefit payment including various forms (e.g., health insurance, tax withholding, direct deposit forms, premium assistance reimbursement, monthly benefit payment reimbursement, etc.) with forms included (where appropriate) based on conditions; letters currently generated using variable paragraphs.					
12.	Ability to generate an acknowledgement letter when a death notification is received and contact person information is available.					
13.	Ability to generate an additional information letter based on further information needed to process the death benefit payment; letters are currently generated using variable paragraphs; determine what forms need to be sent with the letter where appropriate.					
14.	Ability to generate cross-reference documents for a survivor annuitant added to payroll and for the associated deceased member (e.g., both spouses in systems).					
15.	Ability to generate various prefilled death benefit-related documents and track the distribution, turn-around, and processing of each document; some may be prefilled with survivor annuitant or beneficiary information.					
16.	Ability to identify if a member previously retired, received a retirement benefit, and then returned to service.					

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
17.	Ability to identify if a refund application, disability retirement application, or retirement application was filed prior to the member's termination of service; if yes, conditional routing needs to occur within workflow (and set the item as high priority).					
18.	Ability to identify if the member had a previous retirement or frozen annuity (e.g., retired/returned to work)					
19.	Ability to identify the benefit payment type (i.e., survivor, pension balance due) established at the time of retirement to route the work request to the appropriate queue.					
20.	Ability to identify where there are multiple payees (e.g., beneficiary, next-of-kin, survivor annuitant, etc.) and provide the ability to process separately if applicable; separately track what information from each beneficiary VRS is waiting for; provide the ability to pay multiple beneficiaries either individually or within the same transaction (i.e., do not hold up payment if one beneficiary has not returned proper documents/documentation for payment).					
21.	Ability to process separate death benefits where the deceased was receiving more than one monthly benefit check (i.e., a survivor benefit and a monthly retirement benefit); each benefit could require separate processing rules.					
22.	Ability to provide the reviewer with a means to document whether the account/folder is being returned due to an error, inquiry, or additional information, along with the reason for the return and the ability to set a change indicator (i.e., error, inquiry, additional information).					
23.	Ability to re-calculate the death benefit when new information is received.					
24.	Ability to re-calculate the distribution of the death benefit (e.g., death of a beneficiary, beneficiary waives the receipt of the benefit, etc.).					
25.	Ability to receive notification of death in various ways (e.g., phone, letter, returned check, Web utility, etc.) and have the capability to trigger a workflow request if desired.					
26.	Ability to recognize if contact person information was entered at the time of notification; if no, conditional routing needs to occur within workflow (pending) with a letter (i.e., personal representative letter) automatically system-generated to the estate of the deceased requesting a contact person.					
27.	Ability to record receipt of a contested death benefit (i.e., "freeze" account).					
28.	Ability to record receipt of all forms received throughout the process (e.g., death certificate, court appointment, option election form, tax forms, direct rollover, etc.) and ability to capture pertinent information from each document/form.					
29.	Ability to reverse a death entered in error; reinstate a payroll record removed in error without interrupting monthly payments, or pay the benefit payments that were due (i.e., "catch up").					
30.	Ability to route work for review and release for payment; if "errors" are found, allow for the account/folder to be returned to the original processor, and allow the original processor to return it to the original reviewer.					
31.	Ability to send an electronic notification if the Estimated Death Benefit letter is not sent within five days of the notification of death date.					
32.	Ability to suspend the death benefit process and generate a work request to a specialized area for processing (e.g., Legal, Health Care, etc.).					
33.	Ability to track returned benefit checks (in the case of a death); checks are to be returned for the month of death and any issued after the month of death.					

B-1.2.9 Refunds

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to allow for "real-time" validations and the return of entry errors where applicable.					
2.	Ability to automatically stop a refund from being processed if a new enrollment form is received for the member.					
3.	Ability to calculate the amount to be refunded.					
4.	Ability to capture direct rollover-related information (e.g., percentage or specific amount to be rolled, financial institution information, account number, etc.).					
5.	Ability to capture refund-related information (e.g., last day worked, termination date, un-reported salary, un-reported contributions, comments, etc.).					
6.	Ability to capture the employer number and/or employer name associated with each refund application received.					
7.	Ability to capture the financial institution name for each direct rollover form submitted.					
8.	Ability to correct/reverse a refund transaction already posted against the member's account.					
9.	Ability to create a system-generated payment letter.					
10.	Ability to determine direct rollover eligibility and calculate/determine the minimum distribution amount (e.g., taxable amount, $200 minimum, etc.).					
11.	Ability to determine retirement eligibility and generate an eligibility letter to the member and a processing request to place the refund request in an appropriate status (e.g., pending, cancelled, etc.).					
12.	Ability to display a check summary and/or a check detail pertaining to each refund payment.					
13.	Ability to display the member's current employer (s) information (e.g., employer name, employer number, etc.).					
14.	Ability to generate a "check stub" for each refund payment.					
15.	Ability to generate a "non-zero balance" report (i.e., negative/positive) after a refund has been processed and trigger additional refund processing if necessary.					
16.	Ability to generate an overpayment letter where applicable.					
17.	Ability to generate the various refund-related documents and track the distribution, turn-around, and processing of each document.					
18.	Ability to make refund payments through various methods (i.e., paper checks, direct deposit, electronic transfer).					
19.	Ability to obtain reports on common errors employers/members make regarding the refund application/direct rollover form.					
20.	Ability to post the refund of contributions and service directly against the member's account.					
21.	Ability to produce a letter to acknowledge receipt of each form; if multiple forms received, one acknowledgement letter would be sent listing the multiple forms received.					
22.	Ability to recalculate a refund based on receipt of additional information and re-verify payment options (e.g., direct rollover, direct payment, etc.).					
23.	Ability to receive notification of an additional refund in various ways (e.g., report, employer, member, etc.).					

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
24.	Ability to refund different types of monies (e.g., regular contributions, purchase of service, etc.) and accommodate the tax implications (create appropriate tax records) accordingly (i.e., VRS refunds the money, closes out the service credit, and voids any outstanding purchases of service).					
25.	Ability to release refund for payment.					
26.	Ability to retrieve and update an incomplete refund record once the additional information is received.					
27.	Ability to retrieve previously identified financial institution information (e.g., name, federal identification number, etc.) to avoid re-keying common information.					
28.	Ability to route the account for audit and/or review.					
29.	Ability to support both mandatory and non-mandatory fields and automatically generate an additional information letter from an incomplete refund record and include the appropriate application (e.g., refund application, direct rollover application, etc.) highlighting the areas that need to be completed or corrected.					
30.	Ability to process the payment of a refund prior to the final salary and service information is received from the employer via the monthly or quarterly service report; then automatically calculate and release for payment.					
31.	Ability to track accounts/folders returned from audit due to error, inquiry, or additional information for staff performance.					
32.	Ability to track termination date, last wage and contribution reporting date, refund request date, refund-processed date, check date, etc.					
33.	Ability to track the distribution, turn-around, and processing of multiple direct rollover forms (i.e., member requested payment to be made to multiple financial institutions); the member is required to complete a direct rollover form for each financial institution.					
34.	Ability to update contributions and service (based on future salary and service information input from the refund application only if certified by the employer), and automatically have the interest updated.					
35.	Ability to update member demographic information while processing a refund application or direct rollover form.					
36.	Ability to “split” the amount to be refunded between the member and one or more financial institutions (direct rollover) in one transaction.					
37.	Ability to proactively initiate a refund for State and municipal members who are not vested and have been inactive for 3 years, or for teachers who are not vested and have been inactive for 6 years.					
38.	Ability to suspend interest accrual for state/municipal and teacher members who are not vested and inactive for 3 and 6 years, respectively.					
39.	Ability to record, possibly via workflow, waiver of benefit rights by vested members requesting a refund.					
40.	Ability to handle refunds via rollover to a financial institution.					
41.	Ability to process refunds and rollovers, real-time, through the July year-end processing effort.					

B-1.2.10 Pension Payroll and Post Payroll Adjustments

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability for the system to retain both the rates used in calculating the COLAs for past years as well as the actual COLA increases of individuals' accounts.					
2.	Ability to accommodate bank mergers/acquisitions and apply the pertinent information where appropriate (e.g., update all payee records where appropriate with new routing number).					
3.	Ability to apply Cost of Living Allowance (COLA) to a payroll transaction when applicable.					
4.	Ability to apply the new pension benefit automatically depending on various options chosen (accelerated or joint coverage) and applicable life events (e.g., death, attainment of age 62, etc.).					
5.	Ability to automatically adjust a monthly benefit payment amount to recover disability/retirement overpayments until the debt is satisfied.					
6.	Ability to automatically calculate transfer amount, total value, and taxes according to business rules and laws and forward information to appropriate area.					
7.	Ability to automatically calculate, process, and pay new monthly benefit due to COLA increase, if applicable.					
8.	Ability to automatically determine COLA increases based on each plan's requirements.					
9.	Ability to automatically determine, process, and pay retro annuity due to COLA increase, if applicable.					
10.	Ability to automatically generate a letter notifying the member of an adjustment to their monthly check.					
11.	Ability to automatically update payroll system with new (adjusted) benefit information (gross annuity, taxable, FWT, etc.).					
12.	Ability to automatically update federal and state tax file records with new (adjusted) tax information.					
13.	Ability to calculate and issue retroactive payments to a member who has been suspended from payroll for a period of time.					
14.	Ability to calculate federal and state withholding tax (based on a fixed dollar amount and current tax tables) and update the taxable amount.					
15.	Ability to calculate, up to and including the 15th of the month, new monthly benefit under all options based on the appropriate factors.					
16.	Ability to calculate or recalculate a member and/or survivor's amount based on new information obtained.					
17.	Ability to calculate tax levies or support payments and apply/update attachments (percentages or fixed dollar amount).					
18.	Ability to capture and query on benefit payment information (current/historical) for each electronic transfer/direct deposit or "paper" check initiated (e.g., check number, payment type, payment amount, where payment was sent, etc.).					
19.	Ability to notify member of benefit change via ACH or check stub.					
20.	Ability to correct invalid data by manual entry.					
21.	Ability to create and maintain exception types.					
22.	Ability to create and update direct deposit information.					
23.	Ability to create and update selected data including gross check amount, federal and state withholding tax, and other types of deductions.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
24.	Ability to create and/or update a detail payroll record.					
25.	Ability to create payroll ending dates and automatically remove the account from payroll and optionally reinstate when applicable (e.g., termination of benefit upon age of majority).					
26.	Ability to cross-reference account information (e.g., member, beneficiary, alternate payee, survivor annuitant, etc.) and display the associated account.					
27.	Ability to determine eligible annuitants for existing COLAs and any future COLAs respecting different COLA rules on different member types and plans.					
28.	Ability to determine Payroll Month for conversion from disability to early retirement.					
29.	Ability to determine, calculate, and apply exclusion ratio/excludable amount if the adjustment is a result of additional contributions received.					
30.	Ability to update the COLA processing job should someone become eligible after the normal batch job execution for all or a subset of members.					
31.	Ability to generate a Check Register Report (e.g., warrant by check or serial number or by active member).					
32.	Ability to generate a comprehensive report listing all changes that took effect from last month's pension payroll to this month's pension payroll (additions, deletions, modifications, old amount vs. new amount, changes in tax withholding, name changes, everything, etc.) – both at a summary and detail level and format.					
33.	Ability to generate a Deduction Register Report.					
34.	Ability to generate a Direct Deposit Register Report.					
35.	Ability to generate a file to process the payroll (e.g., electronic transfer, checks, etc.). A payee may receive more than one payment depending on a variety of circumstances.					
36.	Ability to generate exception reports after the COLA adjustments have been applied.					
37.	Ability to generate letter requesting additional documentation (death certificate, divorce decree, marriage certificate, proof of date of birth of new survivor annuitant) as it relates to a post retirement adjustment.					
38.	Ability to generate Monthly Benefit Adjustment Detail Report.					
39.	Ability to generate New Retirees Detail Report.					
40.	Ability to generate Payment Register Report.					
41.	Ability to generate Retirees Suspended/Closed Detail Report.					
42.	Ability to generate various acknowledgement letters based on name, address, W4P, and direct deposit changes.					
43.	Ability to generate various letters to the member (annuitant) regarding attachments, IRS payoff amounts for tax levies, end of benefit date, etc.					
44.	Ability to generate various payroll control reports.					
45.	Ability to handle modifications based on file format changes for deposits and disbursements dictated by external 3rd party entities (this should be done through a parameter-driven menu requiring no recoding).					
46.	Ability to keep a historical file of payroll exceptions.					
47.	Ability to maintain more than one benefit account for a payee, (e.g., annuitant, beneficiary, etc.).					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
48.	Ability to maintain yearly gross check amount, taxable amount, deductions, excludable amounts, ratios, and recovered amounts for 1099R reporting.					
49.	Ability to make a payment payable to a guardian on behalf of a minor.					
50.	Ability to make payment to the appropriate entity when a deduction is being applied to a benefit payment, and the ability to create, update, and track where the deducted payments were sent (e.g., member name, name of paid entity, address, amount paid, etc.).					
51.	Ability to monitor the usage/depletion of a member's account balance which is recouped through an exclusion ratio (IRS simplified general rule).					
52.	Ability to perform manual COLA calculations for cases where there are exceptions that could not be updated by the system.					
53.	Ability to place a "hold" on a benefit payment check and release when applicable.					
54.	Ability to process year-end reporting for fiscal and/or calendar year.					
55.	Ability to produce various reconciliation reports used to reconcile the COLA increase and ensure that the overall pension payroll is balanced.					
56.	Ability to provide adequate check numbering, voucher numbering, and payroll controls to ensure accurate information is sent to banks and financial institutions.					
57.	Ability to provide an online Web utility for VRS members (annuitants) to calculate/estimate the effects of various federal or state withholding tax amounts.					
58.	Ability to provide an online Web utility for VRS members (annuitants) to update/maintain their federal or state withholding tax amount, multiple addresses, and other pertinent information.					
59.	Ability to provide an online Web utility for VRS members to view/print benefit summary information.					
60.	Ability to enter one or more messages (to be determined conditionally) to be printed on a check stub or ACH advice for all or a subset of disbursements.					
61.	Ability to recalculate batch totals after a payroll exception/error is corrected or if records are created or deleted; new summaries must be displayed for the corresponding payroll batch.					
62.	Ability to receive and update electronic funds transfer information (e.g., routing, financial institution name and address, check digit error listing, etc.).					
63.	Ability to re-execute edits once a correction has been made to an exception/error or a new record is created.					
64.	Ability to report the excluded amount (investment in contract amount excluded per calendar year) to Tax Reporting System to be included on the 1099R.					
65.	Ability to set up, process, and transfer a Disability Retirement to a Regular Retirement if member no longer qualifies for disability and is eligible for a regular retirement.					
66.	Ability to store and display the before check amount, the COLA increase, the COLA percentage, and check amount after the COLA (including all applicable deductions).					
67.	Ability to store reasons for not receiving a specific COLA (per account).					
68.	Ability to store, use, and validate bank routing numbers and cross match with financial institution name and address (key financial institution information once and reuse when applicable).					
69.	Ability to support a reconciliation process for all payroll transactions against the accounting system (perform after payroll validation).					

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
70.	Ability to support different levels of exceptions/errors such as fatal and non-fatal (i.e., payroll runs versus payroll does not run).					
71.	Ability to submit health insurance data to health insurance provider (e.g., Blue Cross Blue Shield) via electronic means.					
72.	Ability to produce zero (0) balance checks and advices (e.g., level income to 0).					
73.	Ability to support payments to multiple financial institutions to multiple accounts within one financial institution or alternate payees.					
74.	Ability to support the entry of federal tax withholding for a future date and implement the change with the benefit payroll corresponding to the date.					
75.	Ability to support void, forgery, and stop pay situations; generate replacement checks where applicable.					
76.	Ability to track income verifications, i.e., member, company requesting income verification, date received, and date returned to company.					
77.	Ability to track receipt of notification of change in marital status or death of survivor annuitant or divorce.					
78.	Ability to validate payroll prior to the generation of the payroll tapes and other payroll and reconciliation reports.					
79.	Ability to withhold healthcare and dental premium amounts and other deductions from a benefit payment.					
80.	Ability to calculate, for mixed members, the transfer amount (Dollar Annuity Value of a Member's Benefit) to be removed from the applicable accumulation fund into the fund from which the member is retiring.					
81.	Ability to produce ACH advices when a change in any field occurs and at year end.					
82.	Ability to test and direct deposit disbursement via pre-note capability.					
83.	Ability to support multiple addresses each in effect for a portion of a year (e.g., "snowbirds") and ability to distribute address changes to related parties as necessary, possibly through a document under workflow.					
84.	Ability to set an indicator for life insurance in force (e.g., yes, no, waiver) to generate an address file for insurer.					
85.	Ability to support unlimited pension payroll deductions and ability to cut aggregate payments for deduction withheld to vendors (e.g., BCBS, Cigna).					

B-1.2.11 Tax Reporting and Member Annual Statements

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to (in the event that a revised or corrected Form 1099-R is issued) generate a Tax Information letter to the member providing details of the correction.					
2.	Ability to accommodate a start-date and end-date associated with a tax levy for a member's benefit.					
3.	Ability to accommodate entry of a person's tax withholding changes effective on a future date and implement the change at that time.					
4.	Ability to accommodate the waiving of tax withholding.					
5.	Ability to allow the annual Membership Statement to be generated in the format prescribed by VRS with statement content (e.g., plan description, text, benefit estimates, etc.) driven by membership characteristics.					
6.	Ability to assign distribution codes according to IRS regulations.					
7.	Ability to automatically adjust the federal and state tax liability when an adjustment is made to a payee's benefit amount.					
8.	Ability to calculate and display a disability benefit estimate on the Membership Statement if VRS desires.					
9.	Ability to comply with IRS regulations and reporting requirements, including content, format, and timing of file transmissions.					
10.	Ability to correctly calculate and accumulate those amounts that are required to be included on Form 1099-R.					
11.	Ability to create 1099R file for the IRS and state Department of Taxes containing payer, payee, control totals, and end of transmission codes.					
12.	Ability to create and mail multiple Form 1099-Rs to a single payee.					
13.	Ability to create and maintain a tax withholding file for the IRS and track/report against that file and transmit money according to IRS and state disbursement rules.					
14.	Ability to create, maintain, monitor, and control tax withholding for IRS and state reporting, including facilitating and tracking the transfer of Federal Withholding Tax (FWT) payments to the IRS.					
15.	Ability to create, report, and retain the original Form 1099-Rs, the revised Form 1099-R's issued between the original run and the date the information was sent to the IRS, and the corrected Form 1099-Rs for those changes made after the information has been sent to the IRS in accordance with IRS regulations.					
16.	Ability to deduct, store, and report taxes by payment type (i.e., refund, beneficiaries, etc.).					
17.	Ability to display and print duplicate Membership Statements by the member or staff from a Web utility.					
18.	Ability to display online and print historic Membership Statement information "identical" in both content and format to the original.					
19.	Ability to extract all appropriate member statement information and display that member detail on the annual statement as of June 30, YYYY, in the format prescribed by VRS.					
20.	Ability to generate a completed IRS Form 945 (*Annual Return of Withheld Federal Income Tax*) and edit it to accommodate corrections spanning calendar year end.					
21.	Ability to generate a detailed breakdown of all transactions that were included in any given Form 1099-R when a member questions the information contained on their 1099-R; this breakdown shall be available to both VRS staff and to the member via the Internet/Web.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
22.	Ability to generate a letter to the member and the employer, and generate a new statement for the member when a SSN problem is corrected and the account has been accurately merged with other information.					
23.	Ability to generate a report or reports which include federal and stated withholding transaction as well as related SSN, distribution codes, payments types, etc.					
24.	Ability to handle all tax-related information from all processes where payments were issued, re-deposited or adjusted.					
25.	Ability to handle/support tax levies, garnishments, bankruptcy, etc.					
26.	Ability to have a “scratch pad” tax withholding impact functionality so that users/members can try out various tax withholding scenarios and see the tax implications.					
27.	Ability to have the system be parameterized so that the member statement batch job can re-run for a specific retirement system, employer, members within an employer, or a specific member.					
28.	Ability to identify and correctly calculate the tax consequences of both tax-deferred and non tax-deferred transactions.					
29.	Ability to identify if a member is refunded, retired, or deceased and optionally bypass production of the Membership Statement.					
30.	Ability to identify re-deposited checks (personal and VRS) for those checks that are returned to VRS, and automatically correct the tax records associated with the re-deposited check.					
31.	Ability to maintain each member’s pre-tax dollars, rolled-over funds, and recovered contributions.					
32.	Ability to maintain one master tax file for creating, updating, and deleting all types of tax payments and corresponding information according to IRS regulations.					
33.	Ability to pass tax transactions, at user defined timeframes, to the General Ledger according to specifications (e.g., tax payments, accrued liability, etc.).					
34.	Ability to permit the generation of individual Form 1099-Rs on an “as-needed” basis, as well as through the scheduling of a batch job for mass production of all Form 1099-Rs required by VRS.					
35.	Ability to present and print an accurate facsimile of any given Form 1099-R via the Internet/Web.					
36.	Ability to print a duplicate Membership Statement on demand.					
37.	Ability to process adjustments made to prior tax years and reissue Form 1099-Rs as appropriate.					
38.	Ability to provide and maintain tax table information and calculate taxes correctly, including the calculation of taxes for prior years.					
39.	Ability to provide various management reports supplying statistics reflecting the total number of accounts, number of statements generated, number unable to be generated, number un-deliverable, control totals of type of missing information for 1099Rs and member statement, etc.					
40.	Ability to query on all types of tax information (distributions code, year, taxable, gross, etc.).					
41.	Ability to recognize, combine, and report like distribution codes for a payee on one Form 1099-R (two rollovers, two monthly benefits, etc.).					
42.	Ability to re-execute the *“Revised”* Membership Statement for those members that are affected by an adjustment.					
43.	Ability to report 1099-R summary information to the IRS and state as required.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
44.	Ability to report corrected 1099-R summary information to the IRS and state.					
45.	Ability to retain and display/print multiple versions of IRS forms according to tax year.					
46.	Ability to send reprints of Form 1099-Rs to an alternate address, by being able to key in an alternate address without changing the recipient's permanent address on the database.					
47.	Ability to track who made a tax adjustment and why that tax adjustment was made.					
48.	Ability for the payee to view and print, via the Web, the 1099R for one or multiple years.					
49.	Ability to modify annual membership statement template (i.e., content and layout) from year to year.					
50.	Ability to produce weekly withholding file for refunds and delayed benefits.					
51.	Ability to support multiple distributions methods (e.g., e-mail, fax, print) for various.					

B-1.2.12 Imaging and Workflow

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability for image archive to support storage, retrieval, and in-application viewing of other (than TIF) format files such as PDF, DOC, XLS, etc.					
2.	System support for capture of print output (COLD/ERM) and storage of same in image archive – or alternatively, in a different archive but retrievable as if that data were stored as an image.					
3.	Selective (according to user rights for deletions and additions) ability to annotate images and print images with or without annotations					
4.	Selective (according to user rights) ability to redact portions of images and print images with or without the redaction. Distinguish redaction (with its security implications) from standard annotation.					
5.	Ability to apply a "Printed from archive" (or similar) watermark to any/all images printed from the image archive					
6.	Ability for integrated image system to provide access to (query, search, retrieve, view, print, etc.) images in the archive from outside the LOB.					
7.	Ability to easily re-scan one or more images in a batch because it was badly scanned, skewed, dog-eared, etc.					
8.	Ability to straighten, de-speckle, rotate, and otherwise enhance an image, both as part of the scanning QA and during normal image retrieval and viewing.					
9.	Ability to permit authorized changing of one or more indexes on an image that is found to be improperly indexed.					
10.	Ability to selectively turn off printing capabilities so that new users are not tempted to print all documents just so that they can do their work from paper copies of the documents.					
11.	Ability to limit access to a class of documents, e.g., disability files, so that only specific staff have access.					
12.	Ability to track all access to imaged documents, especially medical records, etc., storing the ID of the user, the date viewed, and possibly the reason for retrieval (HIPAA compliant)					
13.	Support for mark sense to automatically determine whether one or more boxes have been checked, fields have been filled, etc.					
14.	Support for reading of bar-codes to permit automatic indexing and/or routing of returned documents					
15.	Ability to capture data from a Web-submitted form into the line-of-business system.					
16.	Ability to capture data from a fax-submitted form into the line-of-business system					
17.	Support for the ability to automatically fax one or more documents from the archive to an external fax number.					
18.	Ability for a work item that is routed to a reviewer and is subsequently rejected by that reviewer to be routed back to the original worker for rework and then to the original reviewer for further review versus going back into a group pool/queue.					
19.	Ability for supervisor to monitor staff's assigned work and progress as well as work queue size.					
20.	Ability for the system to be able to assign a work item to either a work queue or to a specific user.					
21.	Ability for the system to identify those cases where the processing of a work item has been suspended for a defined period of time, and create and/or forward the work item to the appropriate work process/unit for processing/investigation/follow-up.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
22.	Ability for the system to show the status of all work items in the system by workflow processes and any sub-processes (e.g., what activity or step it is in, who is working on it, when it was completed, etc.) with the additional capability to query on workload individually by one or all processes.					
23.	Ability to allow for reassignment of a work item that has been assigned/retrieved/reserved by an individual in cases of sickness, injury, employee terminations, or absence, and retain the reason(s) for such reassignment including the identification of the individuals (from and to) involved in the reassignment.					
24.	Ability to assign and prioritize pending work items based on business processing logic such that the processing of one work item takes precedence over other work items.					
25.	Ability to have defined workflow processes for all of the processes VRS elects to automate.					
26.	Ability to identify/indicate due dates/completion dates and assign them to a particular work item and/or work step within a workflow process. Exceeding the due date/completion date would cause the associated work item to follow a user-defined "exception route."					
27.	Ability to prevent a work item from being removed from the workflow system without a reason being entered and an entry being made in the workflow tracking log.					
28.	Ability to query on work items that have been assigned/retrieved/reserved by an individual.					
29.	Ability to receive and store applicable imaging index information (indices) directly into the line-of-business system without having to re-key information for various VRS business purposes.					
30.	Ability to generate and forward the workflow request to the appropriate functional business areas.					
31.	Ability to regenerate any system-generated letters and forms sent previously.					
32.	Ability to report on the elapsed time for each step in a workflow in order to establish or revise "normal" processing time for a workflow.					
33.	Ability to simultaneously route to the imaging system any document produced within the LOB.					
34.	Ability to view both completed and open workflows by member and for a specific member.					
35.	Ability to have specific steps within a workflow generate reports, correspondence, etc. as appropriate to the workflow and its characteristics.					
36.	Provide the ability to run ad hoc queries against LOB data, providing query results (as index keys, such as SSN and form number) to the Imaging System resulting in a display of just those requested images, presented as a group or as a consecutive sequential display. For example, display all the Form XXX documents (service purchase requests) for only those State Employee members (all plans) who purchased service credit in the last 30 years, according to the LOB.					
37.	Ability for life events, receipt of documents, or changes in member data to trigger a series of tasks defined by VRS through workflow.					
38.	Ability to track the receipt of triggering documents and the status of the business process through completion for all business processes.					
39.	Ability for an authorized, but non-technical, operator to add, modify, and remove tasks or steps within a defined workflow through the program user interface and not through a complicated back-end maintenance process.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
40.	Ability for an authorized, but non-technical, operator to add, modify, or remove inactive defined workflows without creating orphaned workflows or tasks.					
41.	Ability to expose, within the program interface, the full capacity of the workflow functionality.					

B-1.2.12.1 Illustrative Workflows

VRS recognizes the efficiency a new LOB application will provide; particularly with respect to workflows. VRS wants to better understand how each vendor might approach structuring a typical, day-to-day business process. With that in mind, VRS provides below (in narrative form) two business processes and requests the vendor address in its proposal how each would be analyzed, structured, and incorporated into the workflow functionality within the vendor application.

B-1.2.12.1.1 Death Processing

VRS receives notification of the death of a member by multiple sources, such as: a telephone call, news clipping, and notification by mail from a bank or a friend and family member. When Customer Service Technician receives notification, they pull the member file and print the appropriate system screens. If Customer Service Technician speaks directly to the individual who is notifying VRS of the death, he/she attempts to obtain the beneficiary information and any other pertinent information that may be needed.

Customer Service Technician then forwards the file to Accountant C to stop payment. Accountant C records pertinent information to stop future pension payments and completes a hand-written worksheet that she attaches to the file. Accountant may also request an ACH Return from the bank or credit union if a payment must be returned. In these cases a letter is generated and sent to the financial institution; when the payment is returned a Return Schedule is prepared, entered into the VISION system, and filed in the member file.

The file is returned to Customer Service Technician who then performs the necessary benefit calculations and insurance changes, and checks for SDIA. Customer Service Technician also prepares a benefit letter for the survivor/beneficiary/estate. The letter and file are forwarded to the Deputy Director for audit. Once audited, the letter and file are returned to Customer Service Technician who mails the letter and attachments to the survivor/beneficiary/estate and files the folder into a pending file.

(Note: Depending upon the retirement option selected, any number of business processes could be required. This process description details the steps or tasks that are followed when a member has selected the maximum benefit. Additional steps are required when a survivorship option was selected at the time of retirement.)

When the survivor/beneficiary/estate returns the completed forms, Customer Service Technician pulls the file and sends to Deputy Director for review and signature. Deputy Director sends the file to Accountant

C who prepares a check order form in Microsoft Excel. Accountant C sends the form to Deputy Director for review and signature. Deputy Director then returns the form to Accountant C for processing.

When Accountant C receives the audited file, she requests checks to be disbursed in the VISIONS system. The checks are disbursed and sent to Accountant C as ready. Accountant C performs "self-audit" activities, enters the check number into a Microsoft Excel tracking worksheet, and sends the checks with the file to Customer Service Technician.

Customer Service Technician prepares a survivor/beneficiary/estate check letter. Letter and file are sent to Deputy Director for final review and signature, and returned to Customer Service Technician, who attaches the check and sends all materials to the survivor/beneficiary/estate. Copies of all letters are made and added to the file.

Customer Service Technician returns file to Accountant C who terminates member's account in VRS system. File is returned to Customer Service Technician who sends the file to Public Records for storage.

B-1.2.12.1.2 Refund of Contributions

Members requesting a refund send a letter or call VRS with their requests. If a request comes from a teacher, it is forwarded to Program Technician Wendy Lee for processing (see Teacher Refunds Process). All other refund requests are forwarded to Program Technician Katherine LaRaus. LaRaus collects the necessary information, pulls the member file, and prints the account information from the ITMS system.

If the member is a State employee and has more than five years of service, LaRaus forwards the file to a Retirement Specialist who performs related account balance calculations (see Perform Calculation for State Estimate Process).

If the member is a Municipal employee and has more than five years of service, LaRaus forwards the file to a Retirement Specialist Tina Kawecki who performs related account balance calculations (see Perform Calculation for Municipal Estimate Process).

When either of these calculations is complete, the appropriate VRS staff member forwards the file back to LaRaus for additional processing activities. LaRaus performs account calculations for all members having less than five years of service. To do so, she completes a Microsoft Excel worksheet to calculate interest changes. Interest is accrued monthly for Municipal employees and bi-weekly for State employees. LaRaus saves the Microsoft Excel file under the last name of the member.

If an acknowledgement letter has not previously been sent to the member at this point, LaRaus generates a letter in Microsoft Word based on member information (i.e., Vested/Not Vested, etc.), makes a copy of all the paperwork and places in the file, and then mails with an application for refund to the member. If a letter has already been sent, she sends a new letter with the application and a new calculation. She holds the file until the member returns the completed application and any other information requested.

When the member returns the completed application for refund, LaRaus verifies that the form is correctly completed and has been properly notarized. If the application is not notarized, she returns it to the member and holds the file until the notarized application is returned.

LaRaus then verifies whether the refunding member is a Municipal or State employee. If he or she is a Municipal employee and has been terminated in the previous quarter, LaRaus uses the current quarterly

report to obtain the required information to complete the refund process. If the termination is in the current quarter, she holds the file until the next quarterly reports have been received and processed.

If the refund is for a State employee, he or she must be completely terminated and through the payroll system before the refund process continues. This process occurs twice per month since State payroll and reporting is bi-weekly.

LaRaus then updates the "withdrawal" book in Microsoft Excel and assigns the next "withdrawal" number.

If the refund requested is a rollover, LaRaus completes a manual check order form in Microsoft Excel, and sends to the Retirement Deputy Director Clasen for review and approval. Clasen forwards the check order form to Accountant C Jennifer Thivierge who performs the "Check Order Process" (for specific steps see this process map). When the checks have been received and verified by Thivierge, she forwards the checks to LaRaus who verifies the check totals against the ITMS system. LaRaus then prepares a rollover letter in Microsoft Word for the financial institution receiving the check, makes a copy for the member file, moves the file to the withdrawn files, and updates the pending refund spreadsheet in Microsoft Excel by removing the refunding member from the file. LaRaus also pulls the member's index card from the Active Cards area, updates the information, and re-files with Withdrawn Cards.

If the refund requested is a cash distribution, LaRaus requests an online check using Check Writer (Microsoft Access database) and updates ITMS. She forwards the request to Thivierge who performs the "Check Order Process." When the checks have been received and verified by Thivierge, she forwards the checks to LaRaus who verifies the check totals against the ITMS system. LaRaus then prepares a letter in Microsoft Word to the member receiving the check, makes a copy for the member file, moves the file to the withdrawn files, and updates the pending refund spreadsheet in Microsoft Excel by removing the refunding member from the file. LaRaus also pulls the member's index card from the Active Cards area, updates the information, and re-files with Withdrawn Cards.

B-1.2.13 Divorce

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to "cross-reference" to another member's account (e.g., spouse also within the retirement system) and alert when a DRO is being processed or is in place.					
2.	Ability to enter and display DRO-related information in cases where an individual has gone thru a divorce and a DRO is on file.					
3.	Ability to generate appropriate letters outlining the rights of individuals with respect to one or more DROs in place on a member's account.					
4.	Ability to make appropriate benefit adjustments as necessary based on the rules associated with a finalized DRO.					
5.	Ability, upon receipt of additional DRO information, to append it to the existing DRO if one is in process. Initiate a new DRO process if the prior DRO information is already either finalized or rejected.					
6.	Ability to support the appropriate allocation of a benefit to multiple alternate payees as defined by the DRO.					
7.	Ability to record and support instances where multiple, legitimate DROs are place against a member's account.					
8.	Ability to calculate alternative payments and benefits based on finalized QDRO.					

B-1.2.14 Estimate

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to automatically generate a system benefit estimate number on each benefit estimate for unique identification including the staff initials, date, and time produced.					
2.	Ability to calculate projected contributions, interest, and service to member's date of retirement based on the member's employment status, using different period-specific growth rates applicable to salary and COLA within the same estimate scenario.					
3.	Ability to calculate, display, and print all applicable retirement types (service, disability, multiple plans, early, vested, etc.) and all retirement options (including custom options).					
4.	Ability to modify or delete estimates that have not been printed or distributed.					
5.	Ability to determine the member's earliest retirement date based on the retirement eligibility rules.					
6.	Ability to display benefit estimate results in dollars and cents.					
7.	Ability to estimate benefits payable to beneficiaries under various plan options.					
8.	Ability to generate benefit estimate off-site via dial in, Remote Access, Internet, etc.					
9.	Ability to generate multiple estimates for a member without having to re-key entire parameter data when various fields are changed, and ability to use multiple generated estimates for side-by-side comparison analysis.					
10.	Ability to have both standard and customized comment fields on the benefit estimate.					
11.	Ability to identify special conditions within a member's account (outstanding purchase of service, active account, inactive account, vested, had a previous retirement, etc.) as it relates to performing the benefit estimate.					
12.	Ability to include COLA projections in benefit estimates and provide variable COLA rates over estimate timeframe.					
13.	Ability to log the receipt of the benefit estimate request and process the estimate whether received by mail, e-mail, phone, fax, hand delivery, or Web.					
14.	Ability to create a benefit calculation for members who have service in multiple systems and/or groups within each system (mixed members), with the ability to view each calculation as well as the combined calculation.					
15.	Ability to provide a simplified Web-based benefit estimate calculator to assist members with estimating their pension amount using "real" production data.					
16.	Ability to provide an interface to allow for benefit estimate parameter entry, viewing of calculation results, and ability to over-ride and provide "what-if" analysis.					
17.	Ability to reflect taxes and other deductions in benefit estimates, yielding a "net" benefit estimate.					
18.	Ability to review current data in member's account (both in summary and in detail) prior to performing an estimate.					
19.	Ability to save the parameters and results of the generated estimate directly from the end-user's workstation.					
20.	Ability to store, recall, display, print, and archive estimates in both a summary and detailed view for historical support.					
21.	Ability to use a standardized letter format to display and print benefit estimate results.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
22.	Ability to use an enterable standardized estimate parameter entry form (screen/window) to capture information and initiate a member request for a benefit estimate.					
23.	Ability to use the beneficiary information in the system when performing an estimate and to over-ride/change for calculation purposes if needed.					
24.	Ability to use historical and projected COLA rates in inactive vested benefit estimates.					
25.	Ability to pre-populate the estimate calculation with real-time data and store as the basis for subsequent benefits estimates.					
26.	Ability to estimate the cost of converting non-contributory to contributory service.					
27.	Ability to calculate the cost of converting from one system and group to another system and group using table driven conversion rates.					

B-1.2.15 Reporting and Query

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability for reports to display detailed heading information such as version/release number, the date of the last modification of the software that generates the report, the name of the program that generates the report, a unique name for the report, and the run date and time of the report.					
2.	Ability for the report generation tool to be able to print to existing and future industry standard VRS printers.					
3.	Ability for the reporting capabilities to have the same accessibility (hours of operation/access) as the online application.					
4.	Ability for the reporting tool to support limited VRS user licensing for report development; VRS will provide this to no more than 3 members of VRS staff.					
5.	Ability for the reporting tool to support VRS's running, viewing, and printing of reports.					
6.	Ability for the system to include standard reports (modifiable by the user) and a user-friendly report writer for creating custom reports with graphics, headers, footers, totals, subtotals, sorting, and statistics. It must permit adding new reports to the report menu for easy access. It must be capable of printing a contact list, all notes and/or all history for a contact, and any other view exactly as it appears on the user's screen.					
7.	Ability for the system to produce a Member Contact Inquiry Report including all contact media (correspondence, e-mail, telephone call, personal, etc.) for a member.					
8.	Ability for the system to produce a Telephone Statistics report (type of call, type of caller, forecasting, etc.).					
9.	Ability to direct printing of forms/correspondence to selected printers with an established default setting.					
10.	Ability to have various online support features (e.g., "wizard," help system, etc.) that will take a user step-by-step through a process.					
11.	Ability to print VRS-defined watermarks on various types of outgoing correspondence.					
12.	Ability to print the requesting user's ID on all reports.					
13.	Ability to provide a report generation strategy/tool capable of integrating additional data from any other accessible relational data sources into a single report.					
14.	Ability to provide counts of active members, inactive vested members, and annuitants (including survivor annuitants) for any given date.					
15.	Ability to provide daily, weekly, monthly, yearly (fiscal and calendar) statistics.					
16.	Ability to query on all system data (business relevant, transaction history, log files, etc.).					
17.	Ability to save queries for future use.					
18.	Ability to select and block-out any portion of a record for printing and identify areas omitted from printed copy.					
19.	Ability to select and print specific records from a listing of records matching the search criteria.					
20.	Ability to send output from a query or report to: printer, file, screen, e-mail, fax etc.					
21.	Ability to support ad-hoc reporting, where custom reports can be created for single use or saved for continued use.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
22.	Ability to support printing by allowing the user to determine the length of the report prior to printing (e.g., number of pages) and ability to queue reports for printing destination.					
23.	Ability to support report sorting, filtering, and summary report output including ability to subtotal.					
24.	Ability to support the creation of reports using relational criteria and logical operators (e.g., less than, greater than, equal to or less than, wild cards, Boolean operators, and combinations of each).					
25.	Ability to support the development of parameter driven reports, where the report variables and format are programmatically controlled and certain values are selected (or required) by the user at the time the report is generated.					
26.	Ability to support the import of data from other external Open Database Connectivity (ODBC) compliant sources as well as the export of information to other COTS applications.					
27.	Ability to support the use of various font formatting (font type, font style, font size, etc.).					
28.	Ability to support the viewing of reports that result in large volumes of data by restricting data by: • Providing a warning of the number of records found. • Prompting the user to continue/refine/alter the query. • Provide for displaying a single page of data at a time.					
29.	Ability to track and report on staff performance (e.g., quantity and quality) individually and as a group on a daily, weekly, monthly, fiscal year, and calendar year basis.					
30.	Ability to view requested reports on the screen prior to printing report.					
31.	Ability to terminate a query or report process while in process.					
32.	Ability to produce a report of majority students to use in verification of school enrollment.					

B-1.2.16 Counseling, Scheduling, and Seminars

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to extract information needed for offsite seminars such as specific individual's information, the employer's information, etc. for those people/employers who are to be in attendance at the seminars.					
2.	Ability to generate a listing of counseling appointments based on various parameters (by day, week, month, etc; by an individual counselor or all counselors, etc.).					
3.	Ability to generate an "Appointment Reminder" letter informing the member about their upcoming counseling session.					
4.	Ability to record various information based on the actual counseling session held, such as questions asked, answers provided, information entered, forms/letters generated, etc.					
5.	Ability to schedule counseling appointments based on counselor availability.					
6.	Ability to calculate a member's benefit via the Web.					
7.	Ability to produce, both remotely and locally, a report of the issues, questions, and answers discussed during a counseling session for signature by counselor and member or retiree.					

B-1.2.17 Internet

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to provide several industry-standard methods of submitting employee wage, service, and contribution information, such as FTP and the Internet, as well as conventional batch processing of delivered media.					
2.	Ability to allow a member to change only the data fields approved by VRS; the fields will be determined at a later time but could include tax, address, beneficiary, and contact information. No disability information may be changed through the Web site.					
3.	Ability to easily disable or enable, on a global level, Web update, and view functionality at the function and data field level.					
4.	Ability to allow for the employer and/or VRS staff to create, update, and display enrollment information (i.e., member demographics and employment information) provided from an enrollment form, Web utility, or various other media (e.g., tape, diskette, CD, etc.). **Note:** If the information is captured through an enrollment form or Web utility, the creation or update of the enrollment information should occur in "real-time" (currently done batch at night).					
5.	Ability to automatically set up a Web account for a new member and therefore provide them access to their account and/or files via the Web through use of an ID and PIN numbers upon successful member enrollment.					
6.	Ability to capture and produce statistical, demographic, and error information on all the different types of media (e.g., paper, Web, tape, CD, etc.).					
7.	Ability to distribute both pre-populated forms and blank forms through the Web.					
8.	Ability to generate a member detailed service credit breakdown letter and also provide this information via Web access for members.					
9.	Ability to produce error reports to be distributed through various media (e.g., paper, e-mail, FTP, CD, etc.), if the enrollment information is captured through media other than a membership application or Web utility (e.g., tape, CD, etc.).					
10.	Ability to allow employers, on-line or via Web application, to enter termination dates, unpaid leave dates, last year of service, etc.					
11.	Ability to provide the employer, member, or VRS staff a purchase of service estimate calculator.					
12.	Ability to provide an online Web utility for VRS members to update/maintain their federal withholding tax amount, addresses, and other information based upon account characteristics.					
13.	Ability to provide an online Web utility (for VRS members) to view/print benefit summary information.					
14.	Ability to display and print duplicate Membership Statement (active members, to include most recently posted wage and contribution data) by the member or staff from the Web.					
15.	Ability to generate a detailed breakdown (Benefit Verification Form) of all transactions that were included in any given Form 1099-R when a member questions the information contained on their 1099-R; this breakdown shall be available to both VRS staff and to the member via the Internet/Web.					
16.	Ability to log the receipt of the benefit estimate request and process the estimate whether received by mail, e-mail, phone, fax, hand delivery, or Web.					
17.	Ability to provide a simplified Web-based benefit estimate calculator to assist members with estimating their pension amount using "real" production data.					

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
18.	Ability for Web-based applications to be secured based on industry standards and VRS and Vermont encryption policies/procedures.					
19.	Ability to establish Web-based application pages that, depending on the nature of information displayed, either allow the user to navigate back to a previous page or prevent the user from doing so.					
20.	Ability to provide encryption which must be used for confidential, private, or restricted information that will be stored in a non-secure location or transmitted over open networks, such as the Internet.					
21.	Ability to provide various levels of security and adhere to existing security structures, including network security, application security, development environment security, and Web-access security – with procedures for support and maintenance for each.					
22.	Ability to set up, maintain and monitor Web access/session inactivity, and establish "timeout" requirements.					
23.	Ability to accept and process submitted requests received through a Web utility.					
24.	Ability to allow members to access their account data via the Web including the most recently posted activity (e.g., current wage and contribution data for active members and most recent benefit distribution for retired members).					
25.	Ability to calculate and display gross-to-net benefit calculation and impact on various deduction scenarios, including health, federal, and state withholding on net benefit amount.					
26.	Ability to designate access to various Web functions at the user level.					
27.	Ability to maintain an audit trail of all changes to member's account and the means by which they were made (e.g., Web or workflow).					
28.	Ability to monitor and report system performance on delivery of pages to client.					
29.	Ability to display pages in compliance with the Americans with Disabilities Act.					
30.	Ability to implement a secure socket layer within the Web site.					
31.	Ability to allow authorized operators, including members, to change beneficiary and address information via the Web.					
32.	Ability to partially complete a Web-based form, submit the form electronically (establishing a record of the change), and print and submit a paper form with signature.					

B-1.2.18 Correspondence Tracking, Letters and Forms

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to automatically record a correspondence tracking transaction based upon the receipt of all incoming documents and the generation of all outgoing documents.					
2.	Ability to track the status of various requested items as to whether all items have been received prior to begin processing of a specific work item.					
3.	Ability to automatically capture and route all instances of LOB-generated forms, documents, and reports to both the imaging system and the desired output device (e.g., printer, PDF, fax server).					
4.	Ability to generate mass mailing based on results of an ad hoc query.					
5.	Ability to add, modify, and delete the templates used for various forms, letters and reports generated by the system.					
6.	Ability to review and modify the resulting correspondence created from a template prior to sending the output to the imaging system and output device while ensuring equivalence between the two.					
7.	Ability to format all outbound correspondence for standard window envelopes.					

B-1.2.19 Return to Work

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability at the time a retiree decides to be re-employed and "return to work" to have the system automatically inform users of this fact and provide their retirement information (for each system) to ensure that the member adheres to the "return to work" requirements.					
2.	Ability to determine, for a member, if a prior retirement exists and what the status is of that retirement at the time of re-employment or return to work. Upon confirmation, notify appropriate staff and send a letter to member.					
3.	Ability to identify if a member is a multiple group member when returning to work to be sure to process the correct account and process accordingly.					
4.	Ability to apply system and group specific standards and conditions in event of return to work.					
5.	Ability to prevent a retired teacher member from accruing a benefit in the state system and notify appropriate staff when such a condition arises.					
6.	Provide capability to maintain a receivable for benefits that need to be returned on retirement and provide for collecting repayment.					

B-1.2.20 Auditing and Security

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability for the system to adhere to existing VRS standards with regard to user ID and password and frequency of changing passwords, etc.					
2.	Ability for the system to have the work/process sent to a reviewer for audit (if any additional data exists since the time the worker did the work, the reviewer should see this new data), and, if any errors/irregularities are detected that affect the work performed, send it back to the worker for incorporation and re-work.					
3.	Ability for the system to keep track of last access date/time via user ID and provide reports and queries on this.					
4.	Ability for the system to monitor the number of successful and unsuccessful access attempts and to create audit trails showing these events.					
5.	Ability for the system to retain both before and after images of changes.					
6.	Ability for the system to set up, maintain, and monitor roles and responsibility for system management, usage, and maintenance.					
7.	Ability for the system to support audit trails and internal controls for all updating processes. These audit trails and internal controls will maintain history on line, retrievable both by name and user ID of persons performing all updates to information in the system. In cases where the update was performed by a program, the system must identify the application program. In both cases, information must include date and time of the update.					
8.	Ability for the system to support data classification levels (e.g., confidential, private, restricted, public, unclassified, etc.).					
9.	Ability for the system to support role-based security where every user must have a pre-defined set of roles with access provided by the designated business area security administrator; also, the ability to assign access to a user for a pre-defined period of time for that role.					
10.	Ability for user permissions to determine how far back in time a user can post a transaction; only certain users should be able to post to a closed month and have the ability to track when these changes are made and adjust reports accordingly.					
11.	Ability for Web-based applications to be secured based on industry standards and VRS encryption policies/procedures.					
12.	Ability to adhere to VRS security policies, bulletins, standards, procedures, etc.					
13.	Ability to audit member accounts randomly without a triggering event and record the fact the account was audited and by whom (internal auditor, external auditors, State Treasury, etc.).					
14.	Ability to direct a message to the system console or batch job scheduler or event scheduler; in the event a batch routine attempts to update a locked account, indicating the account was not updated due to the lock, the date the lock was effective, and the user ID of the person who locked the account; additionally, all such batch updating programs must provide a report, sorted by locking user-id, which includes the attempted update, the source of the data, and the fact that the account was locked.					
15.	Ability to easily designate user (staff, members, retirees, etc.) capabilities/security levels based on their role and/or user ID (e.g., add, change, inquiry).					
16.	Ability to ensure data security measures are employed to prevent unauthorized access of data and/or changes to it.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
17.	Ability to ensure that a locked account will remain locked until the same user ID that locked it unlocks it; the only exception being that the System Administrator will have the authority to unlock any locked account.					
18.	Ability to ensure that all locked accounts will be "stamped" with the date, time, and user ID of the person who locked and unlocked it.					
19.	Ability to ensure that in no event will a batch routine that attempts to update a locked account terminate abnormally for that reason.					
20.	Ability to ensure that no audit trail data can be deleted.					
21.	Ability to ensure that security profiles are protected from unauthorized access.					
22.	Ability to ensure that security profiles or tables are encrypted.					
23.	Ability to ensure that the "worker" and the "reviewer" are different people and generate a report if the user IDs for these functions are the same, i.e., separation of duties.					
24.	Ability to establish and set up Web-based application screens as either "able to browse back to a screen after going to a new screen" or as "a time-out/life span of zero screen not allowing to go back to a screen."					
25.	Ability to extract audit log information for display and reporting purposes and ability to filter selected data from audit log files to generate meaningful and useful security reports.					
26.	Ability to force the changing of passwords on a periodic basis (based on VRS policy).					
27.	Ability to have adequate audit trails, including appropriate change controls requiring management approval of any software modifications or changes prior to implementation.					
28.	Ability to have controls in place that ensure all data entered into the system is processed.					
29.	Ability to have mechanisms that facilitate or enable obtaining consent for the use and disclosure of health information. Such controls should be designed to ensure that particular health information is only accessible to and used by properly authorized individuals, including sophisticated unknown users. Role-based access methods are acceptable.					
30.	Ability to log an external user off the system after a certain VRS-defined period of inactivity.					
31.	Ability to maintain a historical record of both internal and external user IDs issued, including the identity of the person associated with the user ID and the timeframe during which the user ID is/was valid.					
32.	Ability to prevent the entry of duplicate transactions, when appropriate.					
33.	Ability to produce security reports on a regular basis (e.g., violations, access to sensitive files, etc.).					
34.	Ability to produce various error level severities (warning, fatal, etc.).					
35.	Ability to prohibit VRS personnel from altering records with their own information through the LOB.					
36.	Ability to provide a security report listing users, their roles and security access.					
37.	Ability to provide access rules and role assignment which will restrict departmental employees from performing incompatible functions or functions beyond their responsibility.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
38.	Ability to provide an "account locking" capability such that an appropriately authorized user will be able to lock a benefit recipient's account from any update, either online or batch; if a user attempts to modify data in a locked account, display a message indicating the account is locked, by which user ID, and as of what date.					
39.	Ability to provide an automated means of processing the locked file after the lock is removed such that "suspended" data will not have to be re-entered; provide a capability for users to remove such data that was locked at any time prior to update as provided through user-specific privileges.					
40.	Ability to provide an integrated user logon into all applications regardless of the number of sub-systems that are being connected (i.e., imaging, workflow, etc.).					
41.	Ability to provide appropriate security surrounding electronic, digital, and digitized signatures.					
42.	Ability to provide appropriate validation and edit checks in all the data entry fields, and track updates that are made to validation and edit checks.					
43.	Ability to provide audit report(s) identifying all people, processes, dates, and/or times involved in changing member and employer data.					
44.	Ability to provide encryption which must be used for confidential, private, or restricted information that will be stored in a non-secure location or transmitted over open networks, such as the Internet.					
45.	Ability to provide end-to-end performance monitoring and control (e.g., system performance across the Web).					
46.	Ability to provide standard interfaces (screens, windows, etc.) to maintain security permissions.					
47.	Ability to provide various levels of security and adhere to existing security structures, including network security, application security, development environment security, and Web-access security – with procedures for support and maintenance for each.					
48.	Ability to record a history/audit transaction on all VRS specified transactions.					
49.	Ability to restrict access to systems by user identification and passwords and roles, at a minimum.					
50.	Ability to retain passwords already used by a user and prevent their re-use.					
51.	Ability to run ad hoc reports of audit trail history by transaction type, transaction date, input date or any of the fields related to the audit trail records.					
52.	Ability to set up, maintain, and monitor Web inactivity and establish "time-out" requirements.					
53.	Ability to store and display user identification on all transactions/screens/and various print outputs.					
54.	Ability, at a minimum, to provide the following controls: menu access, screen access, screen function access, transaction access, and transaction approval process.					
55.	Ability to set up, maintain, and monitor inactivity on the LOB local desktop application and apply time-out requirements.					
56.	Ability to query and print the history of all changes.					

B-1.2.21 Global/General Items

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability for the new system to provide at a minimum fifty (50) forms.					
2.	Ability for the new system to provide at a minimum fifty (50) letters.					
3.	Ability for the new system to provide, at a minimum, one hundred and fifty (150) reports (not to include ad hoc reports).					
4.	Ability for the system to be table-driven with user maintainable, date-sensitive values.					
5.	Ability for the system to support foreign addresses.					
6.	Ability to “leave” a work process in order to access another process without exiting out of/stopping the first process (i.e., Multi-tasking).					
7.	Ability to accept and process submitted requests received through a Web utility.					
8.	Ability to allow members to access their account data via the Web.					
9.	Ability to archive data controlled by distinct business-based rules.					
10.	Ability to attach manual notes at a variety of levels within the database structure including (but not limited to) member and workflow.					
11.	Ability to create, update, and display comments (e.g., transaction level, account folder level, etc.) and the ability to restrict comment updates to users or the supervisor who created the comment.					
12.	Ability to customize system generated letters using different paragraphs based on member account information and/or unique situations by using an indicator.					
13.	Ability to display basic member information on all applicable application screens.					
14.	Ability to display monetary amounts in dollars and cents.					
15.	Ability to generate additional information letters when further documentation is needed and/or data is missing; generate follow-up letter as needed.					
16.	Ability to have an indicator stating how the member/employer wants correspondence distributed (e.g., e-mail, mailed, etc.).					
17.	Ability to have online error and help messages/screens.					
18.	Ability to integrate all data insertion (e.g., name, address, service credits, etc.) in forms and letters using appropriate tools.					
19.	Ability to maintain holiday, payroll, closing calendars for processes.					
20.	Ability to navigate through screens based on standard Windows and/or Browser-based navigation.					
21.	Ability to perform various types of searches based on partial data to research accounts (e.g., first initial of last name, partial SSN, DOB, city, partial last name, Soundex etc.).					
22.	Ability to process business transactions and display information in as concise a manner as possible to avoid end-users having to access numerous screens in order to accomplish their business task.					
23.	Ability to produce member’s employment history information filtered on a single report (e.g., salary, contributions, service, payroll period, employer, system, group, etc.).					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
24.	Ability to provide a "mass" data entry capability which will permit users to execute a large number of "like" transactions in a "short-cut" fashion, i.e., mass change (e.g., COLA, interest) based on query.					
25.	Ability to restore archived data for specific members or groups of members.					
26.	Ability to sign letters with staff names (digital, or graphic image of a, signature).					
27.	Ability to store all parameters used, calculations performed, and corresponding results for all calculations.					
28.	Ability to support screen-prints for all windows.					
29.	Ability to support various types of transaction and status codes throughout the system.					
30.	Conformance to all applicable IRS, state tax, HIPPA, and Department of Labor rules and regulations that are in place at the time of the signing of the contract.					
31.	Ability to support multiple, time effective addresses.					
32.	Ability to support name in three distinct components – first, middle, and last.					
33.	Ability to pre-populate city and state by first entering the ZIP code and allow for overriding of the city and state, without consequently altering the ZIP code, when necessary.					
34.	Ability to support Soundex and "wild card" searches on name.					
35.	Ability to comply with all applicable federal and state tax laws and statutes.					

B-1.2.22 Fund/Plan Management

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to accommodate "bulk," as well as individual, changing of bank routing numbers (supporting bank mergers) for Direct Deposit of retiree payments.					
2.	Ability to add and change General Ledger associated account numbers within the LOB, restricted to separate users.					
3.	Ability to adhere to Governmental Accounting Standards Board (GASB) statements and Generally Accepted Accounting Principles (GAAP).					
4.	Ability to automatically update payroll to send check to home address after the first ACH rejection.					
5.	Ability to apply payments to more than one receivable entry for the same member, if appropriate.					
6.	Ability to enter cash receipt information and have the system match those incoming funds to corresponding receivable accounts.					
7.	Ability to enter manual transactions for situations where an immediate disbursement must be made (e.g., special pension checks).					
8.	Ability to enter the response from the Treasury/Bank regarding check information (cashed, not cashed, etc.).					
9.	Ability to extract statistical data to analyze or project trends (i.e., average growth of membership, average age of membership, average monthly pension, etc.).					
10.	Ability to produce a reconciliation of any funds that may have been transferred from one fund to another.					
11.	Ability to generate a General Ledger "Matrix" Report, i.e., a report/matrix listing the line-of-business transactions and their corresponding General Ledger transaction.					
12.	Ability to generate a letter and/or envelope when replacement check is issued.					
13.	Ability to generate a monthly activity report (separate Benefit and Refund reports) identifying the monthly journal entries posted to G/L and a summary of all benefit deductions.					
14.	Ability to generate information at the end of each business day related to the collection and disbursement of funds.					
15.	Ability to generate letters to the member explaining that they have non-cashed checks, update the document tracking log.					
16.	Ability to provide an automated reconciliation process, versus a manual paper reconciliation process, for multiple checking accounts. This process includes, but is not limited to, production of a report listing outstanding checks.					
17.	Ability to have a defined date format and the treatment of various dates (business date, transaction date, effective date, etc.) must be synchronized and used consistently between the LOB and GL systems.					
18.	Ability to have a direct method of integrating/interfacing the line-of-business system to the general ledger system without having to go through any other software, program, reformatting process, manual procedure, etc.					
19.	Ability to have user-changeable reporting media type so that employers can be setup as either check reporting and/or wire transfer/EFT.					
20.	Ability to identify the type of payment made to a vendor or member (i.e., printed check, manual check, EFT, or wire transfer).					
21.	Ability to initiate a cash receipt investigation process if incoming funds are received and a receivable does not exist.					

REQUIREMENT ID	DESCRIPTION	BIDDER RESPONSE				
		COMPLIANT	NON-COMPLIANT	MODIFICATION	FUTURE	THIRD PARTY
22.	Ability to maintain a chart of accounts within the LOB (without a direct connection to the State's GL) such that the chart of accounts may change to accommodate new systems, funds, plans, etc. within the LOB.					
23.	Ability to maintain a history of purged accounts.					
24.	Ability to match stop payment requests to payments made that have not yet cleared.					
25.	Ability to process a response from the member and trigger workflow to re-issue a new check, and generate a check replacement letter to member notifying them of their check.					
26.	Ability to process Accounts Receivable, Cash Receipts, Accounts Payable, Disbursements, and transfer transactions and export them to a file for upload into the General Ledger system adhering to the General Ledger Chart of Accounts and limited to user privileges.					
27.	Ability to process ACH rejects via electronic notification from the bank.					
28.	Ability to process cash receipts from the reversal of a disbursement (e.g., returned checks).					
29.	Ability to process receipts (cash, checks, etc.) from both organizations and individuals.					
30.	Ability to process the receipt of funds via ACH, Wire, Lock-Box, Check, etc.					
31.	Ability to produce various reconciliation reports with enough detail to accurately reconcile the payments made.					
32.	Ability to provide a defined and structured matrix of line-of-business transactions to their corresponding General Ledger transactions and the appropriate accounts.					
33.	Ability to provide a detailed history of all transactions processed.					
34.	Ability to provide a monthly report of the projected total payments for the next month for each plan. This report will include, but will not be limited to, withdrawals, death benefits, disability benefits, COLA increases, and monthly retirement payments.					
35.	Ability to provide a monthly report of the projected vendor payments for the next month. This report will include: payroll expenses and administrative expenses.					
36.	Ability to provide adequate reconciliation reports to help end-users verify the transactions processed, including reconciliation for daily, weekly, monthly and for the fiscal year.					
37.	Ability to import a file from the bank containing recent transactions and balances including all deposits regardless of method (e.g., teller, ACH, wire transfer) as well as check status (e.g., cleared, suspended, open).					
38.	Ability to provide entry of a batch total amount, individual check amount, and allocate the amount into Employer portion(s) and Employee portion(s).					
39.	Ability to provide entry of Cash Receipt entry date, pay period end date, and report end date.					
40.	Ability to integrate with Vision (VRS GL accounting system) via export files (i.e., direct connectivity is neither expected nor desired).					
41.	Ability to provide various controls to ensure accuracy and improve efficiencies, as an example: ensure that money already entered for a given entity for a specific time period cannot be re-entered, etc.					
42.	Ability to provide various reconciliation controls to ensure that last month's Fund balance plus any activity during the month equals this month's Fund balance.					
43.	Ability to query on transactions within the LOB based on SSN, payment types (including personal checks), check number, etc.					

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
44.	Ability to recognize and track benefit overpayments, establish a receivable, and generate a collection letter.					
45.	Ability to reconcile the remittances of employer cash receipts with reported amounts.					
46.	Ability to record notification of all types of stop payments (retirements, refunds, direct rollover, vendor payments, etc.) including the date of stop payment and a reason for stop payment, and send letters to members and/or e-mails to the effect that the stop payment was placed.					
47.	Ability to record the fact that a check sent from a member to VRS has insufficient funds, and take corrective business actions and generate an insufficient funds letter to member.					
48.	Ability to send letter notifying member of the reissued payment and reason for ACH rejection.					
49.	Ability to store information for checks that were returned to VRS (i.e., not deposited) and initiate workflow process for investigation and corrective action.					
50.	Ability to support all VRS systems (Teachers, Municipal, State) as well as all of their Accounting Funds, Journals, Chart of Accounts, General Ledger transactions, etc.					
51.	Ability to support the batch processing/posting of General Ledger transactions.					
52.	Ability to support the creation of one-time special checks within the system and the appropriate automatic updating of all interfaces.					
53.	Ability to support the following types of check payment types: original, replacement, re-issue, re-sent, void, etc..					
54.	Ability to support the setup and creation of recurring payments (pension payroll).					
55.	Ability to switch from ACH to check or correct the reason for the ACH failure and generate replacement ACH transaction.					
56.	Ability to track each step of the stop payment process.					
57.	Ability to update files when replacement check or photocopy is issued.					
58.	Ability to export transactions detail to the general ledger in sufficient detail such that all deductions are provided (e.g., pension benefits “gross to net”).					

B-1.2.23 Power of Attorney

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability for VRS to approve/reject a Power of Attorney information, Guardian Certificate, or Trust Certificate; approval or rejection should also trigger workflow to route the work request to the next appropriate step.					
2.	Ability to automatically change the Power of Attorney, Guardian, or Trustee status to "revoked" when the specified duration has been exhausted.					
3.	Ability to capture a specific time duration (date from and date to) noted in a Power of Attorney information, Guardian Certificate, or Trust Certificate.					
4.	Ability to capture and track the status of a Power of Attorney information, Guardian Certificate, or Trust Certificate (e.g., approved, rejected, pending, legal review, revoked, etc.).					
5.	Ability to create, update, and display power of attorney, guardian, trustee information.					
6.	Ability to designate all correspondence to be sent to an appointed Guardian after the Guardian Certificate has been reviewed/approved by VRS legal staff.					
7.	Ability to generate a delay letter (a letter suspending action until resolution of a previous request for power of attorney) when Power of Attorney information, Guardian Certificate, or Trust Certificate is sent to VRS legal staff for review; if a Trust Certificate is sent for review, the delay letter should be sent to both the contact person and the trustee(s).					
8.	Ability to generate a letter indicating that a transaction cannot take place based on an agent's approved powers (i.e., member may choose to update a designated agent's powers).					
9.	Ability to generate a letter to the member when an approved Power of Attorney is on file and the member submits another Power of Attorney information; all Power of Attorney documents will remain approved and legal until they are revoked by the member.					
10.	Ability to generate a letter to sender when general correspondence and/or a form (e.g., retirement application, refund application, etc.) is received from someone other than the member or court appointing themselves as a power of attorney, guardian, or trustee.					
11.	Ability to generate an approval/disapproval letter to both the member and designated agent(s).					
12.	Ability to notify VRS staff throughout all processes (including the submission of a Power of Attorney information or Trust Certificate) that a court-appointed guardian has been reviewed/approved by VRS legal staff or that one is pending legal review; all account transactions must be initiated by the court-appointed guardian as indicated on the Guardian Certificate.					
13.	Ability to reject a transaction based on the agent's approved powers (e.g., powers granted, stipulation that an agent must "act" in conjunction with another agent – both need to sign for transaction to be valid, etc.).					
14.	Ability to restrict transactions against an account that has an appointed guardian (i.e., the member may no longer conduct business on his behalf except if the member sends in a change to his member details with documentation supporting the change – valid proof).					
15.	Ability to view current and historic power of attorney information.					

B-1.2.24 Defined Contribution Processing

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
1.	Ability to capture information from new hire form which includes the employee's name, address, date of hire, salary, and group.					
2.	Ability to determine employee's eligibility, based on employer and position (group), to enroll in the defined contribution (DC) plan rather than the DB plan, and transfer funds associated with service under the DB plan into the DC plan.					
3.	Ability to display any prior service by employee under DB plans administered by VRS.					
4.	Ability to interface with third party administrator (TPA) Web site to capture investment return and anticipated future value of contributions given information entered by VRS.					
5.	Ability to capture date when DC election form and a report comparing the DB and DC benefits (and other reports produced by the TPA) were sent to member.					
6.	Ability to capture DC election form response from member, including date of receipt.					
7.	Ability, if DC election form is not received within 90 days of hire date, to generate a letter to member explaining that election "window" has expired and he/she remains in DB plan.					
8.	Ability, if DC election form is received within 90 days of hire date but member elects to remain in DB plan, to generate letter to member confirming choice.					
9.	Ability, if member elects DC plan within 90 days of hire date, to generate a beneficiary designation form to send to member along with a letter confirming election to DC plan.					
10.	Ability to track all DC plan contributions of member.					
11.	Ability to generate notification to state payroll officer to begin taking DC plan deductions upon the 91st day of member's employment.					
12.	Ability to calculate the rollover amount from the DB plan to the DC plan (typically a small rollover amount arising from member contributions made to the DB plan prior to his/her election to enroll in the DC plan).					
13.	Ability to capture the user-entered date of transfer and, as of that date, withdraw the member from the DB plan and add him/her to the DC plan.					
14.	Ability to interface with TPA, to inform DC administrator at the TPA to set up a member account.					
15.	Ability to send notification to the Treasurer's Office of the amount to be transferred from the DB plan at the custodian bank to the DC plan at the TPA.					
16.	Ability to identify members employed by certain municipal employers (who offer only the DC plan) and automatically enroll them in the DC plan; no election form is sent in these cases.					
17.	Ability to accept DC contributions from members working for municipal employers who offer only the DC plan beginning 90 days after the date of hire.					
18.	Ability to capture bi-weekly report of member DC contributions submitted by employers (information entered includes check date, check number, SSN, salary, employer contributions, and employee contributions).					
19.	Ability to provide edits / validations against DC contribution data reported by employers.					

Requirement ID	Description	Bidder Response				
		Compliant	Non-Compliant	Modification	Future	Third Party
20.	Ability to produce a balancing report comparing the reported employer and employee DC contributions against the remittance made via lock box or ACH transactions, as recorded by the bank.					
21.	Ability to capture VRS corrections to employer bi-weekly reports.					
22.	Ability, once the balancing report is accepted, to generate a file of employee DC contributions and transmit to the TPA.					
23.	Ability to generate a letter to the Accounting Department identifying the funds to be transferred to the TPA based on (corrected) bi-weekly employer reports of DC contributions.					
24.	Ability to capture confirmation from the TPA that the funds were received.					
25.	Ability to capture DC plan member address changes and beneficiary information.					
26.	Ability, if a DC plan member terminates prior to 1 year 11 months (12 months if a Municipal member) of employment and seeks a refund, to generate a letter to member informing him/her that he/she must contact the TPA directly to request a refund.					
27.	Ability, if the member retires before he/she is vested, to ensure that he/she receives only the employee portion of DC contributions.					
28.	Ability to determine whether a member submitting a DB plan enrollment form has previously enrolled in the DC plan, and if so, deny DB plan enrollment until all DC funds have been withdrawn; generate letter to member to this effect.					

B-1.3 New Functionality

In addition to the detailed business requirements relating to the existing "as is" and the desired "to be" VRS functions defined in Sections B-1.1 and B-1.2, respectively, the new solution must provide additional new functionality as described in the following sections.

Although some of the requirements in the following sections have been included in the desired "to be" matrices of Section B-1.2, these new functionality requirements are set forth separately in this section – and bidders are required to provide a separate response to them – for the following reasons:

- Many of them span more than one of the business function areas defined in Sections B-1.1 and B-1.2.
- Given that the requirements set forth in this section represent functional capabilities that generally do not currently exist at VRS, VRS is interested in receiving a narrative response from bidders, discussing in detail how the new functionality will be implemented and what additional capabilities the bidder can provide in these areas above and beyond those that have been explicitly stipulated below.

B-1.3.1 Imaging and Workflow

VRS requires that the new pension system include imaging and workflow management capabilities seamlessly integrated into the overall solution. The solution provided must satisfy all requirements listed in Imaging and Workflow Integration of the requirements under the Business Function Requirements sub-section. In addition, the bidder is required to provide a detailed narrative response to the requirements presented below.

B-1.3.1.1 Imaging

The following section describes how VRS envisions using the imaging capabilities once the solution is installed. The section is followed with a set of minimum requirements. Proposals must respond to all.

B-1.3.1.1.1 Early Implementation of Imaging

The successful bidder will be required to install the imaging component of its solution as soon as possible, but no later than six months after contract award, so that VRS can migrate from the interim imaging solution supplied by the backfile bidder to the permanent solution. This early implementation of imaging is also to include the installation and configuration of all hardware and software and delivery of training on the system's use. We expect this early implementation to provide our users with appropriate operational knowledge of the imaging system and to minimize the impact of change in transitioning from a wholly manual operation to an automated one.

B-1.3.1.1.2 Bar-coding

As part of the overall solution implementation, VRS intends to dispense with pre-printed forms and correspondence. Instead, forms will be printed on demand. The forms will include a bar-code representing any information known to the system at the time the form is printed (e.g., form number, member unique ID, member name, etc.). We believe that such a bar-code on all outgoing correspondence will facilitate indexing of the forms when they are completed by a member and returned to VRS. VRS requires use of a 2D bar-code font such as PDF-417. VRS further requires that any scanning hardware/software supplied as part of the solution be able to read and correctly interpret the bar-code font.

B-1.3.1.1.3 Automated Capture of Outgoing Correspondence

VRS currently prints two copies of every piece of outgoing correspondence: one for the recipient and one for inclusion in the member file. As part of the new automated solution, the imaging component will automatically capture (image), appropriately index, and store all out-bound correspondence (Word documents, e-mails, faxes, etc.), thereby eliminating the current practice of printing an internal copy of all correspondence.

B-1.3.1.1.4 Fax Server

To reduce the use of paper within VRS operations, an integrated fax server, with both fax-in and fax-out capability, is to be provided as part of the solution. It is expected that incoming faxes of bar-coded paper-based forms will be automatically indexed and appropriately routed as if the fax had been submitted on paper through the mail room.

B-1.3.1.1.5 Integrated Retrieval

The imaging and LOB components must be integrated such that, when a staff member opens a member record in the LOB application, he/she will be able to retrieve and view one or more lists of documents associated with the member, as well as the document images themselves, e-mails, faxes, etc. without having to cut and paste or re-key the unique member identifier. Furthermore, whether the documents in the archive are stored as images, PDF files, DOC files, or some other file format, the user should be able to view (and print, if desired) the document in a single, consistent, viewer – and to apply annotations and redactions (as permitted by security) to the documents once they are being viewed.

B-1.3.1.1.6 Further Integrated Retrieval

VRS has a further requirement for integration which is best described by providing an example. The VRS LOB database does not currently contain the date of birth of every designated beneficiary. However, our Designation of Beneficiary form does contain this information. In this example, we require that the integrated solution permit us to query the LOB system for all members who are part of the State system whose designated beneficiary does not include a date of birth. We expect to then be able to use the results of the query, the list of member IDs, as input to the imaging system to retrieve and view the Designation of Beneficiary forms for each of the indicated members without cutting and pasting the results of the LOB query into the imaging system's query interface.

B-1.3.1.1.7 Web-based Access to Documents

VRS does not currently provide members with Web-based access to anything other than static information. However, VRS expects to significantly increase the scope of its Web-based service to members subsequent to and as a result of this procurement. Thus, VRS requires bidder assurance that the integrated imaging system includes a Web-accessible API or such other appropriate programmatic interface with which to build the <u>future</u> Web-based capability.

B-1.3.1.1.8 Role-based Access to Documents

The imaged folders of members applying for and/or receiving disability-based retirement may contain medical records. Access to such images must be restricted to authorized operators only.

B-1.3.1.1.9 Access to Imaging External (to the LOB)

VRS expects to have access to and use the imaging system outside of the LOB application to scan, index, and store and retrieve non-member documents (e.g., records such as Board minutes, etc.). It is therefore a requirement that the image system administrator be able to set up "new" document classes, new indexing schemes for those new classes, new users (within limits permitted by the system licensing agreement), and user-viewing rights to the new document classes.

B-1.3.1.1.10 Minimum Functional Capabilities

At the top level, based on the discussion above, VRS requires that the proposed imaging solution provide the following specific capabilities, at a minimum:

1. Document capture
2. Multi-page documents
3. Indexing
4. Quality assurance
5. Document archive
6. Image search and retrieval
7. Document viewing
8. Document markup
9. Windows sizing and positioning
10. Printing
11. Security
12. Image export
13. Microfilm backup
14. Integration with e-mail and facsimile capabilities.
15. Other.

Detailed requirements for each of these capabilities are presented below.

Document Capture Capabilities

The scanning capabilities to be provided are as follows:

- Provide the ability to group documents into like batches based on document properties (member number, document size, document type, color, orientation, etc.).
- Provide the ability to scan color paper and save as a white document with black text.
- Provide the ability to automatically assign a unique batch numbering/batch naming standard.
- Provide audit controls to ensure that all documents contained in a batch get scanned once and only once (no omissions, no duplications, etc.).
- Provide the ability to perform re-scans of a single page, single document, or all documents in a batch.
- Provide the ability to scan both single-sided and double-sided (duplex) documents.
- Provide the ability to automatically identify and eliminate blank pages during document scanning and indexing, including the blank, back sides of documents.
- Provide system support for scanning with multiple industry-standard scanners, scanning simultaneously, operating on a standard 10/100MByte Ethernet Network.

- Provide appropriate equipment (equipped with an Automated Document Feeder – ADF) to scan between 100 and 150 pages per day (with volumes projected to increase by 2½% per year for the life of the system).

In addition to scanning, the system must provide for capture of in- and out-bound faxes and e-mails (see below) as well as all member-specific outbound correspondence without requiring that these documents first be printed and then scanned. All of these documents are to be processed automatically through the same "indexing," "quality assurance," and "release to archive" steps as the scanned images.

Though we currently do not use electronic forms to allow our members to submit data (e.g., address changes) electronically via a browser, we require the solution to support the eventual capture and processing of electronic forms (typically via eXtensible Markup Language or XML).

Multi-Page Documents

The interim imaging solution described elsewhere in this RFP specifies to the backfile conversion bidder that all documents must be in single-page TIF 6.0 format. We instituted this requirement because of the implementation, compatibility, and possible conversion issues associated with multi-page TIF. However, as part of the LOB imaging solution, we require that the imaging system provide:

- The capability of retrieving, presenting, etc., a multi-image or multi-page paper document as a single image document (retrieved, viewed, printed, etc. as such). VRS prefers that this be done through the use of multi-page TIF files but is open to alternatives.
- The capability for the scanner/indexer user on VRS staff to "assemble" multiple scanned images into a single, multi-page document.
- An import utility that supports automated conversion to a single, multi-page document of a set of multiple, single-page TIF images (and their associated indexes) from the interim imaging system.
- The ability to insert, append and delete (subject to appropriate security restrictions) individual pages from multi-page documents.

The bidder is to provide in its proposal a description of the method used to represent multi-page image documents in the system and proof of compliance of that method with the multi-page TIF 6.0 standard.

Indexing Capabilities

The indexing capabilities to be provided are as follows:

- Provide the ability to index a single page, a single document (of multiple pages), or a set of documents.
- Provide the ability to automatically remember the last set of index attributes used (persistent indexing) for cases where multiple documents in a batch belong to the same person or where multiple documents in a batch belong to the same document type.
- Provide the ability to change a document index value in order to correct an incorrect index value.
- Provide the ability to automatically update the microfilm roll and frame index values of archived documents should copying to microfilm be done in an operation separate from document capture.
- Provide the ability to verify or look up index attributes against an existing VRS-provided source file (of the LOB database) to avoid having to key-in attributes that already exist in electronic format and to minimize the probability of data-entry error or duplication.
- Provide audit controls to ensure that scanned documents get indexed once and only once.

Quality Assurance Capabilities

The quality assurance capabilities to be supported are as follows:

- Provide the ability to sample, review, and verify indexed documents prior to the committal or update to the imaging system.
- Provide the ability to automatically route or send unknown or illegible document types to an investigation queue for resolution.
- Provide the ability to ensure that multiple users are prevented from selecting and indexing the same batch.
- Provide the ability to exclude certain images within a batch that need further review while not prohibiting the remaining images within the batch from being released to the archive.

Document Archive

We understand that the bidder-suggested solution may have more than one document archive to support multiple technologies such as imaging and Computer Output to Laser Disk (COLD). VRS does not require that all documents be stored in a single archive, although we will regard more favorably a solution that uses but one archive. It is a requirement, however, that queries and retrievals be accomplished in such a way that the user need enter the query only once and that the retrieval process appear to be from a single archive. Further requirements of the document archive are as follows:

- Backup capability such that the document archive can be backed up incrementally on a daily basis and require a full backup only on a weekly basis, and then within a window of no more than six hours – without having to shut down read-only access to the archive(s)
- Restore capability such that if it ever becomes necessary, the entire document archive can be restored within a single business day.
- Archive capability for multiple file formats to include .tif, .pdf, .doc, .xls, and others as may be determined during system requirement gathering.

Document Search and Retrieval Capabilities

The document (including image, pdf, and other document formats stored in the archive(s)) search and retrieval capabilities to be provided are as follows:

- Restrict document retrieval to those users with appropriate rights to the documents. By way of example, some of our disability files contain medical records, access to which must necessarily be restricted to a few designated staff members. At the same time, all (authorized) staff members must continue to have access to the remainder of the member's file.
- Provide the ability for users to query based on standard criteria (indices).
- Return results from searches within an average of two (2) seconds as defined above.
- For any search that exceeds ten (10) seconds, display the first 500 records, notify the user that only the first 500 were displayed, and then prompt the user with at least the following options:
  - » Cancel or
  - » Refine search or
  - » Continue for another 500 records.
- Provide for the results of any query to be easily copied into a user's desktop application for inclusion in other materials.
- Provide the ability to search using special characters as literals in the search string.

- Provide the ability to perform Boolean searches (i.e., "and," "or," "not," etc.) with grouping operators (usually represented as parenthesis).
- Provide the ability to perform range searches for dates and numbers that are indexed (e.g., all documents indexed between 10/1/05 and 10/15/05).
- Provide for the temporary storage of all search queries in a particular search session until the sets are released or the session is ended by the user.
- Provide, at a minimum, the ability to sort within categories by sub-folder, date range, or index fields.
- Provide the capability to retrieve documents to a workstation from a query hit list. Response time must average no more than two (2) seconds.
- Provide the ability to name and save search criteria for reuse.
- Provide the ability to print search criteria.
- Provide search templates.
- Provide the ability to create pre-defined searches for multiple users.
- Provide the ability to apply further search criteria to the results of a search.
- Provide the ability to modify stored searches.
- Provide the ability to abort lengthy searches without aborting the client- or server-based application.
- Provide the ability to save search criteria into folders for frequently accessed documents.
- Provide the ability to let the user know a search is being processed (i.e., display the Windows hourglass, a percent (%) complete bar/value, or a similar device).
- Provide the ability to print a summary of query results.
- Provide the ability to print selected documents of any format from the query results list without opening the documents individually. Options must include printing of annotations.

Document Viewing Capabilities

The document viewing capabilities to be provided are as follows:

- Provide a common viewer capable of displaying any of the range of document formats stored in the archive without requiring the presence of the specific application (other than the document viewer) on a user's desktop. By this we mean that a Word Perfect-format document, for example, may be viewed without requiring that either MS Word or Word Perfect be installed on the user's PC.
- Allow the viewing of documents at 100% of size as the default. Users must not be required to resize each page.
- Provide sizing and zoom functionality.
- Landscape documents are required to open up in landscape view. The users should not have to rotate a landscape document.
- Remember user settings for viewing across documents and user sessions.
- Provide the ability to enlarge specific areas of an electronic document.
- Provide the ability to rotate specific pages of an electronic document.
- Provide the ability to rotate documents and retain the rotated orientation.
- Provide the ability to overlap documents for comparison.
- Provide the ability to compare two documents side by side.
- Provide the ability to view sheets of letter, legal size, and non-standard-sized documents.
- Provide the ability to jump to:
  - » The first page of a document
  - » The last page of a document

  - » The previous page of a document
  - » The next page of a document
  - » A specific page of a multi-page document.
- Provide the ability to browse from page to page.
- Provide ability to copy selected portions of viewed documents and paste into other applications, specifically Microsoft Office Suite, SQL forms, etc.
- Provide the ability to pan (electronically grab the imaged document and move it to the location desired) and zoom viewed content.
- Provide the ability to print:
  - » The contents of the current screen
  - » The entire document
  - » A page or selection of a document.
  - » All pages in a member's folder – without first having to view each page.
- Provide the ability to open multiple windows for multiple documents.
- Provide the ability to allow a document to be viewed by more than one user concurrently.
- Provide the ability to optionally view thumbnail images (miniature versions of full page images) to allow users to browse rapidly through pages.
- Provide the ability to view multiple thumbnails at once.
- Provide the ability to retrieve and view the following document/image formats: ASCII, BMP (Windows Bitmap), GIF, HTML, JPEG, PDF, RTF, TIFF CCITT IV (tiled), XML and Microsoft Office documents. Images are required to be stored in TIFF 6.0 (compressed) format.
- Provide the ability for full-page browsing through a member's document, a set of a member's documents, or all of a member's documents from any starting point.

Document Markup Capabilities

The document markup capabilities to be provided are as follows:

- Allow the user to add any of the following annotation types to images:
  - » Highlighter
  - » Sticky notes
  - » Black out (redaction) – without changing the underlying document
  - » Digital stamp
  - » Watermark
  - » Author ID stamp, to identify annotation author and date
  - » Date stamping.
- Allow the user to attach a separate file (Microsoft Word, Microsoft Excel, etc.) to the imaged document for additional clarification/explanation related to that image when the simple add annotations feature is not sufficient.
- Provide annotations as overlays.
- Allow access to annotations based on security attributes. Redaction security is to be handled differently from other annotation types.
- Provide for printing annotations superimposed on image.
- Provide option to print document with or without annotations (redaction would always be present and not printed if user did not have the "rights" to delete it).
- Provide an image viewing and record locking mechanism to allow multiple users to view an image at the same time, yet allowing only one user at a time to modify/annotate/mark up an image.

Printing Capabilities

The printing capabilities to be provided are as follows:

- Provide a system-wide printing "on/off" switch – the imaging system should have a changeable parameter which controls whether the application will allow the printing/faxing of documents on a system-wide basis.
- Provide a user/security specified printing "on/off" switch – the imaging system should have user/security features which control whether a given user can print/fax documents.
- Provide ability to print a single page of an imaged document.
- Provide ability to print an entire multi-page document.
- Provide ability to print a range of pages within an imaged document.
- Provide ability to print an individual's entire set of imaged documents.
- Provide ability to identify documents printed from the imaging system, i.e., a watermark or similar notation.
- Provide ability to route output from the imaging system to any printer on the network or attached to a PC.

Computer Output to Laser Disk (COLD) Capabilities

The required system capabilities with respect to print stream capture (commonly referred to as COLD) are as follows:

- COLD capability is to be provided in such a way that the user retrieves individual documents from the document archive. By this, we mean that the COLD archive does not necessarily need to be the same as the image archive, but a single query for a member's documents will find all documents regardless of the number of archives in use; and a single retrieval will retrieve to the same viewer all of the documents found by the query – in other words, tightly integrated at the user interface level
- Storing print files
- Retrieving print files, either as complete files or as "apparent" member-specific documents
- Retrieval of portions of files
- Viewing archived print files
- Cataloging large print files.

Image Export Capabilities

The imaging solution must provide the ability to export images into various file extension formats, including, but not limited to, GIF, JPEG, PDF, TIFF CCITT IV, and XML.

Microfilm Backup

The Vermont State Archivist requires that all state agencies that use electronic documents in the form of images maintain microfilm copies of the contents of the archive. As indicated elsewhere, VRS's proposed indexing scheme maintains microfilm roll and frame number as indexes of each electronic document. The successful bidder must discuss:

- How the microfilm images are to be made (including images of documents which are "printed" directly into the archive), ensuring that every image document (Word, e-mail, fax) is eventually microfilmed

- How the already scanned image indexes (film roll and frame number) will be automatically updated should the microfilming be done after images are released to the archive
- How the imported microfilm-related index values (roll and frame number) are to be quality-assured as part of the import/update process.

Integration with E-mail and Facsimile (Fax) Capabilities

The in- and out-bound e-mail and facsimile capabilities to be provided are as follows:

- Provide ability to integrate the imaging system to MS Exchange in order to support outbound transmittal of images as well as to support inbound capture (and indexing) of e-mails into the imaging system.
- Provide ability to integrate the imaging system to an industry standard facsimile (fax) system in order to support outbound transmittal of images as well as to support inbound transmittal (and indexing) of faxes into the imaging system.
- Provide adherence to the Image and Scanner Interface Specifications, ANSI/AIIM MS61-1996 to ensure that the imaging system will have standard interfaces and allow integration to other software/hardware.

The proposed imaging system must comply with industry-standard types of application interfaces such as MAPI (Mail Application Program Interface); WAPI (Windows Application Program Interface); etc.

Other

The imaging solution must support all functional and performance requirements described in the RFP.

B-1.3.1.2 Design and Configuration of VRS Imaging Solution

The imaging software must meet the index attribute and image storage structures for member files as described below.

B-1.3.1.2.1 Member Files

Below we provide a discussion of VRS's requirements vis-à-vis the archived member files, including the document indices and the "business view" of the member's documents.

Desired Index Attribute Structure (Indices)

VRS requires that the index attribute structure (indices) identified in Appendix E-5: Image Index Structure be supported in the LOB imaging solution:

Desired Image Storage Structure (Business View)

VRS staff will typically search for and retrieve member documents associated with the LOB in one of the following two ways. The first involves searching for and retrieving a specific document based on a unique combination of keys such as Member Number and Form Number and Scan Date.

The second method treats the retrieval like an electronic analogy of the paper-based member folder. That is, in response to a query by Member ID, the interface should respond with a screen which presents information in one of two ways:

- If the member ID does not uniquely determine a member (this should happen only if there has been an error in indexing), a list of the member names, dates of birth, social security numbers, etc., should be presented so that the user can select the specific member being queried for.
- If the member ID uniquely identifies a member, the results would be presented as a list of the sub-folders within the folder. Sub-folders which refer to unique documents would indicate the Form Number and Scan Date, while those which are collections would permit the user to expand them appropriately. When a user chooses to expand a collection, its contents would be listed showing Form Number and Scan Date. Alternatively, the user might choose to view all of the documents in a collection, either full size or as thumbnails. Regardless of the method the user chooses, she or he would then be able to select one or more individual documents for full size viewing, annotation, etc. Such selection must also support retrieval using the *Virtual Staple* index (see below).

The user must be able to sort on any of the columns/attributes in a presented list of document attributes including, but not limited to member name, document type, scan date/time, etc.

VRS realizes that the methods discussed above are not the only ones possible for document presentation. The successful bidder is responsible for suggesting and reaching consensus on any alternative strategy it favors for an imaging storage structure. All bidders must provide information as to how they plan to:

- Create electronic folders for individuals upon first receipt of a document
- Capture the index values either via data entry or OCR/ICR
- Place an individual's document directly under a member's main folder
- Permit a user to change an index value (e.g., sub-folder) in the case of an erroneous initial assignment (this capability must be appropriately secured to ensure, for example, that the viewing user cannot change the microfilm roll and frame index information)
- Provide the user with an in-viewer utility which easily permits the assignment of a value to the Virtual Staple index of an otherwise unrelated set of documents – and the elimination of an unintentionally entered virtual staple – and the ability to retrieve that set of documents on subsequent entries into the member folder by querying the Virtual Staple index.
- Move documents from an individual's folder to another person's folder in the case where a document has been incorrectly indexed and update indexes
- Merge (2) individuals' folders into a consolidated folder in cases of erroneous individual folder creation indexed and update indexes.

After discussions with VRS, the successful bidder will then implement the agreed upon business-view storage strategy.

B-1.3.1.2.2 Integration of Imaging Solution with Line-of-Business

VRS views imaging as just a tool that will make the Line-of-Business application a highly effective solution. To that end, we feel that tight integration of imaging into the LOB application is a critical success factor for enthusiastic acceptance by VRS staff. In the sections below we discuss the particular ways in which imaging will be integrated into the LOB application.

User Interface Integration

VRS requires the integration of the imaging system into the LOB application user interface such that retrieval of a member's documents (when a member's record is open on the screen) may be initiated with

minimal keyboard or pointing device utilization. For example, a solution that requires the user to key in or cut and paste the member identifier from one application to another is unacceptable.

Utility Integration

VRS requires that the LOB query and retrieval from the imaging system be integrated so that the output of a query can be used to retrieve images.

Database Integration

VRS requires the following level of integration between the LOB database and the new imaging solution:

- Ability, upon indexing within the imaging solution, to perform index validation through an automatic look-up in the LOB database. This would include validation (in various combinations) of at least the Unique Member ID, the Member Name, the Member DOB and the Member SSN. The validation would be used to determine whether the member already exists and to avoid data errors, redundant data entry, duplicate folder images, etc.
- Ability, while indexing within the imaging solution, to assist the indexer when the only data available from an imaged document may not uniquely determine the member to whom the document belongs. Assistance might include (but not be limited to) popping up a list of all members with the indicated last name and allowing the indexer to select one by DOB, by address, etc.
- Ability to ensure data synchronization between the LOB database and the imaging solution. For example:
  - » Changing an index value, such as Social Security number, in the LOB system would automatically update the corresponding index for that person in the imaging solution
  - » Changing the name in the LOB system would automatically update the corresponding index for that person in the imaging solution.

If separate databases are utilized, the synchronization must occur automatically, in real time – with an audit trail produced.

Standalone Imaging System

VRS also requires access to the imaging system on a stand-alone basis (e.g., for board meeting minutes and other documents unrelated to a specific member). Therefore VRS requires that the successful LOB bidder provide training on topics including (but not limited to):

- User administration (adding users to the system, setting access rights, etc.)
- Creation of additional document classes (scanning, indexing, committing to the archive)
- Query and retrieval of documents outside the LOB

B-1.3.1.2.3 Loading of Imaging Backfile

On February 15, 2005, VRS released an RFP seeking a bidder to perform an on-site conversion of all existing member files to images. The specific, pertinent requirements of the successful bidder to **that** RFP are:

- Convert all member records, including disability files, a total of approximately 1.8 million pages, to standard TIFF images

- All images shall be 300 dpi; single-page, TIFF 6.0; compressed using CCITT, Group IV
- All images will be indexed using the indices defined in Appendix E-5: Image Index Structure
- Provide microfilm back-up of all converted images
- Provide an interim imaging system, complete with scanning and indexing capability, to manage the acquisition of all day-forward paper
- Install all converted images and their indices onto the interim imaging system
- Ensure that the interim system supports the ability to perform periodic exports of images for backup on microfilm (and the subsequent updating of the indices within the image repository)
- Ensure that the interim system supports the ability to export all images and their indices for import into the integrated imaging system of the LOB.

The Backfile RFP was awarded to First National Information Solutions (FNIS) of Omaha on May 13, 2005. Conversion work is underway and scheduled to be completed by August 26, 2005. The RFP and the subsequent answers to bidder questions can be found by going to the following Web site www.vermonttreasurer.gov, selecting the option to view all RFPs and opening the one dated 2/15/2005 titled: Request for Proposal: Retirement Backfile Conversion Services and Interim Imaging System.

We will require the successful LOB bidder to install the permanent imaging solution as soon as possible, but no later than six months after contract award. This early implementation of imaging will include the installation of hardware and software and delivery of training on the LOB imaging system's use. The installation shall also include the import of all backfile images and indexes as well as those "day forward" images scanned into the interim system once the backfile conversion process commenced. That is, the LOB bidder must migrate our images, indices, and users from the interim solution supplied by the backfile bidder (Docs on Line or DOL) to the (permanent) imaging component within the LOB solution. **VRS will hold the LOB bidder responsible for payment of the lease and maintenance costs of the interim imaging system for any period beyond the six-month window defined above.**

Therefore, once the imaging infrastructure procured under this solution is installed, tested and verified and the indexing/folder structure agreed upon and developed, **the LOB bidder will be responsible for loading the backfile images and indexes as one of the mandatory project requirements.**

This effort to "load" all the backfile images and indexes will need to be planned, tested, and executed to ensure that there is no loss of quality or content. This procedure must ensure that all backfile and day-forward imaging work done to date (whether by the successful Backfile Conversion Bidder or by VRS personnel) is successfully loaded and then successfully searched upon and viewed on-line by the VRS users.

To ensure a verifiable chain of custody for and immutability of the images, VRS requires that they be imported to the LOB solution from the CDs on which they were originally conveyed to VRS. The successful bidder is required to provide an appropriate import utility that:

- Copies images from CDs
- Creates multi-page documents from single-page tif files where appropriate
- Ensures that any changes made to index values on the DOL system such as assignment of a value to the virtual staple index, etc., be carried into the LOB imaging solution
- Creates an audit trail to support the concept of "chain of custody" of the images imported from CD
- Operates without the need for a user to do more than switch CDs in and out of the CD drive, including the graceful handling of errors, etc.

We point out that in the move to an interim imaging system, we have ensured that there has been no use of annotations and that the current indexing scheme (available in a pipe-delimited text file on the CD as well as in the SQL database for DOL) provides appropriate information to assist in the assembly of pages into multi-page documents.

The successful bidder will define the processes and procedures for VRS to use to quality assure the images as part of their migration to the LOB imaging system. VRS will have already performed QA testing on the images and indexes as part of the backfile conversion. This second QA effort will only entail verifying that **all** of the images and indexes are successfully loaded into and retrievable from the new LOB environment.

Therefore, the LOB bidder must address two critical issues that arise as a result of the fact that the backfile conversion will take place over the same period of time in which the new line-of-business solution is being specified and implemented – Electronic Filing Cabinet, and day-forward scanning.

Electronic Filing Cabinet

At the inception of the project, and up to installation and acceptance of the first phase of the LOB application, no LOB application functionality will exist into which to integrate the images (i.e., the new LOB will not be online and we are not integrating with the legacy LOB). During this period of time, several issues should be noted:

- There is to be (first) an implementation of an "electronic filing cabinet." In this stage, all images will be loaded and available (depending on access rights) from VRS staff desktops for viewing. The closer the functions of the "electronic filing cabinet" are to those in the final, LOB-integrated, imaging solution, the better. However, we recognize that some capabilities (especially sophisticated, integrated, member-specific retrieval) will be accessible only through the LOB solution. Access to images in the "electronic filing cabinet" will occur by means of an image viewer; retrieval will be by, at a minimum:
  - » Member name,
  - » Member SSN,
  - » Member unique ID number,
  - » Date of birth
  - » Indexed date, and/or batch ID.
- As various phases of the line-of-business solution are implemented, the bidder must take the steps necessary to ensure that all information that has already been imaged, as well as images in process, are properly integrated with the available line-of-business capabilities. This integration of new line-of-business phases with all imaged data will be necessary each time a new phase is implemented.

In summary, the successful bidder must deliver (as soon as possible) an "electronic filing cabinet" (EFC) for use by VRS as a stand-alone capability designed to view member-oriented documents. This EFC is required to be completed within six months of contract award. As various portions of the long term solution are deployed, the successful bidder must integrate the imaging capability with the overall solution in a seamless manner using workflow management capabilities.

Day-Forward Imaging

Great care must be taken in the handling of incoming member correspondence during and subsequent to the implementation of the Electronic File Cabinet. VRS will have been using the backfile bidder-supplied interim imaging/scanning system to scan and index all "new" member-related documents received or

created after backfile conversion starts. They will be somewhat familiar with the concepts of scanning and indexing, but only as the techniques exist in the interim system. VRS personnel will have to be parallel-trained on the LOB imaging system, and as soon as the images are ported to that system, they will have to start using the new, unfamiliar scanning and indexing tools to manage their day-forward documents.

Procedures must be developed and implemented by the successful bidder to ensure that all paper continues to be captured (scanned, indexed, microfilmed) in the new system. In all probability, until the LOB imaging system is integrated with the LOB application, VRS personnel will continue to work from the newly received paper (e.g., hardcopy forms submitted by members and retirees), reference scanned image member files, and scan the paper only when their processing work is complete. Once imaging and workflow are fully integrated into the functioning LOB application, the receipt and subsequent scanning of a paper document will initiate an electronic business process. VRS would like to achieve that level of "paperless" automation as soon as possible. Careful planning, scheduling, and process documentation will be required during the interregnum. These procedures will need to be reviewed and updated by the LOB bidder as various stages/phases of the new system are installed and rolled out.

As for any correspondence that may be generated to the member by VRS during the life of the electronic file cabinet until the appropriate phase of the LOB has been rolled out, all such documents must be imaged and indexed and available in that form to users. The bidder's proposal must discuss the approach to be followed to ensure that this is achieved.

B-1.3.1.3 Workflow Management

The bidder shall provide and install workflow management capabilities to include identification and implementation of appropriate work queues, the population of those queues with work items resulting from inbound documents or content (including phone calls, e-mails and faxes) and the management of the subsequent work. Our expectation for the use of workflow is that it shall be an enabling tool, not a constraining one. On the other hand, while there is certainly reason to provide ad hoc routing capability on occasion, efficient processing of member-related business depends on consistent application of our business rules.

In its proposal, the bidder is to describe how the proposed workflow management software manages automated electronic document and other content processing and integrates it throughout the solution. The proposed workflow solution shall include at least the following capabilities:

- The ability to create work-items both manually (for example, as the result of a phone call with the member) and automatically (for example, through receipt of a specific scanned document type). This includes, for example, automatic initiation of a work process to send appropriate paperwork as a result of a monthly query of the LOB database for those members who will shortly be eligible for retirement
- Assignment of work using a role-based model, thus easily addressing substitutions and personnel absences.
- Ability for a user to sort new work by multiple criteria such as first-in, first out, priority of work item, etc.
- A work process suspension capability such that, for example, the processing of a request for direct deposit can be suspended while awaiting the receipt of bank confirmation of the account number and routing information.
- A time-based alarm/reminder capability for follow-up tracking of functions within a workflow (e.g., non-receipt of the bank information within a definable number of business days).

- Ability to automatically generate reminders/ticklers, both in correspondence to members who have not responded to requests for additional information and to staff who may need to provide personal follow-up on incomplete tasks.
- A document rendezvous capability such that a work process suspended while awaiting the receipt of additional information can be automatically resumed upon the receipt of that information (and recognition that the information may arrive as a paper document, a fax, or even a phone call).
- A search capability such that the status (active, suspended awaiting additional information, etc.) of any work-item can be determined through a simple query based on multiple criteria such as member name, date initiated, member ID, etc.
- The system must be interactive with the user and create actions by use of GUI pull down menus, icons, and similar or related features. For example, when a member dies, certain documents are sent to the beneficiary. When VRS staff sends these documents (via the system), the system must start a workflow whereby a variety of steps are created to complete the entire operation. VRS management must be able to monitor the entire process via the workflow management solution.
- Work process measurement capabilities, including but not limited to average/maximum/minimum queue time, queue lengths, performance metrics, and process bottleneck identification. Provide workflow tracking, statistics and process/user throughput reports.
- The ability for a trained administrative user (not an IT specialist) to easily add users to the system; change or "tune" workflow processes; and change, modify, alter maps to rectify bottlenecks and inefficiencies identified above.
- The capability to add or modify imaging and business workflow details for roles or workgroups by system users designated by VRS management. The bidder shall describe any limitations regarding the number of workflow parameters for document types and workstation routing.
- The capability to control, via a user security password system, attempts to add or modify workflow parameters.
- The ability to create multiple levels within a workflow route, that is, to provide for reuse of those portions of a workflow map that define repeatable or duplicate processing.
- Provide a user-friendly application environment that promotes pre-existing concepts already familiar to users, including the concept of file folders, attachments, assignments and the use of colors to show the status of an item at a glance.
- Provide at least the following reports for users and management – both at an individual work item level and at the aggregate for current status, month to date status, year to date status, particular date ranges, etc.:
  - » All suspended work items (identified by role or member number or name), which member of VRS staff suspended them, when they were suspended (and if available, for what reason).
  - » All work items in process (identified by role or member number or name), throughout the system.
  - » User-oriented work throughout to include information such as work items processed by each user, the average/maximum/minimum time required for processing, etc.
  - » Queue-oriented work throughput to include information such as queue lengths, average/maximum/minimum queue time, and other performance metrics.
  - » All work processed through the system during a user-specified period of time, identifying the work items by type, member ID, etc.

The successful bidder will be responsible for providing documentation for all standard programs (and any programs that are customized for VRS's use).

The bidder will be responsible for providing training in workflow management at the administrative, technical, and user level. This includes ensuring that a properly trained VRS employee (not necessarily an IT staff member) will be able to build <u>and</u> alter workflows.

In addition, the successful bidder will provide all needed workflows, delivered as part of each rollout, to support VRS business processes as mutually agreed to by both parties.

Although VRS requires various processes to be workflow-enabled, the ability to access these processes/functionalities outside of the workflow system must also exist. VRS users should have access to this information and these processes not only when they are "within" the workflow sub-system, but also on a non-workflow (i.e., ad hoc) basis. The system must be sufficiently flexible to ensure that users can perform their work regardless of the technical state of the workflow sub-system, i.e., such work must be able to be initiated either via workflow processes or via a non-workflow process – on an ad hoc basis, and the appropriate workflow system must be updated so as <u>not</u> to require manual removal of work from queues.

Specific business process/workflow management capabilities to be provided in relationship to the imaging solution are as follows:

- Provide ability to set up and establish defined imaging (e.g., indexing and quality assurance) and business (e.g., designation of beneficiary) workflow processes.
- Provide ability to automatically route completed scanned work to the indexing process.
- Provide ability to automatically route completed indexing work to the quality assurance process.
- Provide ability to automatically route completed quality assurance work to the image committal process and notify the business area/end-user that an imaged document is available and can be used to perform their work in the line-of-business system.
- Provide ability to automatically route quality assurance work (e.g., irregular, incomplete, or inaccurate images or indexes) to a "Fix/Investigation Queue" for research.

B-1.3.2 Ad Hoc Reporting

In addition to requirements outlined in Section B-1.2.15 (Reporting and Query under Desired "To Be" Functionality), the system and its environment must be capable of rapidly generating on-line and printed responses to requests for ad hoc reports, statistical analyses, and special mailing lists, labels, letters, and data extracts.

The software must have facilities to prevent or limit queries that will cause significant system degradation or unreasonable volumes of output.

A desirable feature of the end-user reporting facility would be one that enables the end-user to use data sets as input for functions including but not limited to match/merge, sorting and reporting, both on "foreign" data sets by themselves and in conjunction with data from the retirement data base.

The reporting module must also have the ability to download information or reports in ASCII format or to an Excel spreadsheet for statistical analysis.

Fields subject to use as selection criteria must include, but not be limited to:

- Most dates
- Service records
- Employment records
- Employer and employee contribution and salary information
- Retirement plan

- ZIP codes
- Personal data including name, age, date of birth, length of service, date of first service in each plan, date of entry into each plan, total or date specific creditable service in each plan
- Beneficiary information
- DRO, tax levy, and other legal items
- Date of retirement in each plan
- Periods of retirement and re-employment
- All types of financial and monetary data
- System date / time stamps for transactions for membership date, death date, group, payroll number, status code.
- Any data items or fields used for selection criteria must also be available for building sort keys and specifying sort sequences.

The bidder will provide both a data dictionary (including table descriptions, field or column definitions and types, defined keys, value domains, etc.) and a schema definition for use by VRS in using the ad hoc query capability.

Note that, in accordance with Section B-2.3 – Application Architecture, the bidder is required to provide separate production, reporting, training and testing environments. The reporting capability must be such that reports created under it can be run against any of these database environments with little or no modification to the underlying report. For example, a report initially developed to identify members with characteristics appropriate to a test case must be capable of being run against the training (or production) database without cycling through the report and changing each data source or field name.

B-1.3.3 Audit Indicator

The LOB application must include the capability to search (by member's last name, VRS identifying number, or SSN) for and identify (member, retiree, and beneficiary) accounts that have been audited. An "audit," in this context, refers to the process whereby VRS staff reviews a member's account (e.g., wage, service, and contribution history) and make adjustments (particularly to converted data) to pay period dates, compensation, etc. so that the LOB application can correctly calculate service credit, refunds, transfers, and Average Final Compensation (AFC) or can also mean checking or auditing another VRS staff work for accuracy and completeness. The objective of employing an audit indicator is to avoid any redundant audit activities on the part of VRS staff. Whenever an audit function is invoked for a particular account, the system is to display on the screen, the date range(s) for which audits have already been conducted – i.e., "Account has been audited for mm/dd/yyyy through mm/dd/yyyy" – as well as the individual who performed the audit. Multiple audit periods must be accommodated.

B-2 TECHNICAL REQUIREMENTS

The following sections define the project's technical requirements.

B-2.1 General Discussion

The State of Vermont's Department of Information and Innovation (DII) is responsible for the direction and oversight for all activities directly related to IT. Because DII was newly created by the legislature in July of 2004, many of the state's policies, standards, and strategies are under construction. The following links will provide access to DII's standards and policies as they become available.

- http://www.dii.state.vt.us/Home/cio_central/index.html - DII IT standards and policies
- http://www.dii.state.vt.us/web_central/index.html - DII Web standards

The direction of the State of Vermont is toward open source products. While Vermont has standardized on several proprietary products such as Microsoft's Office Suite, Exchange 2003, and Active Directory, the State prefers that major new systems be built in an open standards technical environment. The development toolset is not firm. Choosing the right balance between robustness, support requirements, programming ease, and short/long term cost is a difficult choice. The bidder's proposal must discuss the development options chosen with the above in mind. The bidder must provide justification whenever proprietary tools are proposed over open-source tools.

While the State's central IT direction is to use its modern IBM mainframe environment as the infrastructure for large new systems, responses based on other environments will be considered, but the bidder must explain why the technical infrastructure proposed is superior to the State's infrastructure. The State's mainframe has both MVS and Linux running under zVM. Each zVM/Linux machine is accessible via the Web, secure, and highly available, reliable, and supported by a full-time systems programming and operations staff with existing real-time disaster recovery procedures. The State's preferred option is: zVM/Linux, J2EE, IBM's Rational Java programmer's workbench, Websphere, DB2-UDB.

The bidder is required to discuss in its proposal the operating system, database management system, server software, etc., that it is recommending for the LOB solution. The State recognizes that the field of integrated pension administration solutions is limited. While open source and the State's zVM/Linux server are the State's preferences and future direction, it should in no way be taken to limit or eliminate a response. The bidder should provide in their proposal their strategy and include details (risks, increased costs, effects on schedule, etc) and justification.

B-2.2 Browser-Based Solution

VRS requires a browser-based, thin client solution for the LOB application. We believe that this configuration meets our requirement for a low-impact, low-maintenance solution. However, we recognize that some vendors do not yet offer a browser-based application to *manage* document scanning, indexing, etc. With this in mind, VRS will accept a client/server application for the scanner-based acquisition of documents.

B-2.3 Application Architecture

The solution must be designed along logical application boundaries that mimic the business processes they support. The solution must make effective use of reusable components in order to improve flexibility, scalability, and extensibility into applications.

The system must maintain compatibility with upgrades to integrated third-party components (e.g., the automated population of bookmarks in Word merge documents). Further, the integration of third-party products must appear seamless to the user, being automatically populated as appropriate. They must not require subsequent manual processing to complete and must not require the use of cutting and pasting to populate fields in the third-party application.

Where appropriate, the system must make use of asynchronous processing. By this we mean, should a user submit a request or initiate a process which will take more than a minute to complete, control should return immediately to the user and allow further interaction while the previous task is completed.

In addition, the solution must insulate the production environment from degradation caused by resource-intensive, ad hoc queries or other processing that occurs during testing and training. To this end, we require a solution that supports the following four databases or environments:

- Production
- Reporting (elementary data warehouse)
- Training
- Testing.

VRS requires, at a minimum, two physical environments (i.e., two database servers) to host the four logical environments identified above. With this requirement in mind, we look to the bidder to suggest a solution that appropriately meets our performance, reliability, and uptime requirements as specified in Section B-2.8.1 - System Sizing and Performance Requirements.

The solution must enable:

- Ease of integration of applications and application services
- Efficient reuse of existing application assets
- Rapid deployment of new applications
- High responsiveness to changing business needs.

Finally, the solution must provide a cross-organizational view of data within the LOB application with minimal redundancy.

B-2.4 Standards

The following standards must be observed in implementing the new solution.

B-2.4.1 User Interface Standards

The bidder should discuss how its solution employs a fully integrated, seamless interface, using a browser-based approach. The solution should have an intuitive look and feel and be logically placed within the application to allow for easy navigation. The discussion must be accompanied by examples and/or screen shots of the user interface.

B-2.4.2 Accessibility

For any information presented via the Web, the solution must support the latest version of the World Wide Web Consortium Web Content Accessibility Guidelines, which may be found at http://www.w3.org/TR/WAI-WEBCONTENT. In addition, the State of Vermont has developed its own Web Accessibility Guidelines, which can be found at http://www.dii.state.vt.us/web_central/index.html. Should there be a conflict between the two, the State guidelines pertain.

B-2.4.3 Screen Scraping

VRS emphasizes the importance of the requirement for a browser-based interface. Any proposed solution that involves adding a GUI or browser front-end to a previously developed character-based (i.e., green screen) application will NOT receive consideration and will render the bidder's proposal unresponsive.

Bidders are cautioned that NO SUCH applications are acceptable, be they in the LOB application or any other application that presents a user interface. All such applications must include a genuine GUI with no "screen scraping" or similar techniques being utilized.

B-2.4.4 Name and Address

The application should not force a single "name" structure or "address" structure. The application must allow for varying structures based upon the business need for that information and the type of correspondence to be generated. As an example, if VRS elects to generate the following with a different name or address structure, the system should not limit this decision:

Table 11. Name and Address Structure

ITEM	NAME/ADDRESS STRUCTURE	EXAMPLE
Refund Check	*FirstName LastName* *Address 1* *City, State, Zip 5*	*JOHN DOE* *111 STATE ST.* *Montpelier, VT 05633*
Pension Check	*LastName, FirstName* *Address 1* *City, State, Zip 5*	*Doe, John* *111 State St.* *Montpelier, VT 05633*
Estimate Letter	*Title FirstName LastName* *Address 1* *City, State Zip 5 + 4* *Dear <first name>*	*Mr. John Doe* *111 State St.* *Montpelier, VT 05633-2301* *Dear John,*
Retirement Form	*Information (to be extracted as entered)*	*john doe* *111 state street* *montpelier, vt 05633*
Internal Reports	*One Line only – report format*	*Doe, John* *Edwards, Steve* *Erickson, Sally*

B-2.4.5 Account Locking

As an integral part of the new solution, the bidder will be required to provide an "account locking" capability. Via this capability, an appropriately authorized user will be able to lock a benefit recipient's

account from any update, either online or batch. When an account is thus locked, the data relating to it will be available for inquiry only – i.e., no updates will be allowed until the lock is removed. The account will remain locked until the same user ID that locked it unlocks it, the only exception being that the System Administrator will have the authority to unlock any locked account. All locked accounts will be "stamped" with the date, time, and user ID of the person who locked it. If a user attempts to modify data in a locked account, a message will display indicating the account is locked, by which user ID, and as of what date.

However, the required locking capability will not apply to images. Thus it will be possible to add new document images to a locked account.

In the event a batch routine attempts to update a locked account, a message will be directed to the system console or batch job scheduler or event scheduler or report indicating the account that was not updated due to the lock, the date the lock was effective, and the user ID of the person who locked the account. Additionally, all such batch updating programs must provide a report which includes the attempted update, the source of the data, and the fact that the account was locked.

The bidder will be responsible for assuring that in no event will a batch routine that attempts to update a locked account terminate abnormally for that reason. Further, such a batch routine must invariably succeed in updating all accounts that were not locked, regardless of the number of locked accounts it encounters. All batch program execution should notify both operations and user personnel that a locked account has been encountered and what data has not been updated.

The bidder will provide an automated means of processing the locked account after the lock is removed. VRS's objective is that such "suspended" data will not have to be re-entered. Rather, it will be "suspended" until the lock is removed. Additionally, the bidder must provide a capability for users to remove such data that was "locked out" at any time prior to update.

B-2.4.6 Parameterization

Throughout the requirements discussed in this RFP, reference is made to various, user-administered, date-sensitive, system-wide, parametrically set numerical values and rules. The system administrator (not an IT staff member) must be able to maintain these values via user-friendly menus and screens. Maintaining parameters must require **no** program or code changes. No such data is to be hard-coded in the system. The application must be table-driven.

It must be understood by the bidder that all such values must be treated as user-maintained, date-sensitive parameters (not hard-coded) in the new system, regardless of whether this requirement is specifically stated in the description of features and functions provided in other sections of this RFP. The new system must include the capability to maintain all such parameters through user-friendly menus and screens or bidder-developed-for-end-users SQL programs not requiring IT support or SQL/SQR programs to be written by the end-user. These parameters will be maintained from a system administrator screen, i.e., parameter maintenance must not require data processing expertise, but it must be restricted to the highest system security control level.

The bidder must note the need for flexible design architecture to allow easy modification, as discussed herein. For example, during any legislative session, changes may be considered in factors including but not limited to service credits, maximum salary increases allowed in the calculation of average final compensation, contribution rates, and varying percentages based on longevity.

Further, for each such parameter, it will be necessary to accommodate different values for different time periods, i.e., different effective dates, as well as the ability to generate a report showing the effective dates of changes, who changed the value, the date the change was entered, and the change in value of the parameter. For example, the maximum annual salary level relative to IRS Revenue Code 401(a)(17) on which benefit calculations are based could be increased from, for example, $200,000 to $205,000, effective January 1, 2005. The new system must be capable of maintaining multiple values for this parameter and the time periods to which they pertain. In this example, the system would "save" (and use appropriately in automated retirement benefit calculations) the maximum salary of $200,000 applicable to service through December 31, 2004, and the maximum salary of $205,000 applicable to service on or after January 1, 2005.

In addition, for many such parameters, their values and the dates to which they apply may vary from plan to plan and employer to employer. Therefore, the new system must include the capability to maintain separate values where appropriate for each parameter at various logical hierarchical levels:

- Globally (VRS-wide)
- By system (state, teacher, municipal)
- By group
- By employer.

For any given parameter, the value entered for a particular *System* will take precedence over the global (VRS-wide) value. Similarly, the value entered for a particular *Employer* will take precedence over the value entered for the *System* with which the employer is associated.

Note: In their proposals, bidders must explicitly list those parameters (factors, values, static data, etc.) that will not be maintained via a user-oriented interface. If such items are listed, the bidder should provide reasoning as to why they are not maintained via this method and explain the method by which they are to be maintained. Any parameters not so identified in the bidder's proposal will be required to be maintainable by the user in the manner described above.

"Rules management" capabilities (among which are the "parameter management" capabilities as described above) are required in the new solution. Pension administration rules, including but not limited to those applicable to membership eligibility, contributions, and pension eligibility, must be separate from the application code. They must be stored in tables or in a knowledge-based system with rule parameters in separate, user-changeable tables so that they are maintainable by system, by group, by employer, and globally without the need for program modifications. Different rules applying to different time periods must also be accommodated.

The system must be implemented so that the system administrator, a non-IT staff person charged with administrative responsibilities for the system (including but not limited to access permissions, system parameters, and help and error messages), can maintain the rules, data, parameters, and calculations. The rules, data, and calculations must be capable of being addressed system-wide, and/or by specific plan and/or by specific employer in a hierarchical manner, i.e., rules apply "downward" until another rule intercedes. Thus, VRS is interested in the manner in which this "expert," "rules-based," or "decision tree logic" function is implemented, e.g., the language or package to be used. Furthermore, the rules must be capable of being defined to be effective from an input date forward, i.e., within an effective date range.

A trail of changes to the parameters and rules must be maintained by the system. Also, any changes must be capable of being printed out daily or on-demand and automatically provided for review.

B-2.4.7 Universal Update

A key requirement of the overall new system will be the provision for:

- The modification of any values of the data in any of the fields of any of the records or tables in the database as a user (not a computer programmer) function, i.e., a universal change capability generally applicable to all fields, with the possibility that a small number of fields must be protected from modification (to be determined during the system design). This capability is, of course, subject to system security features whereby certain users have update capability for only certain screens and data fields.
- Such modification along with all updates to data fields shall be date/time stamped along with an identifier of what logical user ID performed the modification. Batch program updates are to be identified by the date and the program identified. Again, the system must have sufficient security and internal controls, as well as appropriate segregation of duties, to allow certain changes to be made only by certain appropriate staff.
- A daily (and upon demand) report, i.e., log or journal, of changes provided under such a universal change process will be generated; it will include items described in the bullet above; such a log or journal will be capable of being sorted by any of the fields (i.e., including but not limited to: time sequence, field altered, user ID, physical terminal ID, and combinations thereof); multiple journals (see below) shall be capable of being merged together and manipulated/analyzed. This report should be designed in a format that is easily comprehended by a non-system-oriented person, such as a supervisor or administrator.
- VRS's preference is that the entire journal file be stored on-line forever. However, we will, consider alternatives for "near-line" access.

Again, the universal update capability shall be severely restricted to only certain limited and tightly controlled user IDs.

All on-line functions shall have the ability to be restricted, by the system administrator, to only certain user IDs. Conversely, user-ids may be restricted to only certain functions by the system administrator.

Throughout the system, the system administrator will provide access and restrictions based on individual user IDs; the system administrator must be provided with the flexibility to grant or restrict access at the menu, submenu, and discrete screen level as well as to limit access to screens to query only or to allow both query and update.

B-2.4.8 Standard Database

VRS requires that the LOB application be tightly integrated to at least one of the following standard relational databases:

- IBM's DB2 or UDB
- Microsoft SQL Server
- Oracle.

The system must support the following database environments:

- ODBC compliance for applications other than the LOB
- ANSI Standard SQL 9.2 or better.

B-2.4.9 Network Architecture

The solution must support the following network environment:

- Fast Ethernet
- Gigabit Ethernet
- TCP/IP network protocol.

The system must also provide compatibility with at least one standard open source Internet Server solution.

B-2.5 Hardware

The bidder is to provide specifications for an ideal hardware operating environment appropriately sized for the functionality required as well as the current and future load (e.g., concurrent users, database growth, etc.) envisioned by VRS, as identified in this RFP. The bidder is to provide a complete description of the hardware components required to support the proposed solution, including multiple database instances (as described in Section B-2.3 Application Architecture). The bidder is to price the acquisition of the hardware as an option available to VRS under this procurement (see Option N – Hardware Procurement).

The bidder is responsible for testing, installing, and configuring the required hardware in the VRS computer room in the Pavilion Building. See Appendix E-2 Computer Room Layout. The bidder's recommended hardware configuration must support all RFP requirements and be capable of expansion to support future functionality as described in this RFP. The recommended configuration must include the appropriate number of servers, hubs, switches, routers, workstations (desktop PCs), printers, scanners, storage, and all other necessary hardware.

B-2.5.1 System Performance Guarantee

The bidder will guaranty that the system will meet performance requirements, as set forth in Section B-2.8.1 - System Sizing and Performance Requirements, related to on-line response time and batch processing time until five (5) years after the end of the warranty period of the last module or phase to go into production.

If the performance requirements are not met, the bidder, at its sole cost and at no cost to VRS, will first attempt to rectify the situation by means of analysis and tuning activities; if the situation is not rectified via such analysis and tuning activities within 30 days of VRS notifying the bidder, then the bidder, at its sole cost and at no cost to VRS, will replace, upgrade, swap out hardware, operating system software, database management software, or the like to correct the situation. If the situation is not rectified within another 30 days, then VRS shall have the right to effect such a change themselves – and the bidder will be responsible for paying to VRS an amount equal to the total of such fees paid for services to third parties, hardware upgrades, software upgrades, and the like.

B-2.5.2 System Environment Upgrades

VRS understands the challenges related to providing a sustainable solution over the long term for the benefit of the members and retirees of the VRS - and the taxpayers and employers who either directly or indirectly support the retirement system. Such long-term, time-based challenges are complex to enumerate and meet – and become more so as the desired timeframe of sustainability is increased.

As a reference point, the previous solution has served VRS well for close to 20 years – initially quite well, later in an acceptable mode, and most recently in a manner that can be best described as challenged or minimally acceptable – requiring work-arounds, large amounts of manual attention by both the IT function and the user community.

To this end, VRS requires bidders to agree to the following:

- For the period of time starting with the conclusion of the warranty period and ending five (5) years later, the bidder will make all upgrades, new releases, and new versions of their solution available to VRS at 20% of the cost at which the license for the software is offered to any clients during this period. Such upgrades will have no limit as to the development language, the database management system, the operating system, the development tool set, the hardware suite, etc. that the upgrade operates in. (Note that VRS will obtain, at its own cost, all hardware and operating-system level software required to support the new environment; the bidder will specify such, however.)

- The bidder will provide upgrade, configuration, and customization of the current software to the new environment, defined above, at a cost not to exceed 25% for services for this effort, so long as VRS maintains on a current and paid-up basis all software licenses and maintenance fees and VRS does not customize or alter the software without the express written approval of the bidder.

- All source code will be escrowed and provided to VRS.

B-2.5.3 System Sustainability

To this end, VRS requires bidders to address the following important topics in their proposal and describe how their solution, approach, and corporate philosophy will address them:

- Provide a written history of their product from its introduction to the retirement and/or benefits community describing:

  » Time period
  » Hardware environment
  » Software environment (operating system, database management system, language, and tool suite)
  » Clients – number and representative clients identified by name and point of contact
  » Etc.

- Related to the above, describe the manner in which then-current clients were supported and upgraded. Explain the migration and upgrade path – including what the client was responsible for and what you as the bidder were responsible for.

- Related to the above, describe all fees involved:

  » Hardware
  » Software
  » Services
  » Etc.

- If your solution incorporates methodologies designed to enhance the ability to maintain or customize the functionality of your LOB product, please describe. This includes internal user-accessible languages, business rules engines, and the ability to recycle legacy code or architecture utilizing re-usable loosely coupled modules (e.g., service oriented architecture).

- Other.

We are concerned herein with a number of aspects:

- Environment – hardware, operating system software, tool set, etc.
- Applications maintenance
- Technical skills transfer
- User education.

Further, we are most interested as to what commitments the bidder will make in this regard. This topic must be addressed in the proposal.

VRS's current processing infrastructure includes workstations (desktop PCs) and associated equipment, some of which is likely to be suitable to support proposed solutions. The bidder is expected to include existing VRS hardware components, to the degree they are suited to support the proposed solution, in the hardware configuration – VRS expects that some of the existing hardware is acceptable in the new solution, some must be upgraded, and some must be replaced and/or augmented with additional components. In proposing its hardware configuration, the bidder is required to clearly delineate existing hardware components that are usable as is, versus existing hardware that must be upgraded (and why), versus new hardware components that must be provided.

In their response, bidders are cautioned to include all ancillary equipment required by the proposed solution such as cabling, connectors, equipment racks, backup devices, UPS, switches, hubs, etc.

B-2.5.4 Servers

The bidder is to provide detailed information on all servers required to effect the proposed solution, including number of servers, processor configurations, and speeds. Include number of processors, memory, and disk cache for each server. Bidders are cautioned to address all necessary routers, hubs, and other miscellaneous hardware requirements relating to servers.

It is the bidder's responsibility in the proposal to recommend an appropriately sized platform to accommodate up to 25 concurrent sessions of internal users and 250 concurrent sessions of external users, while meeting the response requirements described in Section B-2.8.1 System Sizing and Performance Requirements.

The bidder is reminded that, as discussed in Section B-2.5.4, in developing the servers' specifications, the proposed solution must include appropriately sized servers to accommodate separate environments for production, testing, training, and reporting (or data warehousing). If the bidder's proposal calls for on-site development, specifications for a development environment should be included as well.

B-2.5.5 Workstations and Laptops

VRS believes that its current desktop PCs are adequate to support the new LOB application (as well as the image retrieval capabilities within that application) with the possible exception of the monitor size. The

bidder is to provide specifications for an appropriately configured workstation (desktop PC) capable of running the LOB application for each of the user levels it anticipates. For example, if a system administrator would likely need more processing power than a staff member processing a refund, the hardware specified should include provisions for such a class (or classes) of workstation. Specifications should include processor speeds, memory, and any other specifications pertinent to the LOB application. For each workstation, indicate whether the requirement can be satisfied by VRS's existing equipment as is, or by existing equipment suitably upgraded (include all upgrade information), or by newly purchased equipment. Refer to Sections A-4.2.1.1 and A-4.2.1.2, respectively, for current server and desktop specifications and configurations.

Laptops or notebook PCs are not a requirement of the new solution. However, the solution must be configured so that it will run on a laptop without requiring any special settings or equipment not typically available for a mainstream laptop or notebook PC.

B-2.5.6 Imaging System

As a part of the solution, bidders must provide document imaging capabilities fully integrated with the LOB application. Bidders must propose to provide all hardware necessary to support the proposed imaging solution, including:

- **Monitors:** Most users currently have 17-inch, flat-screen monitors. As workstations are upgraded, the monitors are being replaced with 19-inch flat-screen monitors. Bidders should confirm whether this size monitor is adequate for viewing imaged documents and, if not, appropriate monitors should be proposed
- **Magnetic Media:** No preference
- **Scanners:** No preference
- **LAN:** An Ethernet 100/1000-base Category 5e Cabling network, 3Com backbone
- **Imaging Backup and Archive Method:** No preference. Bidders must propose and justify a suitable backup and archive method in their proposals
- **Report/Correspondence Capture:** Integrated (for query, retrieval, and viewing) COLD capability to store, catalog, view, retrieve, archive, and print reports and VRS-generated documents.

Bidders are to describe the average size (in KB) of a de-skewed, de-speckled, compressed image document (8 ½ by 11 inch) stored in their system.

The mandatory imaging hardware requirements are as follows:

- The hardware proposed must support and be set to scan and store images at 300dpi as the default.
- The system must be appropriately sized (including the total number, type, and throughput speeds of paper scanners) to support the expected current daily volume (approximately 150 images/day) of documents, extrapolated out ten (10) years assuming a 2½% annual growth rate.
- The system must support the capability of creating microfilm back-up of all archived documents, either simultaneously with the creation of the image or through periodic export of the images to CD, DVD, or other media for conversion by a service bureau. (We remind the bidder that the requirement for microfilming of archived documents extends to those documents, outbound correspondence, e-mails, faxes, etc.,that are placed in the archive by means other than by scanning.) Following creation of the microfilm, the image indices must be updated to indicate the roll and frame number of the microfilm image.

- The system must be sized to support the existing 15 concurrent VRS users and eventual growth to 25 VRS users.
- The system must be sized to accommodate the retrieval of an image within two (2) seconds. Clarification of this requirement is provided below:
  - » The following example requires an average response time of two (2) seconds: Retrieval of first matching member's folder from a search based on a non-unique indexed item. The entire result set from the query does not need to be returned within an average of two (2) seconds. For instance, upon entering a complete last name search (no wildcards) for "Smith," the imaging application should retrieve the first matching member's folder, directory, etc. or indicate no records found, with an average response time of two (2) seconds.
  - » The following example is excluded from the two (2) second response time requirement: Advance search queries utilizing wild cards and Boolean logic. Example: Search for last name like "Smith%" and first name not like "Sa%".

The bidder is to propose a back-up and archive strategy, including details and justification as to why such a strategy is being proposed. The proposed back-up and archive strategy must be a cost-effective model. Information such as how long and how often the back-ups are to occur, as well as how long and how often the recovery process will take, is to be included in the bidder's proposal.

The imaging system (i.e., hardware, software, peripheral devices, etc.) must be available for VRS staff members during normal VRS working hours from Monday through Friday between the hours of 6am and 7pm.

Proposed imaging hardware must support the imaging software requirements described in Section B-1.3.1 - Imaging and Workflow, as well as all functional and performance requirements described elsewhere in the RFP.

B-2.5.7 Other Hardware

The following subsections identify additional hardware components that must be proposed by the bidder.

B-2.5.7.1 Storage

The bidder must specify the storage configurations that will support the proposed solution. A minimum of RAID 5 must be proposed.

B-2.5.7.2 UPS

Uninterruptible power supplies (UPS) must be included for all servers being proposed. The following capabilities must be supported in this regard:

- At least one-half hour of power backup in the event of a power outage for all servers, consoles and related monitors, and peripherals.
- Automatic notification to the operating system of the affected platform to shut down in an orderly fashion prior to the complete loss of power.
- Automatic notification (via text message, beeper, phone call) to system operator or administration indicating that a power loss occurred and that the shutdown procedure has been invoked.

B-2.5.7.3 Printers/Peripheral Equipment

The solution must provide the following printing capabilities, at a minimum, using either existing VRS's current printing equipment or, if such is inadequate, bidder-specified equipment:

- High speed, duplex-capable, large capacity laser printer(s) for the continued, effective printing of any formerly wide-carriage and multi-part reports (to be located in the Computer Room)
- Adequate high or medium-speed, duplex-capable laser printers with large capacity bins attached to the LAN for printing of hard-copy output, including but not limited to correspondence and medium-size reports
- Adequate high-speed laser printers with large capacity bins to support the printing of large-scale reports, including but not limited to annual statements and 1099Rs
- Portrait and/or landscape capabilities enabled by application software printer drivers
- The ability to view large reports such as the retirement check register on-line using COLD capability.

The successful bidder must provide the capability for users (not assisted by IT personnel) to redirect all outputs to any of the appropriate printers or other devices attached to the network in a simple one-step process such as that available in MS Office applications. In addition, users (not IT) should have the capability to change their default printer for all system output in a simple one-step process.

In addition to the current departmental inventory of printers (see Appendix E-1 Additional Hardware Inventory), the state Department of Buildings and General Services (www.bgs.state.vt.us/gsc/index.htm) provides Central Services for centralized mailing and printing services (including downloadable Xerox DocuColor and DocuTech printer drivers (http://159.105.19.10/drivers/). VRS will look favorably on proposals that take advantage of the bulk print and mail services described at that Web site.

B-2.6 Software

Project software requirements are presented in the following subsections.

B-2.6.1 Overall Requirements

The bidder's proposed solution must include NO software or hardware locks, traps, dongle keys, or similar security measures that would in any way deny VRS full and complete access.

In addition to the source code for the bidder's provided solution, the source code for any third-party software delivered and/or licensed to VRS as part of the new solution must be escrowed on VRS's behalf. This stipulation applies to the source code for any software (be it the customized line-of-business application, middleware, a code generator, a specialized I/O routine, or any similar or related item or "tool") that is developed by the contractor, or an affiliate company that is 20% or more owned by the contractor, and used in the new system. Full source code as described above must be escrowed on VRS's behalf upon delivery of the system for use in each phase and updated no less frequently than every month thereafter for as long as there remains a maintenance and support contract between the bidder (or its successor or representative) and VRS. The terms of the unconditional release of the source code to VRS must be fully specified and include such contingencies as business failure of the bidder, etc.

The bidder must provide the cost to VRS in the cost proposal.

B-2.6.2 LOB Application

The line-of-business (LOB) application must be described with respect to the following attributes:

- Language
- RDBMS employed
- Transaction sub-executive (if any)
- Development and deployment environment
- Screen generator
- Report generator
- Middleware
- Any third-party tools.

In addition to the above, for each application component proposed, the bidder must answer the following questions:

- Does the application make use of any "middleware," i.e., any proprietary, internally developed layer to permit access to and use of interchangeable relational databases? If so, what is it and is it commercially available?
- What user interface is utilized?
- What tools are used? Do tools define the applications? Are tools used for engineering, developing, and/or maintaining the applications?
- What source languages are utilized for the application? If multiple languages are used, describe each and what percent of the entire system is written in each?
- Confirm that ALL application source code (including but not limited to any middleware, workflow software, or imaging software) will be delivered to VRS.
- What database management system is used? Was the system originally designed with this database management system or was it retrofitted or back-fitted to it?
- What operating system is used?
- Confirm that the solution will support both Internet Explorer and Netscape browsers, including at least the current version and the immediately-preceding version of both products.
- Has the application ever been re-engineered? If so, when/why/what was the original environment, and what process was used to re-engineer the application?
- Confirm that all modifications of data on the database shall be date/time stamped along with an identifier of what physical terminal device or PC and what logical user ID performed the modification and/or what batch program modified the database.
- When was the original application developed?
- Clearly describe the system architecture.

Bidders are required to include as attachments to their proposals the following:

- A comprehensive list of all documentation (including but not limited to user, system, and operational) delivered with their systems. Include samples (which will be returned if so requested) of all documentation products for evaluation.
- Screen "snapshots," windows, screens, etc. from the system they have implemented that was most similar to the one being sought by VRS.
- A list of all standard reports supplied with the system being proposed, classified as management, operational, or financial. Appropriate samples must be included in the bidder's proposal.

The bidder will provide all upgrades and patches to application software over the course of the contract. In addition, VRS technical staff will be trained in the application and installation of such patches and upgrades. Documentation and manual updates, as well as letters of transmittal, will always accompany such patches and upgrades.

B-2.6.3 Commodity Software

The bidder is required to provide all of the necessary "commodity" software (operating systems, database management software, tools, etc.) – both new and upgrades – that will be required to support the proposed solution. For those Microsoft software products already licensed and in use at VRS (e.g., Windows 2000 Professional, Windows XP, Microsoft Office 2000, etc.), the bidder's solution must integrate with, operate on, and/or support these products supported by Microsoft.

The software products specified must support all RFP requirements. The LOB must be capable of being upgraded to support future upgrades of commodity software. The bidder must propose the appropriate number of copies of/licenses for each software product required to implement the proposed solution.

Should the commodity software proposed by the bidder (or the version specified or the number of copies/licenses indicated) prove inadequate to support the new solution – in terms of functionality, performance, availability, or scalability – it will be the bidder's responsibility to acquire such additional software as may be necessary to bring the solution into compliance with RFP requirements <u>at no additional cost to VRS</u>. In such a situation, the bidder will also be responsible for installing and configuring the additional software. Any project delays that result from the need for the bidder to expand/replace commodity software will be the responsibility of the bidder. No change orders will be approved by VRS relating to such a situation.

VRS's current processing infrastructure includes numerous commodity software products, some of which are likely to be suitable to support proposed solutions. The bidder is expected to include existing VRS commodity software products to the degree they are suited to support the proposed solution. VRS expects that some of the existing software is acceptable in the new solution, some must be upgraded, and some must be replaced and/or augmented with additional components. In its proposal, the bidder is required to clearly delineate existing commodity software products at VRS that are usable "as is," versus existing software that must be upgraded, versus new commodity software products that are required to support the proposed solution.

B-2.6.3.1 Operating System

Operating system-level software to be included in the new solution must be described by the bidder in the proposal, including version/release information and the bidder's rationale for selecting each proposed product.

Each platform's operating system must be a stable, proven operating system. While it is not mandatory that all platforms use the same operating system, seamless interfaces between each must be provided. Further, the number of different operating systems to be supported by VRS will be a factor in evaluating the proposals, with fewer (versus many) operating systems preferred.

B-2.6.3.2 Database Management

Database management capabilities must be included in the bidder's proposal. The bidder's solution must be based on current, proven database technology and be able to store all data elements using logical views to provide different associations of data elements. Database management capabilities must include

comprehensive data dictionaries (delivered by the bidder on implementation of the applicable phase) and data models that can be used as reference by end-users as well as programmer/analysts. Also required is the ability to cross-reference fields and files, sorted and/or indexed by a variety of keys as well as all tables (rows and columns).

Bidders shall provide in their proposals the data structure/logical data model utilized in the solution being proposed. Further, they must discuss what features are available in both their particular design and their selected database management system to avoid redundant data.

B-2.6.4 System Software Tools

System tools to be included in the proposed solution must include, but not be limited to:

(1) Performance measurement/capacity planning tools – on several discrete levels:

- The bidder must include tools that will record on-going performance information <u>without significant impact on system performance</u>. System response time must be maintained while such tools are in use. These tools must also include reporting capabilities to show trends of all significant system resources over time, reflecting history by dates and by time of day, as well as the capability to make projections based on cumulative history.
- The bidder must also provide real-time performance analysis tools that can be used to trouble-shoot performance problems as they occur. System response time must be maintained while such tools are in use.

(2) Operations support tools – the bidder must include a variety of tools that will assist and enhance computer operations, including (at a minimum):

- Job scheduler - capable of automatically initiating jobs based on time of day, day of week, or calendar date and/or the successful completion of "predecessor" events.
- Comprehensive backup and restore functions at the system, volume, directory/catalog (and subdirectory/sub-catalog), and discrete file levels for all media on all platforms.
- Data base administration – support database administration, performance diagnostics, database tuning, and space management tasks using a graphical user interface.
- Anti-virus protection – for all platforms, including user workstations. The protection must detect, warn, and (under system administrator direction) eliminate viruses.
- Export/import capabilities that support straightforward transfer of files (and extracts of files) among the various hardware components, i.e., comma delimited ASCII files.

(3) Intruder logging and alert software for all platforms must be provided. The software must log all connections to any platform, including identification of user, point of connection, time and duration of session. VRS must be able to direct the software to monitor and record all activity that occurred during a session, based on user identification code or point of connection. In addition, the software must alert operations whenever attempted and "failed" log-ins exceed a user-defined threshold. System response time must be maintained while such tools are in use. For additional information in this regard, please refer to Section B-2.8.9 which discusses network vulnerability assessments.

B-2.6.5 Security and Controls

In general, the system must support standard security capabilities such as:

- The most current version of Secure Sockets Layer for secure communication between Web servers and browsers
- IP protocol security as applicable
- Open, industry standards for applicable uses of cryptography
- The most current version of S/MIME for securing e-mail communications as applicable
- Integration with a directory services infrastructure (as stated elsewhere, the State of Vermont has standardized on Microsoft's Active Directory).

With regard to user access to the system, it must be designed to control and limit such access via logins and/or other security mechanisms.

The application must provide controlled access to individual screens and functions based on user login ID. At a minimum, the application or security package must provide the following controls:

- Menu access
- Screen access
- Screen function access
- Transaction access
- Transaction approval process
- Workstation time restriction.

Note that the security and control requirements discussed above must interact appropriately with the required account locking feature discussed in Section B-2.4.5 and the audit indicator requirement discussed in Section B-1.3.3. Additionally, such security and controls must support appropriate segregation of duties.

The bidder must populate security repositories by entering the users and their assigned roles into the system using an appropriate security administration tool. The bidder must work closely with VRS staff to define the roles necessary to perform all required business functions. The security repository must be populated prior to user testing. The bidder must provide written affirmation certifying that the security repositories have been populated with all information.

The login process must establish the access rights and associate all automatic and manual transactions initiated by a user with that user. The system must provide an advisory warning message on the login screen regarding the unauthorized use of VRS's business information and the possible consequences of violations.

The system must not allow simultaneous logins with the same user name and password. Should a user try to log in more than once, the system should ask them if they wish to terminate the active session. If they answer yes, then the system must terminate the active session and establish a new session. If the response is no, the login will not be allowed.

The user will either logoff the system or their session will be timed out by the server. The system must then ensure that all objects created for the user at the back-end are destroyed and that the system exits cleanly.

Users must be automatically logged out of the system after 30 minutes of idle time. The maximum idle time value must be a parameter modifiable by the system administrator.

After three unsuccessful login attempts, the system must:

- Disable the user account
- Record the event for audit
- Inform the user of a contact who will unlock the account.

Passwords must be a minimum of eight characters in length, include both letters and numbers, and not be case sensitive. Passwords must not be displayed in the application at any time. When changing a password, the user must enter the old password once and the new password twice. If the password change fails, the user must be informed (in lay terms) that the request to change the password has failed and the reason for the failure. Then the user should be advised to try again by logging out and logging back in. Passwords must be encrypted so that they cannot be obtained by VRS systems maintenance personnel or any unauthorized intruder who gains access to the system. The system must require that password be changed every n days where n can by maintained by the system administrator.

If the user forgets his password, the system administrator must be able to reset the password to a temporary value. The system must disable any account with a temporary password that is older than eight days.

The system must provide tools for the system administrator to manage user accounts. This will include such tasks as resetting a password and activating, suspending, or deleting a user account. These functions must be limited to only the system administrator or other privileged users.

The system must have the capability to suspend or activate a user account. This may occur for the following reasons:

- Account is locked out after password is entered incorrectly more than three times
- If the user temporarily is not entitled to access
- Suspended by a systems administrator, for example, if a security breach is suspected.

The system must provide the capability to ensure that relevant information about actions performed by users can be linked to the user in question in sufficient detail so that the user can be held accountable. The system must maintain information sufficient for after-the-fact investigation of loss or impropriety and must provide individual user accountability for all security relevant events. The system must protect this information from unauthorized access or modification.

The system must provide tools for the system administrator to monitor the activities of specific terminals or network addresses in real time.

The system level log must allow review of key security events, including:

- Logon and logoff of users, including failed logins
- Change or reset of passwords
- Creation or deletion of users
- Amendment of user rights
- Suspension or activation of user accounts
- Archiving procedures.

The system administrator must be provided the capability to independently and selectively review the actions of any one or more users, including privileged users, based on individual user identity.

The system must provide a real-time capability to monitor and log the occurrence or accumulation of security relevant events that may indicate an imminent security violation, and immediately notify the system administrator when events exceed established thresholds. If the occurrence or accumulation of these security relevant events continues, the system must take the least disruptive action necessary to terminate the event involved.

The system must provide the capability for the system administrator to generate a status report detailing the values of all configurable security parameters.

B-2.7 Installation and Configuration

An existing Computer Room is available at VRS to accommodate the installation of new hardware (see Appendix E-2 for a layout diagram). As part of their response to the RFP, bidders must stipulate any required alterations to the current configuration of this room to support the bidder's proposed solution, including the LOB and all options (including but not limited to physical floor space, air conditioning load, power requirements, fire suppression, and smoke, water, and heat sensors). This information must be presented as part of the bidder's proposal.

Additionally, bidders must describe their power consumption, heat generation, and floor space requirements for the hardware configurations proposed.

As indicated in Section B-2.5 - Hardware, the bidder is to provide a complete description (including pricing) of the hardware components that will be required to support the proposed solution, including functionality for imaging, taking into consideration VRS's current inventory of equipment. VRS will use that description to compare bidder-supplied components with the prices for identical components available for purchase off the state schedule, and may elect to purchase components themselves. Regardless of the hardware procurement method, the bidder is responsible for providing the following installation services for the procured equipment:

- Inventorying, uncrating, setting up, and connecting any new equipment and software and ensuring that all the proposed equipment and software are fully operational.
- Labeling all hardware with a description of the function of the equipment (e.g., "Production LOB Server," "Development Database Server," etc.).
- During the period of "dual cohabitation" between the existing system and the new LOB system, maintaining PC workstation access to both environments, but NOT for maintaining VRS's legacy applications.
- Loading and fully configuring all necessary GUI and commodity software. In the case of operating system installation, determining and working within the VRS standard naming conventions for naming of domains, servers, etc.
- Installation, burn-in, and checkout of all PC, network, communications, and/or fax communications hardware and software.
- Delivery (if procured through bidder) and installation of all additional equipment (including but not limited to memory, cables, and connectors) required to establish the proposed configuration. Failure of bidder to specify and include all components to implement a complete, working system will be cause for the bidder (contractor) to make any necessary additions at no cost to VRS.
- Attaching all proposed devices to the network. This includes but is not limited to the running and connecting of cables, hubs, routers, modems, universal power supplies, and surge protectors. This requirement includes upgrading (as necessary) and integration of any existing equipment retained in the new solution. All jacks, connections, connectors, ports, platforms, PCs, modems,

and similar or related items will be clearly labeled using industry standard methodologies and labels.

- Providing a schematic/network diagram of all platforms, servers, hubs, repeaters, modems, client PCs, printers, and similar or related items that will be developed and maintained using an automated tool or package. The tool will be delivered to VRS but maintained by the bidder. The network diagram will be updated by the bidder from the time of installation of the infrastructure though final acceptance of the new system no less frequently than every 90 days or whenever major new hardware or software changes occur. The bidder must include a sample of similarly prepared schematics with its proposal.
- Establishing the appropriate security level and access permissions/restrictions for each user on the system based on information obtained from VRS technical staff. The bidder is also responsible for establishing system security measures necessary to protect operations against unauthorized internal or external access into the communications, servers/platforms, or operating system infrastructure.
- Establishing a menu-driven GUI interface, in coordination with VRS technical staff, with standard scripts, icons, APIs, and similar or related items for each user that will provide user access to the proposed software with full printing capabilities and the capability to route print from any workstation to any printer attached to the network
- Documenting script, API, icon, and other set-ups.
- Providing racks (if procured through bidder) for mounting all equipment in a neat and orderly manner in the computer room. The bidder (contractor) will install all new equipment (including but not limited to communications servers, fax servers, other network equipment, and modems) in such racks. The bidder must provide an inventory of same.

Bidders must understand and agree that there will be minimal downtime available to them to support installation, configuration, tuning, and similar or related activities. Thus, bidders must plan to complete this work during evening and weekend hours.

B-2.8 Operational Requirements

Operational requirements pertaining to the new solution are presented in the following subsections.

B-2.8.1 System Sizing and Performance Requirements

The bidder must specify the hardware and software platforms on which the new solution will be implemented, as well as their configurations. The platform(s) must be sufficiently sized and appropriately configured (in terms of memory, disk capacity, processor speed, and similar or related criteria) to meet the performance requirements specified below for the period of time defined in Section B-2.5 – Hardware. **The bidder** will be required to provide all additional hardware and/or hardware upgrades necessary to meet the following system response time and performance criteria within the timeframe set forth in Section B-2.5.1 - System Performance Guaranty:

- Bidders must ensure response time averaging two (2) seconds or better and never more than five (5) second response time, for all on-line activities. Response time is defined as the amount of time between pressing the RETURN or ENTER key or depressing a mouse button and receiving a data-driven response on the screen, i.e., not just a message or indicator that a response is forthcoming. **For this purpose, response time will be measured on a PC permanently connected directly to the system's backbone server connection – in order to eliminate any issues that could be attributable to VRS cabling, or other software that may be running on**

users' workstations over the LAN, or other similar issues. Bidders must include this PC in the hardware to be provided.
- System uptime as specified in Section B-2.8.4 Availability Requirements.
- Batch processing, as specified in Section B-2.8.4 Availability Requirements.

It is the bidder's responsibility to provide an appropriately sized platform, taking into consideration the inventory of VRS's current hardware, to accommodate up to 25 concurrent sessions of internal users and 250 concurrent sessions of external users (e.g., for the option employer reporting module and member Web self-service) while meeting the requirements described above.

In sizing their proposed solutions, bidders must provide all background information to support their conclusions regarding the amount of system resources needed in the following areas:

- Servers
- Processors
- Workstations (desktop PCs)
- Backups
- Storage
- Network traffic
- Cabling.

If VRS requires additional runtime improvements to meet performance requirements stated in this RFP, the bidder must cooperate fully and support any such requests without delay and at no cost to VRS.

B-2.8.2 Scalability Requirements

The solution must demonstrate capability and approaches to implementation of application and database partitioning and replication, if appropriate for the solution. In this context, the solution must provide the ability to scale the environment beyond that necessitated by the current growth predictions through the addition of hardware (or hardware components such as CPU, RAM, etc.), further partitioning the application to scale across hardware, or other means.

As stated previously, the solution must be able to meet the projected growth in number of members and processing volume of at least two and a half percent per year for a period of ten (10) years following the end of the warranty period with no additional cost to VRS.

B-2.8.3 Flexibility Requirements

The bidder should provide in its proposal:

- A description of options for the solution to be scaled to meet temporary peak transaction demands or to meet gradually increasing transaction workloads (e.g., adding additional servers, adding CPUs to existing servers, etc.). Specifically, of the options available, identify those that will provide VRS with the most cost-effective method for managing peak loads and for managing gradual growth.
- A description of the flexibility among key system components in terms of upgrade requirements (e.g., ability for the database to be upgraded without requiring other system components to be upgraded). In addition, describe the impact on the overall solution of applying patches to specific system components.

- A description of your approach to system upgrades. In particular, how are upgrades scheduled? Are upgrades of system components coordinated or piecemeal? What role do you propose to play in the upgrade process? Do you "force" customers to upgrade to maintain support contracts and/or "force" customers to rely on upgrades to remedy problems with the installed components?

VRS believes that adherence to industry standards is a key ingredient to flexibility. As key system components are enhanced or replaced, it is important for the bidder solution to support interoperable components without forcing custom, proprietary design complications. To address how standards issues can be minimized within the new solution, the bidder's response must:

- Describe the adherence to industry standards within the proposed solution, across each of the main component areas (i.e., platform, database, and middleware). Sample standards-based components would include COM, COBRA, EJB, ANSI SQL, etc.
- Identify non-standard, proprietary components of the proposed solution that would necessitate bidder involvement in integration or prove an obstacle to integration with a standards-based environment (e.g., non-standard messaging, proprietary calls, non-standard database calls, non-standard image file formats, etc.). For these non-standard areas, are there plans to shift from proprietary solutions to standards-based solutions? If so, what is the time frame and what are the priorities in moving specific non-standards-based components to standards-based solutions?

B-2.8.4 Availability Requirements

The solution must provide for a system uptime of 99.5% between the hours of 6:00 AM and 11:00 PM for all major functions proposed, Monday through Saturday, excluding scheduled downtime or VRS-initiated downtime. The bidder must specify how availability is measured, under what conditions this guarantee will not be met, and the remedies available to VRS if it is not met.

It is VRS's position that, given system capabilities currently available to bidders, "batch" processing should not be required within the LOB application to complete the necessary business processes and that all processes should be capable of being completed "online." For the purposes of our analysis, we define a "batch" process as any process that when run requires system resources such that performance for online inquiry and other day-to-day processes becomes unacceptable. With that in mind, an illustrative list of processes we would define as "batch" includes:

- Month-end benefit payroll
- Wage and contribution reporting
- Wage and contribution editing
- Wage and contribution posting
- Interest calculation and posting
- Service accrual and posting
- Production of year-end member statement
- Actuarial extract
- Annual fiscal year and calendar year closing processes

To the extent the bidder's system employs batch processes, as defined earlier, the bidder must identify such instances. For each such instance the bidder must indicate the expected impact of the process on system performance and indicate why such processes have not been modified to be online functions. Bidders should note that a solution in which batch processes degrade or restrict on-line response times will not be viewed favorably.

B-2.8.5 Planned Downtime Requirements

To explain how planned downtime issues can be minimized within the new solution, the bidder's proposal must address:

- How the solution minimizes (or removes) the need for maintenance of architectural and operational infrastructure. This includes online maintenance tools, as well as procedures and techniques to shrink scheduled maintenance windows.
- Maintenance activities (including system backup) for hardware, operating system, software, application, database, and network components.
- Upgrade activities for hardware, operating system, software, application, database, and network components.

Bidders should include a methodology to demonstrate the online maintenance techniques in the planned downtime areas identified above.

Bidders are to take note that Web-enabled functionality – whether applicable to VRS users or members or retirees or beneficiaries or employers – must be available on a 24 X 7 basis. If some level of "downtime" is essential for system / Web site maintenance and support, then the downtime period must be no greater than four (contiguous) hours per week on a pre-established schedule (e.g., every Sunday morning between 8:00 AM and 12:00 n). Bidders are to explicitly state their agreement to meet this critical performance requirement in their technical proposals.

B-2.8.6 Recoverability Requirements

Bidders should include in their proposals information on recovering from failures if the proposed high-availability solution components or procedures fail. The response must include recovery types and levels offered by the proposed high-availability solution. Examples include:

- Types and levels of service provided, such as 24×7 service contracts
- How a bidder responds to failure scenarios, including how components are replaced
- Restore/recovery procedures
- Tools employed to restore the database and application to the users.

To confirm the proposed solution's ability to meet reasonable recovery requirements, bidders are required to provide recovery time estimates. Examples to be met include:

- Full database recovered within 24 hours
- No individual table recovery of more than 12 hours
- Recovery of full on-line imaging capability within 24 hours.

Having had success in the past with remote access and diagnostics of applications, VRS strongly recommends that the bidder provide a secure, bidder-accessible, remote connection such that the successful bidder can access the installed LOB application remotely for diagnostic, repair, and maintenance purposes.

B-2.8.7 Integration Requirements

The solution must provide clearly defined, well documented application interfaces (APIs) for the purpose of application integration.

The solution must use industry standards (e.g., NACHA) for transactions that are performed electronically (e.g., EFT, ACH, and others).

B-2.8.8 Operational Support Requirements

Operational support encompasses the personnel, procedures, and tools for day-to-day operational support, maintenance, upgrades, and monitoring of the system.

To address how operational support issues can be minimized within the new solution, the proposal must address how the proposed solution will:

- Provide an environment that leverages appropriate operations management tools, including both day-to-day systems management tools (e.g., performance monitoring) and capacity planning tools
- Demonstrate bidder understanding of tools that will assist in monitoring the system and of the assistance necessary in setting operational standards for those tools
- Offer an environment that minimizes the cost and work effort of operations support.

Specifically illustrate the operational architecture aspects of the solution, including prevention of failures, meeting availability requirements, general keep-alive system activities, and scheduled or planned downtime.

B-2.8.9 Network Vulnerability Assessment

The bidder is responsible for providing a secure network environment. To ensure the security of the environment, the bidder must specify, install, and configure suitable hardware and software tools including, but not limited to, virus protection software, firewalls, and intrusion detection systems (IDS).

A third-party organization, selected by VRS, will conduct periodic vulnerability assessments of the network. These assessments will be conducted at the following intervals:

- At the time of the initial installation of the infrastructure
- At the time of the completion of the first phase rollout
- At the time of the completion of the second phase rollout
- Once during the warranty period.

The scope of the vulnerability assessment will include at a minimum, a scan of external entry points into the network and, to the extent they apply, a review of server, firewall and IDS configurations.

In the event the assessment identifies shortcomings in the network security configuration, the bidder will be immediately notified. The bidder will be responsible for rectifying all identified shortcomings within 15 days of notification. The rectification effort may consist of any combination, or all, of the following elements: additional hardware components, additional software tools, installation services, and/or configuration services. It <u>must</u> include suitable testing to confirm to VRS's satisfaction that <u>all</u> of the identified security shortcomings have been eliminated. <u>All costs associated with the rectification effort will be borne by the bidder.</u>

Once all necessary corrections are made and tested to VRS's satisfaction, the third-party assessment organization will reassess network security. If additional shortcomings are identified and additional corrective activities are required, these findings will be presented to the bidder, and the bidder will

complete the corrective activities within 15 days of being advised of them. To confirm that all remaining security problems have been eliminated, the bidder will test all corrections. Again, all costs for corrective activities will be borne by the bidder.

In the event that the bidder is unable to resolve all network security issues to the satisfaction of VRS and the third-party assessment organization in two iterations as described above, VRS reserves the right (and will notify the bidder of its intent) to engage the services of another (different) third-party organization to resolve all remaining network security issues. In this situation, the bidder will issue a credit to VRS for twice (two times) the full amount of the cost of the third-party organization's efforts to correct the situation. The credit will be applied to the first invoice issued by the bidder to VRS following notification to the bidder of the amount expended on the third-party services.

B-2.8.10 Network Traffic Assessment

VRS must ensure that the addition of the new system will not be a detrimental impact on various other State applications that share the same network resources. The bidder must provide a benchmark analysis that provides statistics for their application from production installations similar to Vermont. This will allow VRS to estimate what the potential impact of the new system will have on Vermont's WAN and VRS LAN and to assess the need for changes in the current configuration. The benchmark analysis should include but is not limited to the technologies and protocols used, application architecture, and/or the number of users.

A third-party organization, selected by VRS, will conduct periodic traffic assessments of the network. These assessments will be conducted at the following intervals:

- At the time of the initial installation of the infrastructure
- At the time of the completion of the first phase rollout
- At the time of the completion of the second phase rollout
- Once during the warranty period.

In the event the assessment identifies discrepancies between the benchmark analysis and the traffic assessment, the bidder will be immediately notified. The bidder will be responsible for rectifying all identified shortcomings within 15 days of notification. The rectification effort may consist of any combination, or all, of the following elements: additional hardware components, additional software tools, installation services, and/or configuration services. It <u>must</u> include suitable testing to confirm to VRS's satisfaction that <u>all</u> of the identified shortcomings have been eliminated. <u>All costs associated with the rectification effort will be borne by the bidder.</u>

Once all necessary corrections are made and tested to VRS's satisfaction, the third-party assessment organization will reassess network traffic. If additional shortcomings are identified and additional corrective activities are required, these findings will be presented to the bidder, and the bidder will complete the corrective activities within 15 days of being advised of them. To confirm that all remaining network traffic problems have been eliminated, the bidder will test all corrections. Again, all costs for corrective activities will be borne by the bidder.

In the event that the bidder is unable to resolve all network traffic issues to the satisfaction of VRS and the third-party assessment organization in two iterations as described above, VRS reserves the right (and will notify the bidder of its intent) to engage the services of another (different) third-party organization to resolve all remaining network traffic issues. In this situation, the bidder will issue a credit to VRS for twice (two times) the full amount of the cost of the third-party organization's efforts to correct the

situation. The credit will be applied to the first invoice issued by the bidder to VRS following notification to the bidder of the amount expended on the third-party services.

B-2.9 Version Control

Software version control software must be provided. At a minimum, automated date/time stamping and labeling of various versions must be supported. At least three (3) generations must be maintained on-line. The software version and configuration control tools and methodology must be described and discussed in the bidder's proposal.

B-3 OTHER REQUIRED SERVICES AND DELIVERABLES

In addition to the business and technology requirements specified, VRS has identified several additional areas that are of importance in selecting a vendor. These requirements have been accumulated under a single heading — Other Required Services and Deliverables. The intent of this section is to inform the vendor of its responsibilities and the expectations for its conduct over the duration of its relationship with VRS in the following areas:

- Project management
- Process and organizational change recommendations and transition management
- Project Staffing
- Data
- Training and Knowledge Transfer
- Testing
- Disaster recovery planning
- Hot site backup
- Miscellaneous.

B-3.1 Project Management

VRS expects the vendor to be competent in project management skills. The vendor's approach to project management must ensure that:

- Project planning, update, execution, and reporting are part of normal daily activities
- Resource planning occurs in conjunction with VRS management
- There is an established path for escalation of project issues
- Risk management is included as part of the normal process
- Project management is able to provide reports to VRS business units and management on the progress against project objectives, to ensure continued project support
- The project plan is organized in a phased approach that provides achievable and demonstrable milestones and deliverables. The engagement should be managed to meet specific milestones with an established method of reporting project status.

B-3.1.1 Project Oversight

The bidder will report to the VRS project manager, who will be a VRS staff member dedicated to this project on a full time basis. The bidder will report project status as described in Section B-3.1.13.3.

B-3.1.2 Oversight Project Manager

All bidders must understand and acknowledge in their proposals that VRS has solicited the support of a consulting firm to assist in the management and quality assurance responsibilities for the project. The Oversight Project Manager (OPM) selected by VRS must be considered by the bidders as a representative of VRS. Written project materials (statements of work, project plans and schedules, design documents, test materials, training materials, form and letter templates, etc.) are to be provided either directly to the OPM consultant by the bidder, as well as to appropriate VRS staff for review and approval or through the deliverable repository discussed in Section B-3.1.5.3 and the due date for comments. If delivery is made via the deliverable repository, the bidder will be required to provide written notification (typically e-mail) to both VRS staff and the OPM consultant of the deliverable's availability and location in the repository.

The bidder will need to provide the VRS project team and the OPM with access to the repository such that each may download and/or review document deliverables either at the VRS office in Vermont or remotely from another location via Internet access. The OPM consultant will review all such materials and provide suggestions and comments in the same time frame and in the same manner as will VRS staff. Bidders are cautioned to factor into their project-staffing plan any additional efforts related to delivery of project materials to the OPM consultant.

The documents being delivered must be complete, i.e., no "embedding" of documents using "shortcuts" will be accepted unless they can be opened after being transmitted through the Internet.

After contract execution at the project's inception, the bidder will be provided with e-mail addresses and distribution lists for submission of the various project materials.

Bidders must acknowledge in their proposals that it is their responsibility to make the written project materials available to the outside OPM consultant through either direct delivery or via the repository employed on the project.

B-3.1.3 Multiple Products, Services, and Methodologies

It is essential that the bidder understand that VRS is seeking more than just a "software development" company. Mature software product development skills and experience are a necessary, but far from sufficient, qualification. VRS understands that each bidder has (or should have) a methodology for developing and deploying its particular (retirement) solution, but VRS is seeking a solution comprised of more than just those tasks and items identified in the bidder's development methodology. In order to deliver the broad, integrated solution that VRS seeks, the bidder must also have experience with, and methodologies to address, numerous other disciplines such as Business Process Reengineering, procedure document development, training, workflow analysis, etc., in addition to retirement industry knowledge. Bidder proposals must provide evidence of a mature, proven methodology in each of these <u>other</u> critical areas of the project.

Therefore, the bidder's proposal must address not only the standard system development methodology referenced above. It must also provide a detailed discussion of the methodology that will be employed in each of the following areas:

- Project management – Bidder's project management structure, roles and responsibilities, client reporting, meetings, provisions for replacement of personnel, etc.
- Project scheduling – Scheduling tools and procedures, schedule updating, reporting against the project schedule, responding to change orders, etc.
- Process change (Business Process Reengineering) – Analysis, alternatives, proposed improvements, change implementation, integration with the new technical solution, etc.
- Organizational change (Organizational Restructuring) – Analysis, job descriptions, realignment alternatives, proposed improvements, training considerations, identification of new hires, etc.
- Data conversion and bridging – Conversion and bridging planning, data mapping from the existing to the new environment, identification of data errors, data cleansing, alignment of data conversion / bridging with project phases, identification of data to be bridged vs. dual entry, techniques for bridging new system data to existing system and vice-versa, identification of data fields that need to be balanced and/or within acceptable tolerances as agreed to with VRS, balancing reports, etc.
- Data cleansing – Correction of basic errors in the data in legacy systems, including, but not limited to inconsistencies, errors, etc.

- Configuration management – Version control, etc.
- Project change control – Defining new / changed requirements, developing an estimate, evaluating schedule effects, VRS approval, integrating requested change into the project, testing, etc.
- Problem incident reporting – How to report a problem, how the problem is assigned for resolution, integrating the "fix" into the project, regression testing, VRS acceptance, analysis and trend tracking, etc.
- System operation – Configuration control, scheduled jobs, equipment maintenance, written documentation and procedures, personnel scheduling, problem resolution, etc.
- Training – Determining training needs, developing training materials, scheduling training appropriately within the overall project, assigning trainers, providing training facilities as necessary, gauging the effectiveness of training, etc.
- Testing – Preparing test plans, test schedules, test variants, test scenarios, test cases, test data, expected results; executing tests; reporting test results; referring problems identified in testing for resolution; integration with problem incident report methodology, re-testing after problem has been resolved, etc.
- Risk mitigation – Identification, analysis, planning, tracking, control and communication of risk areas associated with all project phases. Identify strategies to minimize both the chance of risk situations occurring and of their impact on the project if they do.
- Communication plan – Identify what information needs to be provided to each of the project participants, by whom, in what format, and on what frequency.
- Issues management – Determine how the numerous issues that invariably arise in a project of this magnitude and duration will be recorded, tracked, reported on, and resolved.
- Post-implementation support – Describe how operational and program support will be provided to the VRS following the warranty period.

During the course of the project, the bidder will be expected to deliver and support all products and services described in the RFP – not just those steps described in its standard system development and deployment process.

B-3.1.4 Project Management and Control Methodology

Bidders are required to address in their proposals the methodology they will utilize to manage and control the project, including its change control methodology.

Due to the magnitude and complexity of the effort, it is essential that an automated project management tool be utilized for this purpose: Microsoft Project 2003 is the required tool. The bidder is to provide examples of its use in previous efforts on behalf of other clients.

The bidder is expected to use the tool to automatically reflect the effect on the overall project of changes in various parameters, e.g.:

- Changes in project scope / requirements.
- Changes in project schedule.
- Changes in resource availability.

The bidder must be prepared to automatically generate various reports to reflect the project's status at any point in time, e.g.:

- Gantt charts depicting start date, end date, and duration of individual tasks.
- PERT charts depicting task interdependencies.
- Graphical display of the project's critical path.
- Percent complete status of individual tasks.
- Calendar driven, human resource loading charts, by individual task, for both bidder and VRS staff including variable person-hours per work day.
- Calendar driven manpower loading charts, by month/week, for both bidder and VRS staff including variable person-hours per work day.

The bidder must describe in its proposal the control methodology that it will utilize to ensure that any problems that may develop in the course of the project (including but not limited to schedule slippages or resource constraints) will be quickly identified and resolved (see entries for Risk Mitigation and Communication Plan under Section B-3.1.3 Multiple Products, Services and Methodologies). The bidder must provide examples of how this project control technique (i.e., issue resolution) has been utilized successfully in previous similar engagements on behalf of other clients.

The Project Management tools must be an integrated part of the bidder's system development life cycle approach and project management methodology.

Change Management and Change Control Methodology are critical to the success of this effort. The bidder must describe the methodology and mechanisms it has in place and will use to support the effort. Particular emphasis must be placed on how revisions will be managed and controlled, as well as VRS's responsibilities in this area.

Out of consideration for the demands that will be placed on VRS staff members during the course of the project, in addition to the demands of their day-to-day duties, bidders must state their commitment to utilize a <u>single</u> system life cycle methodology and terminology for <u>all</u> portions of the project. For example, if the bidder proposes to procure, customize, and integrate a third-party "payroll generation package" into the overall solution, then all activities relating to the payroll package must observe the same system life cycle methodology that will be utilized in developing the line-of-business solution. VRS staff members are to be educated in and expected to utilize only <u>one</u> (not several) life cycle methodology and set of terminology for the duration of the project.

B-3.1.5 System Development Life Cycle

VRS has a high level of concern with regard to the system development life cycle and configuration control. The project will, by necessity, be divided into multiple phases that will be implemented sequentially or with some overlap. Each will involve numerous deliverables (documents and software) that will be submitted to various VRS staff members for review and revision, possibly over multiple iterations. Active participants will include not only VRS staff but also the bidder's staff, possibly working from multiple locations, as well as other contractors to VRS and oversight entities within the State of Vermont (e.g., DII) whose activities must be coordinated with the new system development effort. This may include quality assurance consultants, oversight project management consultants, backfile imaging vendors, documentation and training vendors, hardware vendors, etc. The system development life cycle, configuration control and other related topics above must be discussed in terms understandable by the end-user in the End-user Oriented Development Methodology document (EODM – see Section B-3.1.9 - End-user Oriented Development Methodology Document, below).

VRS prefers methodologies that allow VRS staff multiple opportunities to validate requirements and design. For this reason, an iterative development methodology is favored for use in the development of

the pension application. Ideally, this includes an opportunity to view rapid prototypes of requirements and design concepts, screens, content, reports, workflow, and application process flow. (Such prototypes do not necessarily need to become operational nor be reused during development.) Simulation of workflow and performance measurement within the design effort is also desirable. Proposals that include in the development phase a conference room pilot – wherein users see the full member life cycle from enrollment, through withdrawal and refunds, re-enrollment, refund buy back, retirement, return to work, change of address, beneficiary, plan, etc. – would be viewed favorably by VRS.

VRS identified the desirable sequence of project phases in Section B-3.1.6 – Phasing the Project. VRS's requires assurance that an appropriate control scheme will be established and rigorously applied to all project activities such that all project participants understand what they are working on, what is expected of them, and how they, as project participants, fit into the overall project. Specifically, VRS wants to ensure that, without exception, all project participants – the bidder's staff, VRS staff, and all concerned third parties – when approaching a task (whether it is developing software, drafting / updating written documents, or reviewing a deliverable), clearly understand:

1. The phase of the project to which the task relates.
2. Which revision / release they are working on (and that it is the current revision / release).
3. The date of the revision / release.
4. How many previous versions were developed and reviewed.
5. What has been changed, added, or deleted relative to the previous release.
6. What functions or features the delivery should contain and what it should not contain.
7. If it is a written deliverable, how many pages it should contain.
8. The e-mailed documents or the diskettes / CD-ROMs that accompany the delivery (if applicable) and precisely what those e-mails or diskettes / CD-ROMs contain.
9. When a response is required.
10. When the next release can be expected.

Listed below are VRS's minimum requirements for maintaining control throughout the project to its successful conclusion. The bidder is required to include in its proposal a detailed description of the control procedures and methodologies it plans to employ to ensure adequate project control as described below.

B-3.1.5.1 Written Deliverables

In its proposal, the bidder must confirm that (unless otherwise specifically agreed to by VRS, on a per-document basis) all documents (both hard and soft copy) to be delivered during the project will include the following "history" of generation:

1. Submittal of an outline for review and approval
2. Submittal of a sample section for review and approval
3. Submittal of a draft for review and approval
4. Submittal of the final, complete draft for review and approval
5. Submittal of the final, complete document for final review and acceptance.

Note that, for any well-defined class of documents (e.g., business process models), it will be sufficient to supply a single outline, a single sample section, and a single draft sample pertaining to all documents in that class. Also, it is understood that, in most cases, multiple drafts will be submitted for review before the final document can be submitted for acceptance. The bidder will be required to supply to the designated VRS project manager a single hard-copy file, a Microsoft Word and/or Excel file, and one or

more graphical representation software files (e.g., PDF file). In most instances, the electronic copy is to be submitted via e-mail.

The bidder is required to detail its proposed control methodology pertaining to written deliverables, taking care that the following minimum requirements are explicitly addressed:

- Each deliverable must include a cover page identifying:
  - » The title of the deliverable and the unique document number (e.g., a Test Plan might have an identifier of '999'; later revisions of the Test Plan would bear the same identifier but different revision numbers).
  - » The associated Work Breakdown Structure (WBS) number from the project plan.
  - » The phase to which it pertains (if applicable).
  - » The issue date (distribution date).
  - » The effective date (last update).
  - » The revision number.
- Each page must contain a footer (or header) identifying:
  - » The deliverable title (possibly abbreviated).
  - » The effective date.
  - » The revision number.
- Every hard or soft copy deliverable must be page numbered (continuously from first page to last) and, for any document in excess of 10 pages, must include a table of contents.
- Every deliverable must be delivered in hard-copy form and electronic form via e-mail. Submitting one or more files in one or more ZIP files is acceptable, as is submitting large files via File Transfer Protocol (FTP) or CD-ROM.
- Every deliverable must be fully integrated in the sense that all diagrams, screen images, report layouts, spreadsheets, and similar or related items must be inserted in the appropriate place. References to external files are to be avoided.
- If the document was initially drafted in several small files that were then assembled into a master document (to enable meaningful page numbering), the master document must be provided on the diskette, CD-ROM, or e-mail.
- All diskettes or CD-ROMs must be clearly labeled (title, identifier, and revision number) and dated.
- All hard-copy deliverables must be suitably bound both for the convenience of the reader and to prevent the loss of pages.
- Documents of 40 pages or less may be bound by staple and submitted.
  - » Larger documents must be bound by means other than staple.
  - » Documents that exceed 100 pages must be delivered in a three-ring binder with dividers separating major sections.
  - » If a binder is used, the document title, identifier, revision number, effective date, and issue date must appear on the cover and spine of the binder.
- Every deliverable, without exception, must be accompanied by a professionally prepared letter of transmittal (e-mail message is acceptable), which indicates:
  - » The issue (distribution) date.
  - » The title and identifier of the deliverable.
  - » The revision number.
  - » The effective date (last update).
  - » A description of how the deliverable fits into the overall solution, with explicit section and page number references to the End User Oriented Development Methodology (EODM) document.

» A summary of how this version has changed relative to the last revision (e.g., referring to a review meeting where the previous version was discussed). Other than this high-level written summary, detailed changes may be shown using Microsoft Word "revisions" for ease of identification and understanding.
» Any missing sections (i.e., sections that remain to be developed) and an estimate of when they will be available.
» The date by which comments must be returned and to whom they must be forwarded. Other actions may be requested, such as requesting VRS to set up a review meeting.
» If applicable, provide notice that this is the last revision cycle and the next release will be the final document – or, alternatively, an indication of when the next release can be expected to be delivered.
» The name of the person making the delivery.

VRS staff must always be allocated a minimum of five (5) business days to turn around a deliverable under review. In addition, all deliverables must be reasonable in volume in order to permit the review to be completed within five (5) business days. A deliverable that would require the average person more than eight (8) applied hours to review would not be considered reasonable in volume given the five-day turnaround cycle. Deliverables requiring more than eight (8) hours of review must be allocated a proportionately longer review cycle.

Bidders must factor into the turnaround time the number of deliverables that VRS has requiring review at any one time. VRS would find it acceptable that, on occasion, multiple deliverables could be reviewed simultaneously in the five (5) business day time frame, but it should not become standard practice. From mid-June through mid-September the work load for VRS is high, and this must be factored into the deliverable turnaround cycle as well.

B-3.1.5.2 Software Deliverables

The bidder is required to detail its proposed control methodology pertaining to software deliverables, taking care that the following minimum requirements are explicitly included:

- The ability to track performance of the system. For example, this capability would include tracking for form screens, menus, and images the elapsed time from the moment that the enter key is depressed or the mouse button is clicked until the screen starts to paint or show the data. Information to be provided shall include date, start and stop time, and elapsed time.
- Installation of the software on the appropriate hardware platform(s); each screen and report in the application must indicate the release number of the software and the date of issue of that release, so there will never be any question as to what is being tested and whether it is the current version. Ideally, software release numbers should correspond to the revision numbers of any accompanying written deliverables.
- All GUIs, screens, menus, and similar or related items must have the version/release number of the software shown as well as the date of last modification of the software; this can either be present all of the time, or it can be displayed based upon a user request (including but not limited to icon activation or pull down menu).
- Similarly all reports must display in their heading the version/release number, the date of last modification of the software (not simply the report print date) that generates the report, as well as the name of the program that generates the report. All reports shall have unique names printed in the heading, as well as the date and time of the running of the report.

- Delivery of diskettes or tapes, or identification of directories, containing both source code and object code; diskettes and tapes must be clearly labeled with the title of the delivery, the date of issue, and the release number.
- Delivery of all appropriate accompanying documents (including but not limited to user documentation and test plan/scenarios); these documents must be prepared in a timely fashion and delivered in accordance with the procedures for written deliverables outlined above.
- Attached to the letter of transmittal must be a listing of all diskettes/tapes included in the delivery, indicating all folders, subfolders, and files.

B-3.1.5.3 Deliverables Repository

During the course of the implementation of the new system, numerous written deliverables will be provided to VRS by the bidder. These deliverables can be expected to range from requirements meeting minutes and notes, to bidder's status reports, to operations manuals, etc. Many of these items will be delivered in multiple versions.

It is imperative that all versions of all documents delivered at any point in the project and at the end of the project can be identified, located, and accessed by both bidder and VRS staff as needed. Therefore, the bidder must maintain for the life of the project (and leave behind upon completion of the contract) a repository of all written project deliverables in electronic form residing on one of the system servers. The deliverables must be accessible to all project participants, including via remote dial-up or through the Internet.

The deliverables repository must be designed and organized and training provided such that VRS staff can efficiently locate and retrieve any document of interest. Write permission to the repository must be suitably restricted. While anyone involved in the project should be able to access all repository items, the ability to add to, delete from, or modify the repository's contents is to be strictly controlled and restricted to authorized bidder personnel. It will be the bidder's responsibility, throughout the project until final turnover, to guarantee the continuous correctness and completeness of the repository's contents.

VRS must have the ability to establish new user accounts for accessing the deliverables repository within 24 hours of notifying the bidder project manager.

Bidders are to describe in their proposals:

- Their commitment to satisfying the requirements for the deliverables repository.
- Where the repository will be located, how it will be backed up, and how it will be recovered in the event of an equipment failure.
- How they propose to organize the repository for ease of use and access.
- How they will control the repository to guarantee, on a continuous basis, the correctness and completeness of the repository at any point in time.
- Their commitment to produce a document (which itself must be included in the repository) describing the deliverables repository, how it is organized, how items from it can be accessed, and how to recover the repository if necessary.
- Their commitment to train VRS staff in the use of the repository (including an administrator, managers, and end-users).
- If third-party tools are utilized, they are to be provided by the bidder - and their price included in the Cost Proposal.

B-3.1.5.4 Tracking of Deliverables

The bidder is required to detail its proposed control methodology pertaining to tracking written and software deliverables, taking care that the following minimum requirements are explicitly included:

- The bidder will maintain a deliverables control file readily available to the VRS project manager; the file will always provide the current status of any particular deliverable (document or software); this tracking control file must contain a separate tracking form/record for each revision/release of each deliverable, indicating:
  - » Title and identifier of deliverable.
  - » Revision/release number.
  - » Date of issue.
  - » Effective date.
  - » Location of the deliverable if delivered "online."
  - » Project phase to which the deliverable pertains.
  - » Narrative description of the deliverable, indicating what is included and what is not included.
  - » Narrative description of how the deliverable fits into the overall solution, with explicit page / section number references to the Concept of Operations document.
  - » Date that the response is due from the VRS project manager.
- Attached to the tracking form must be a copy of the bidder's letter of transmittal/e-mail message that accompanied the delivery. These forms/records must be sorted by revision/release within deliverable identifier.
- Whenever a deliverable is issued, a complete copy (including but not limited to transmittal letter and diskettes / cartridges / tapes / CD-ROMs) must be forwarded to the VRS project manager. There may be instances in which the bidder is asked to present "draft" versions to the Quality Assurance consultant for comment prior to releasing the "final draft" to VRS.
- The VRS project manager will maintain a deliverables control file containing the same information (listed above) for each deliverable received from the bidder.
- In general, responses to deliverables will be channeled through the VRS project manager, who will record the receipt of the responses in VRS's deliverables control file, prepare a single consolidated response, and forward it to the bidder.
- At the project management status meetings, the bidder must formally report all of the deliverables issued during the status reporting period in a cumulative table format showing the delivery and anticipated turnaround dates. The VRS project manager will confirm that all deliverables reported by the bidder were received based on VRS's deliverables control file. To avoid deliverables "slipping through the cracks," the bidder will submit a weekly report of deliverables' status, i.e., those awaiting review, in revision, in test, etc.

The bidder must describe in its proposal its approach to the above, including providing samples. If the bidder takes exception to the above, the bidder must describe an alternate methodology that will satisfy the same objectives.

B-3.1.6 Phasing the Project

VRS is seeking proposed solutions that are structured so as to have a phased approach (i.e., a minimum of two functional rollouts). VRS seeks to avoid a "big bang" approach in which the entire solution is brought online in one cutover. By requiring the bidder to deliver the solution in phases, the amount of change that must be absorbed by the organization, particularly the system end-users, at any one time can be reduced

to manageable levels. VRS recognizes that such a phased approach will incur the added cost of data bridging efforts in the form of temporary bridging routines needed to keep the legacy system and the new solution "in synch" during the period when both systems will be in use.

Therefore, bidders will provide proposals that structure the implementation to have several phases. Phases I through IV are defined by VRS below:

Phase I	**Project Startup** – Delivery of a detailed workplan within 60 calendar days of project start date. The detailed workplan must include an Integration Plan, a Data Migration/Conversion Plan, a preliminary Data Bridging Plan, and a Work Breakdown Structure Plan, including but not limited to narratives, task definitions, schedules, Gantt charts, dependencies, VRS and bidder manpower loading, payment points tied to deliverables tied to the workplan, and monthly cash flow projections. This plan will encompass all mandatory project elements and all options authorized to date at that time. Delivery of a detailed requirements document, a revised detailed workplan, an End-User Oriented Development Methodology document, and a top-level Concept of Operations document. Deliverables in this phase are to be delivered between 60 and 120 calendar days of project start date as specified for each in subsequent sections.
Phase II	**Data Cleansing** (if this option is authorized) – Analysis of the data, development of a plan to cleanse the data, and execution of the plan to cleanse the data in the legacy system. This usually requires a long lead-time. As part of this effort, care must be taken to ensure that the legacy systems do not re-corrupt the cleansed data.
Phase III	**Infrastructure** – Installation of the new infrastructure to support the new pension solution, including the four database environments described in Section B-3.10.1. The new infrastructure will include pension application architecture, as well as access to the "electronic file cabinet" and day-forward imaging functionality. The bidder is also required to provide documented backup and restore procedures in this phase.
Phase IV	**Imaging Hardware and Software** – Installation of the permanent imaging solution and loading of the backfile. The imaging software will be a stand-alone application until the LOB application is rolled out, at which point the bidder will integrate the imaging and retrieval functionality into the LOB application.
Phase V ...	These phases are left to the bidder to define in its proposal. They consist of the functional rollout of the new line-of-business system (including, but not necessarily limited to, Membership and Benefits) and will replace all of VRS's current legacy systems. The bidder must discuss how it plans to phase the remainder of the effort. This discussion must address the rationale for the recommended breakdown of the functional roll-out into phases, the reasons for the recommended sequence of the functional roll-out, and a top-level schedule indicating expected start and completion dates for each phase. The proposal provided by the bidder and the ensuing contract shall clearly define all of the elements of each phase and the relationship among phases in terms of schedule and deliverables.

Refer to the diagram "Public Pension Administration System Life Cycle, Acceptance Criteria, Payment Points" in Section C-1.2 – Cost Proposal Format for an illustration of the phases envisioned for the project.

B-3.1.7 Project Communications Plan

Within 60 calendar days of the project start date, the bidder will be required to deliver a comprehensive project communications plan that will address the communications needs of all of the stakeholders in the project. The project communications plan must address:

- Who will need what information
- When the information will be needed (point in time/frequency)
- The best form and format for providing it.

Target audiences for project communications include VRS staff, employers, members, retirees, and beneficiaries; the project sponsors (Treasurer's Office management); an Advisory Committee of senior Treasurer's Office personnel, the three Retirement Board members, and state agency management; and other consultants engaged by VRS. For each target audience, the plan must set forth the types of communication to be provided, the description and purpose of each type, the expected frequency, and the appropriate methods/media for dissemination of information.

A variety of techniques may be included in the plan based on the bidder's experience in fulfilling communications needs in similar projects:

- Meetings and focus groups to provide feedback and promote stakeholder involvement
- Presentations to provide updates and to solicit support and sponsorship
- Orientation sessions to introduce the project, its phases and expectations
- Working sessions to develop requirements definition and resolve project issues
- Awareness campaigns to increase anticipation and "buy-in" and to present the advantages offered by the new solution
- E-mail communications/bulletins to report project status and describe new or anticipated features and capabilities; or to provide a vehicle for target audiences to ask questions and provide feedback
- Written reports to provide status updates on the progress being achieved
- Meeting notifications, agenda, and minutes
- Mailings to external stakeholders
- Others as may be required to effect a successful implementation.

The proposal should describe the bidder's approach in detail.

B-3.1.8 Concept of Operations

To improve the stakeholders' understanding (e.g., VRS end users, members of the Board of Trustees, members of legislative committees) of the look and feel and capabilities to be expected in the new system (i.e., what will be delivered), the bidders will produce a top-level Concept of Operations (COO) document, as defined below within 60 calendar days of the project start date.

Note the following critical requirements for the COO:

- It must be concise and may not exceed 25 pages. The document must be comprehensible by all of the target audience. The narrative must be at the appropriate level given the varying technical aptitudes of the target audience. For example, the COO may discuss the generation of retirement benefit estimates for members, but it will not discuss the specific retirement options from which the member can select, or the specific rules for calculating service credit.
- It may not include appendices or attachments.
- It must be delivered at the earliest possible point in the project, i.e., with the detailed work plan and schedule – prior to any requirements analysis, gap analysis, etc.
- A briefing to VRS staff with a corresponding "walk through" of the document must accompany delivery of the COO.

Bidders are required to discuss the Concept of Operations in their proposals and to present a recommended approach. In their proposals, bidders must confirm their commitment to providing the Concept of Operations and establish their understanding of its purposes.

Bidders must also explain in their proposals how they propose to guarantee that requirements set forth in this RFP will be reflected appropriately in the COO – i.e., bidders must discuss at an appropriate level of detail how they will establish the "traceability" of RFP requirements to the COO document. The COO must address control of the system development life cycle including design, construction, and test.

The COO must explain what the end-users should expect in terms of the new system's functionality and graphical user interface – screens, processes, calculations, workflow, etc. End users coming from the old legacy system may have no idea how the new environment will look and behave. The COO must address this topic.

The COO is to describe at an appropriate level (i.e., without technical terms) how the new solution will operate from the end-user's perspective. It must discuss how particular staff positions will interact with automated features of the new solution. Conversely, it must identify all processes that will continue to be manual in nature after the new solution is fully implemented. Process flow diagrams, as well as appropriate samples of screens, etc., may be helpful and would be encouraged by VRS, but the page-length limitation cannot be violated.

The COO should describe the high-level features (retrieving images of documents, faxing documents, printing documents and screen images, etc.), as well as the major business functions (enrolling members, issuing refunds, posting service credit purchases, generating retirement benefit estimates, etc.) that will be available to the end-users. It should include a discussion of how data will be entered into and accessed from the new system, and how data will be automatically passed from screen to screen for the end-user's convenience.

A detailed explanation of the appearance of the user's computer "desktop" is to be provided, including:

- Login
- Menu bars
- Status bars
- Menu navigation
- Icons
- Data screen organization:
  - » Windows
  - » Containers
  - » Tabs
- Different screen views based on the particular transaction
- Various data entry and selection devices, such as:
  - » Drop down lists
  - » Buttons for various purposes (searching for people on the database using various search criteria, launching new functions from the current screen, etc.)
  - » Radio buttons
  - » Check boxes
  - » Data entry fields.

A table of contents for the COO might include:

Overview of Solution
- GUI
- Desktop
- Business Functional Areas

Components of the New Solution
- Screens
- Processes
- Calculations
- Workflow
- Imaging

Operating the New Solution
- Navigation
- Invoking Business Functions
- Entering and Accessing Data
- Automatic Passing of Data
- Retrieving Images
- Printing and Faxing Documents
- Printing Screen Images

Staff Positions and Their Roles

Processes that Will Remain Manual after Implementation

Bidders are required to provide a table of contents of the document (included in and subject to the 25-page limit) and describe their approach to meeting this requirement. In addition, appropriate samples should be included in the proposal.

B-3.1.9 End-user Oriented Development Methodology Document

To improve the end-users' understanding of the development process and the effectiveness of the deliverables' review and revision cycle when the project is in progress (i.e., the development steps), bidders will be required to produce a top-level, End-user Oriented Development Methodology (EODM) document as defined below within 60 calendar days of the project start date.

Note the following critical requirements for the EODM:

- It may not exceed 25 pages in length. There are two reasons for this limitation. First, the document must be "digestible" by the reader, an end-user. Second, it forces the narrative to be at the appropriate level, i.e., a 'bird's eye' view of the methodology.
- It may not include appendices or attachments.
- It must be written to, and understandable by, the end-user community (not IT staff).
- It must be delivered at the earliest possible point in the project, i.e., with the detailed workplan and schedule – prior to any requirements sessions, gap analysis sessions, etc.
- The delivery of the EODM must be accompanied by vendor briefings describing the document and with a walk-through provided to end-users.

Bidders are required to discuss the End-user Oriented Development Methodology document in their proposals and to present a recommended approach. In their proposals, bidders must confirm their commitment to providing the End-user Oriented Development Methodology document and establish their understanding of its purpose.

Unlike the COO, the subject of which is use of the bidder's product in the VRS environment, the subject of the EODM is the system development life cycle and implementation process (i.e., a "process" versus "product" focus). The EODM must describe, at a high level, how the system will be defined, designed, tested, and deployed, i.e., the bidder's development life cycle for the project – aimed at end-users.

The bidder must describe in a brief, high-level fashion its proposed system development life cycle methodology. This explanation must be aimed at the end-user community. Note that the intricacies of code design and development need not be addressed, since these activities will typically not involve the user. Instead, attention should be focused on the meetings and activities that will involve the end-users and the deliverables that the users will be required to review and approve – and how these areas of user involvement fit into the overall methodology. This part of the EODM will describe what end-user VRS staff must do, what the bidder must do, and what they must do together. Bidders are encouraged to use diagrams, pictures, and graphics to facilitate end-user understanding.

It is already clear that VRS staff, especially the users, will be expected to participate in many meetings (be they Rapid Applications Development (RAD), Joint Applications Design (JAD), Joint Requirements Planning (JRP), Gap Analysis Process (GAP), etc.) to help define the current environment and the future environment, leading to a definition of the development / customization effort that will be required. The bidder must present an explanation of:

- Who will participate
- What the meeting objectives are
- How meetings will be conducted
- Who will lead the meetings
- The input being sought from the users
- How the findings of those meetings will be formalized in writing
- How the written records of the meetings will be reviewed, modified, approved, accepted, and used as the basis for change control throughout the project.

A particular source of concern to VRS is the need for the bidder, once the external system design has been established, to decompose the project into manageable units of work understandable by VRS staff. As a result of this necessary decomposition, end-user VRS staff will be presented with numerous (likely hundreds of pages of) documents (including but not limited to requirements definitions, design documents, user interface, screen / report layouts, and process flows) for their review, revision, and eventual approval.

The "granularity" of these work unit-sized documents makes it very difficult, if not impossible, for most public retirement system end-users (who typically have no experience with such large-scale system development methodologies) to:

- Visualize how the particular meeting they are participating in, or document they are reviewing, fits into the entire system
- Visualize how the particular meeting they are participating in, or document they are reviewing, fits into the system development methodology
- Visualize how the entire new system "plays together."

For these reasons, the bidder will be required, in the EODM, to provide VRS participants with a 'road map' of the project. All subsequent meetings and deliverables will include an introduction that relates

that deliverable to the EODM document, so that the user understands how the element under review fits into the overall process.

Other aspects of the system development life cycle that need to be addressed in the EODM for the users' benefit include:

- Project planning including workplans, conversion plans, disaster recovery plans, etc.
- Project phasing (including an explanation of why the project will be rolled out in phases and the advantage this approach represents for the users)
- Prototyping
- Test planning (test scenarios, test cases, test data, expected test results, etc.)
- Test execution at its various levels
- Reporting and resolution of problems
- Change control methodology.

A table of contents for the EODM document might appear as follows:

Introduction
Project Workplan and Deliverables
    Gantt Chart
    Narratives
    Phases or Stages
Roles and Responsibilities
    Bidder
    DST
        Requirements
        Testing
        Training
Deliverables
Risks
Risk Mitigation
Terminology/Glossary

Bidders are required to provide a table of contents of the document and describe their approach to meeting this requirement. In addition, appropriate samples should be included in the proposal.

B-3.1.10 Retirement Design Topics

There are numerous "philosophical" issues concerning the design of the new solution that require exploration and discussion between the bidder's staff and VRS staff. Examples of such philosophical design topics include:

- Should the system maintain one account or multiple accounts if the member is a participant in multiple plans?
- Should a member have only one account or should a member have two accounts, i.e., a member account and (after retirement) a benefit account?
- Should beneficiaries be tied to the member or to the member's account?
- Should a process be a workflow process or a non-workflow process?
- Which user roles should have access to which data and which processes?
- Should the deletion of a plan be permitted and, if so, under what circumstances?

- Should system tables be maintainable via a user screen or only via a system tool?
- Should correct wage and contribution records in an employer report be posted individually, or should the report be posted *in toto* only after all individual records are correct?
- Should users be permitted to reverse a transaction by pressing a single button and, if so, under what circumstances?
- Should users have the ability to change a member's status, or should status updates only be performed automatically by the system based on other processing?
- How many decimal places should be accommodated in calculations and data storage?

These and numerous other topics that will significantly influence the design and operation of the new system need to be addressed at the project's inception. The bidder will schedule and chair a meeting with appropriate VRS staff within 60 calendar days after the start of the project. This meeting should be held in advance of any design meetings, although it may follow an initial "get-acquainted" session. The bidder's staff will:

- Prepare the agenda for the meeting and guide the discussion
- Educate VRS staff in the pro's and con's (potential risks and rewards) of each design decision based on the bidder's experience in similar projects
- Point out interactions among the design topics that could influence the approach to be chosen
- Provide information on the possible effect of later changing a design decision
- Publish and distribute a written record of the meeting and the decisions stemming from it.

In addition, follow-up meetings will be held every three months during the project or more frequently if directed by the VRS project manager. The bidder will have the same responsibilities at the follow-up meetings that it fulfilled in the initial meeting. At these follow-up meetings, participants will have the opportunity to raise new design philosophy topics and to re-visit topics previously discussed. Again, decisions made at each follow-up meeting will be published in written form by the bidder and distributed to all participants.

Due to the bidder's familiarity and experience with new pension solution implementations, VRS is relying on the bidder to identify all such design topics in a timely fashion for discussion with VRS staff. It is acknowledged that, should VRS change a decision it had made earlier relating to a design topic raised by the bidder, the bidder may have reason to submit a change order for additional work mandated by the change. However, should the bidder fail to raise a given design topic for VRS's decision (and, instead, make an incorrect assumption relating to that design topic), then no related change order will be submitted, and any remedial work necessitated by the bidder's erroneous assumption shall be performed at no additional cost to VRS.

B-3.1.11 Bidder Activities Before and After Meetings with VRS Staff

VRS's ability to support the project is directly related to the amount of time available for VRS staff to dedicate to it in addition to their normal duties. VRS understands that the project cannot be completed without extensive input from our staff. Yet, other demands on their time and energy dictate that their project participation be highly efficient and productive. Therefore, certain procedures and guidelines must be observed when scheduling VRS staff to attend meetings and other project work sessions.

Prior to scheduling formal meetings with VRS staff, the bidder must fulfill the following requirements:

- Ensure that all bidder staff who will participate have read this RFP, the proposal, and clarifying documents and reviewed all of the appendices. Meetings with VRS staff should be used to clarify

the information contained in the RFP, NOT for a general review of the RFP's contents. Notwithstanding this, VRS realizes that effort in the requirements definition phase will include reviewing and elaborating on requirements identified in the RFP. This is to be expected. However, no meeting time should be "wasted" in collecting and reviewing forms and letters, for example, since forms and letters have been included in the RFP in sufficient detail and quantity for the bidder to either recreate the report, form, or letter in the LOB application, or to determine whether a comparable exists in the LOB system.

- Prepare a specific, detailed meeting agenda and distribute it to all participants at least three business days prior to the meeting. By providing advance notice of what is to be covered, participants can be better prepared to bring appropriate resource materials and to provide necessary input in an efficient manner. In addition, the need for follow-up meetings will be minimized.
- Attach to the agenda a description of the products and/or objectives that are expected to result from the meeting (e.g., design of a particular new system output, clarification of requirements in the RFP, etc.). By thus defining the meeting's objectives in advance, discussions should be better focused with less temptation to wander into time-consuming digressions.

The bidder is required to provide minutes of all meetings held with VRS staff. They are to be published within two workdays of each meeting.

Further, when legitimate digressions do occur (e.g., discovery of an ambiguity in an RFP requirement that requires resolution), they should be added to the agenda of a subsequent meeting, rather than addressed in an ad hoc fashion at the original meeting. In other words, decisions that should be confined to one or two persons should not occupy a roomful of staff simply because they happen to be convened at the time the issue arose. The bidder will be responsible, via its planning and preparation activities, for ensuring that VRS staff time devoted to the project is utilized in the most efficient and productive manner possible.

B-3.1.12 Work Process Manual, Training, and Help Facility

A particular concern of VRS is the ability of users to process work and fulfill their job duties utilizing the new solution as soon as it first becomes available at the time of the initial functional cutover. The vendor will provide standard training in the new solution, which will familiarize staff with the technical environment: screen navigation, windows, containers, tabs, wizards, drop-down lists, radio buttons, hot keys, data entry fields, and the like. But this training, while essential, is not sufficient to equip the users to begin processing work efficiently. Users do not think in terms of tabs and containers and wizards, etc. They think in terms of processes and sub-processes – e.g., enrolling a member, generating retirement estimates, issuing refunds, setting up service purchases, etc. This is the reason for the stress placed on **training in work processes** in the training sections of this RFP.

To augment this user <u>process training</u> effort, the bidder will be required to produce a hard-copy Work Process Manual and a corresponding <u>on-line help facility</u> to assist the users in processing work with the new solution. The manual should be organized to correspond with the work processes for which each user is responsible. Planning for the manual and help facility should start at the beginning of the requirements definition effort.

The bidder will identify for each user functional group the work processes and sub-processes for which they are responsible. In identifying the processes that will be documented, the bidder will adopt the terminology with which the users are already familiar. Users will be asked to confirm that all work processes for which they are responsible have been identified in terms that are familiar to them.

For each work process/sub-process identified, the bidder will develop a user-friendly script to be followed in using the new system to complete the process. Each script will start at system logon and "walk" the user through the windows, containers, tabs, wizards, etc., in sequence, that have to be accessed in order to complete the work process. The scripts will address all drop down lists, radio buttons, data entry fields, etc. that must be used in processing work. Included in each procedure must be any necessary interaction with workflow management features, such as selecting a work packet from the user's work queue, passing work on to another user/reviewer, resuming work on a work packet passed from another user, suspending work packets until a subsequent triggering event occurs, closing out completed work packets, etc.

Each process "walk" in the manual must be complete in itself with no cross-references to other process "walks." For example, there may be a process called "Retirement Application." As part of processing an application for retirement, the user may review the member's demographic information included on the application form and update the database with any changes. No doubt there will be another process in the manual for "Change Demographic Information." Nevertheless, the section on "Retirement Application" **should not refer** the user to the "Change Demographic Information" section, but rather **should include the contents** of that section, with any adjustments necessary to account for navigating to demographic information processing from the retirement application process (rather than from system logon). VRS understands that this approach will result in significant duplication within the manual. However, duplication is necessary to avoid the confusion that would result from forcing the user to refer from one process "walk" to another, possibly several times, in order to complete a single work process.

In addition to a detailed Table of Contents, the Work Process Manual must include a detailed, indented index to assist the user in locating the information of interest.

The related on-line help facility envisioned by VRS should operate much like the "Ask a Question" help facility provided by Microsoft Word. A field should be provided near the top of each system screen into which the user can enter a question (e.g., "How do I reprint a member's annual statement?") or a series of key words (e.g., "annual statement reprint"). The help facility should respond with a list of likely work processes/sub-processes from which the user can select. When the user selects an item from the list, the appropriate excerpt from the Work Process Manual should be displayed.

Both the Work Process Manual (in sufficient number of hard copies to accommodate every user) and the on-line help facility must be delivered at the time of each functional cutover.

The bidder's training plan must include instruction in the use of both the Work Process Manual and the on-line help facility.

B-3.1.13 Standard Project Management Deliverables

VRS understands that bidders will bring to the project their own project methodologies and standard deliverables. However, VRS has identified a minimum set of project deliverables that the bidder must provide. They are described and defined in detail in the following subsections.

B-3.1.13.1 Requirements Traceability Matrix

For the purpose of maintaining a comprehensive list of identified system requirements, the VRS has developed a Requirements Traceability Matrix (RTM) and will provide it as an addendum to this RFP on the date specified in Table 1 in Section A-3.1. The RTM will be in the form of a Microsoft Excel workbook. The workbook will consist of several spreadsheets corresponding to requirements areas, such as LOB, Technical, Miscellaneous, Imaging, Software, Option 1, Option 2, etc. All requirements will

have already been identifed in this document. This will be a restatement of the RFP requirements in matrix format.

The matrix will include 14 columns, the contents of which are described below:

Table 12. Requirements Traceability Matrix Columns

COL #	COLUMN HEADER	DESCRIPTION	RESPONSIBLE PARTY
1	**No.**	Sequential unique number, identifying the requirement. They are aggregated by major category.	Populated by VRS on RFP Distribution
2	**Requirement per RFP**	A summarized description of the requirement.	Populated by VRS on RFP Distribution
3	**RFP Section**	The particular spreadsheet of the requirements workbook prepared by VRS from which the line item originated.	Populated by VRS on RFP Distribution
4	**Specific Section**	The location in the RFP in which the requirement is defined; in some cases only one reference is made back to the RFP; in others, multiple references are made.	Populated by VRS on RFP Distribution
5	**Deliverable**	The bidder deliverable in which the requirement is addressed.	Populated by bidder upon submitting related SOW
6	**Phase**	The phase of the project in which the requirements will be delivered per the project plan.	Populated by bidder after project start date
7	**SOW**	The bidder's Statement of Work or Task Description which includes the requirement, if applicable.	Populated by bidder after project start date
8	**Supported By**	Specific functionality (i.e., screens, reports, Web pages, etc.) within the solution that supports the requirement.	Populated by bidder after project start date
9	**Requirement Verified**	Date the functionality was internally tested and accepted by bidder.	Populated by VRS as project progresses
10	**Verified by VRS**	Indication (e.g., Verified, Open) of whether the requirement has been verified by VRS as functioning properly.	Populated by VRS as project progresses
11	**Date Verified**	Date on which the verification (i.e., test date) was completed.	Populated by VRS as project progresses
12	**Received Date / Who**	The date that the requirement was delivered to VRS, and to whom it was delivered.	Populated by VRS as project progresses
13	**Date/Who**	The date that the requirement delivery was accepted by VRS, and by whom it was accepted.	Populated by VRS as project progresses
14	**Comments**	Any comments relating to the requirement. Comments will include, among other things, an explanation of what caused a requirement to be removed or added. This must be specific, citing specific conversations that have previously occurred between VRS and the bidder, the date and attendees, and the prior document which transmitted this information (including but not limited to meeting minutes, status report, and specific correspondence) to VRS. Note that any agreement between VRS and the bidder to eliminate project requirements stated in the RFP, the bidder's proposal, or the contract must be in writing, executed by both parties.	Populated by VRS as project progresses

The RTM will be updated by VRS during the procurement process with information gathered from the successful bidder's proposal, from the question and answer process, and from the final negotiated contract.

In cases where a function described in the RFP is not "carried" forward, the bidder will note this by providing a written explanation in the comments column (14) for that function. Further, if there are any new functions that have evolved during the requirements analysis, the bidder will add them as appropriate entries at the end of the matrix.

Next, VRS will review the matrix – annotating any differences of opinion that they have with respect to the bidder's completion of the matrix. VRS and the bidder will meet to discuss and resolve any differences. VRS and the bidder will update the matrix so that it reflects the agreed-upon changes, and it will become part of the deliverables from the Requirements Definition.

The revised, updated, completed matrix will be provided to VRS by the bidder twice: once after the completion of the bidder's detailed work plan, which must be delivered within 60 calendar days of project start date, and again with the top level requirements definition, which must be delivered within 120 calendar days of the project start date. The matrix will provide a more precise reference point for the "go-forward" strategy for the implementation phases.

Columns 8-13 will be filled in as portions of the project are completed by the bidder and delivered to VRS for review and acceptance.

Furthermore, the bidder will be responsible for tracking and matching project requirements, not only from the RFP (and associated amendments, questions and answers, bidder's proposal and any amendments thereto) to the design definition, but also through the requirement definition, design, and implementation activities. At any time, should VRS question how a particular requirement expressed in the RFP / procurement cycle will be addressed in the new system, the bidder must be able to demonstrate how that requirement was carried forward from the RFP into the proposal, the requirements definition, the system design, and eventually the final implementation.

B-3.1.13.2 Statements of Work

All work to be done under the contract to be awarded will be covered by written Statements of Work (SOW) authorized by VRS, that will define reasonably sized components of work. The SOWs will enumerate the deliverables that will be submitted within the SOW. The bidder will submit each detailed written SOW, with an accompanying project plan (in Microsoft Project 2003) showing tasks, resource assignments, duration, milestones, etc., to the VRS project manager for review, possible revision, and acceptance. VRS will require up to ten (10) business days to review and authorize a SOW. Under no circumstances will the vendor be allowed to initiate a task prior to a scheduled start date. Therefore, the bidder must factor in this review period when scheduling its activities under the contract. <u>Under no circumstances will any work be done absent a SOW duly authorized by VRS.</u>

Conversely, the bidder will not issue SOWs for work to be done in the distant future – i.e., "banking" of SOWs will not be permitted. While VRS understands the bidder's desire to be able to schedule its personnel as far in advance as possible, VRS's objective is to ensure that SOWs are developed in a "just-in-time" fashion in order that they reflect the project's most recent developments. VRS wishes to avoid having work conducted under "stale" SOWs. Therefore, the bidder will deliver each SOW no sooner than 30 calendar days prior to the date that work under that SOW is scheduled to begin. If work on a particular

SOW does not begin within 30 days of VRS's authorization of the SOW, then VRS reserves the right to require that the SOW be re-issued and re-authorized prior to commencing work there under.

Note that this provision provides the bidder with a "grace period" equivalent to the period elapsed between delivery of the SOW and VRS's authorization of it. For example, the bidder may deliver a SOW on day 0 for work scheduled to begin on day 30. If VRS takes the full ten days to authorize the SOW, then the bidder may begin work at any time between day 10 (when the SOW is authorized) and day 40 (30 days after authorization). If work under the SOW does not begin by day 40, however, VRS may require that the SOW be re-issued and re-authorized prior to commencing work.

In their proposals, bidders are to confirm their understanding of the above-stated requirements relating to SOWs and their timing.

For each phase of the project, the bidder will develop, submit, and receive approval from VRS for no more than ten (10) SOWs addressing the activities within that phase. VRS and the bidder will mutually agree on the format of the SOW within thirty (30) calendar days of the start of the project. In concept, SOWs will contain:

<u>Statements of Work</u>

- Number
- Title
- Overview
- Objectives
- Scope
  - Within SOW
  - Outside of SOW
- VRS manpower
- Start criteria
- Acceptance criteria
- Quality Assurance
- Roles
  - Bidder
  - Subcontractors
  - VRS Users
  - VRS IT
  - OPM/QA
  - Other
- Assumptions
- Reference to RFP and Proposal
- Extracts From Requirements Mapping Matrix Schedule
- Payment schedule
- Deliverables
- Cost
  - Original
  - Current
  - Explanation of Deviation
- Critical Success Factors

Signatures

B-3.1.13.3 Weekly Status Reports

The bidder will submit weekly status reports with separate sections that cover all phases in progress or completed during the reporting period or that will begin during the next reporting period.

The weekly status reports must be available by 5:00 PM of the first State business day of the week following the reporting period. The weekly reporting periods end at close of business each Friday. Ad hoc status reports will also be required if VRS's project manager feels they are needed. Four (4) types of reporting are to be included:

(1) Project phase and task status/progress reports in which:

- Overall project status is shown in a chart form with sub-phases identified
- Analysis of current status relative to workplan is graphically shown by chart overlays or a similar technique in the weekly status reports; the bidder shall use Microsoft Project
- Hours expended and hours-to-go are shown for each work task
- Schedules and workplans are updated if necessary, showing both the old and new versions.

(2) Narrative status/progress reports outlining:

- Work completed to date
- Problems encountered and proposed solutions
- Problems anticipated in coming reporting periods and proposed solutions (alternatives)
- Work estimated to be accomplished during the subsequent period
- Any other points of significance relating to schedule or other aspects of the project.

(3) Ad hoc status/progress information.

(4) Project metrics – during various project phases:

- Deliverable status, with percentage of completion and time ahead or behind schedule for particular tasks
- An analysis of risk anticipated, proposed mitigation strategies, and resolved risks
- Proposed changes to the project schedule, if any
- Specification development – in process, in review, rejected, accepted, in rework, etc.
- Test – available for test, in test, accepted, rejected, in rework, in retest, etc.
- Other.

The final format of the status report will be mutually agreed upon between VRS and the bidder within thirty (30) calendar days of project start date. Bidders should include samples of previously used status reports on other similar projects.

Status meetings are to be held weekly at regularly scheduled times (e.g., 2:00 PM each Tuesday). They will be held during the week following the close of the preceding reporting period.

After the first six (6) months of the project have elapsed, VRS may, at its sole discretion, determine whether bi-weekly or semi-monthly status reporting and/or meetings will be acceptable either for the remainder or a segment of the project (e.g., bi-weekly through design and coding, returning to weekly prior to UAT).

B-3.1.13.4 Monthly Advisory Committee Meeting

Meetings of the VRS Advisory Committee will be held monthly. The bidder project manager, and other bidder senior staff, as appropriate, will be required to attend each of these meetings.

As requested by the VRS project manager, the bidder's project manager may occasionally be required to deliver a presentation on pertinent topics.

Prior to each Advisory Committee meeting, the bidder project manager will meet with the VRS project manager and others as deemed appropriate by the VRS project manager in order to develop the meeting agenda.

No later than two business days after each Advisory Committee meeting, minutes of the meeting will be prepared and distributed to all meeting participants and all other project participants affected by the meeting's outcome.

B-3.1.13.5 Gap Analysis Process (GAP) and Requirements Definition (RD)

It is anticipated that the bidder's early efforts in developing the LOB solution will consist of collaborative efforts between bidder staff and VRS users to identify the differences between the bidder's solution and VRS's specific requirements. This phase of the project may be termed GAP analysis, requirements definition, etc. depending upon the bidder's development methodology. For the purposes of this discussion, it will be called gap analysis process or GAP.

During the first GAP session on a given topic, the bidder must excerpt from the RFP and review with the users what the RFP expressed for requirements on that topic.

The RFP requirements will ALWAYS pertain unless, during the GAP session, the users agree to eliminate an RFP requirement AND a written agreement to that effect is signed by an authorized VRS staff member. The written agreement will be prepared by the bidder. If VRS agrees to such a "reduction" in requirements during the GAP session, the bidder will not be expected to reduce its fixed price. However, the bidder will, as part of the written agreement to eliminate the requirement, issue VRS a "credit memo" which estimates the dollar value of the effort that is avoided by virtue of eliminating the requirement. VRS will be able to apply all such credit memos to offset the cost of future Change Control Requests (CCR'\s). The bidder must describe in its proposal how the "credit" would be determined based on the effort avoided due to the reduction in requirements.

If at a later date, VRS wishes to restore a requirement that it had agreed in writing to eliminate, then that requirement is subject to a CCR. In that event, however, the cost of the CCR cannot exceed the value of the credit memo that was earlier issued by the bidder for eliminating that requirement.

Bidders must take note of, and confirm in their proposals, the following: **under no circumstances will VRS's approval of system design and/or specifications abrogate the RFP requirements.** VRS staff invested a great deal of time in developing the RFP requirements. The bidder, not VRS staff, is responsible for ensuring that all RFP requirements are correctly reflected in specification documents, design, and solution delivery. Absent a specific written agreement to eliminate or modify an RFP requirement, signed by the VRS project manager, that RFP requirement will remain operative.

The bidder will provide a sample GAP document template for review and modification by VRS prior to starting the first GAP session. The GAP document will clearly identify what required functionality exists in the base-LOB application and what functionality has to be added or modified to conform to or satisfy

the VRS's requirements. If the GAP documents are silent on a requirement and no written agreement pertaining to eliminating it is authorized, then ALL RFP provisions pertaining to that requirement will stand.

B-3.1.13.6 Change Control / Reporting and Change Integration Management

This section includes requirements pertaining to change control, change reporting, and the management of the integration of changes over the course of the project.

B-3.1.13.6.1 Change Orders

It is to be anticipated in a project of such magnitude that VRS will make periodic requests for changes in the new solution. Such changes will typically incur additional costs and possible delays relative to the project schedule. The VRS project manager will provide all such change requests in writing to the bidder's project manager. The bidder's project manager will respond to such change requests with a written proposal for completing the change. The bidder's proposal for implementing the change (i.e., the change order) must be delivered to VRS by the bidder within ten (10) business days of the bidder's receipt of the written request for the change. The change order must define the effort involved in implementing the change, the total cost of implementing the change, and the effect, if any, of implementing the change on all pertinent project schedules.

It must be understood by the bidder that VRS will not pay for the effort involved in developing the change order. Just as the bidder bears the cost of developing its proposals in response to this RFP, the bidder will bear the cost of estimating the cost, time, and manpower required to implement all change requests forthcoming from VRS during the course of the project. Bidders are cautioned to factor into their proposed approach, cost, and manpower estimates sufficient resources to respond to VRS's change requests as they arise throughout the project.

Further, it is pointed out to the bidder that the responses are to describe the completion of the work requested; a response that describes the cost for an analysis and plan will not be acceptable.

B-3.1.13.6.2 Miscellaneous Change Items

VRS understands that the bidder must be aware of the entire "scope" of the engagement in order to respond to this RFP accurately. However, bidders must recognize that certain **predictable** (change) items will arise during the course of the engagement – items over which VRS has no control. These items fall into two classes: (1) those relating to tax calculations and reporting formats, which would apply to all of the bidder's clients; and (2) those relating to retirement system calculations and business rules which, while outside VRS's control, would be unique to VRS. Following is a representative, though not all-inclusive, list of typical, predictable items that need to be addressed over the course of any retirement system implementation (the bidder should assume that other similar items might arise):

- Tax-related
  - » Changes to calculation rules
  - » Changes to 1099 format
- Retirement system-related
  - » COLA: changes to calculation rules
  - » Member statement of account: change in extract criteria
  - » Member statement of account: changes to format
  - » Checks: changes in extract criteria
  - » Checks: changes in format

» Banks: changes in bank(s) or routing number(s).

In summary, it is the bidder's responsibility to maintain the "currency" of the LOB application software through the end of the warranty period. This responsibility includes updating business rules and data values such as those listed above from the time the LOB application is installed through the end of the warranty.

For tax-related changes, the bidder is required to incorporate into its solution all known changes to tax calculations, reporting formats, etc. from the time the LOB application is first installed through the end of the warranty period. This requirement includes setting up tax calculations and factors for future effective dates (beyond the warranty period) to the extent that the changes are known prior to the end of the warranty period. These changes must be implemented at no additional cost to VRS.

The bidder is also responsible for incorporating into its solution all retirement system-related changes such as those listed above from the time the LOB application is first installed through the end of the warranty period. This requirement includes setting up changes applicable to future effective dates (beyond the warranty period) to the extent that the changes are known prior to the end of the warranty period. Bidders must factor this additional effort into their cost proposals. However, to assist the bidder in scoping the effort for "worst case" scenarios, the bidder may assume that no more than two changes per calendar year will be required in any one "parameter." The first two changes to any one "parameter" in a calendar year must be implemented at no additional cost to VRS. Any additional changes (above two) to the same "parameter" in a given calendar year will be subject to a change request from the bidder.

B-3.1.13.6.3 Change Request Reporting

Bidders must provide evidence in their proposals that they have in place and will utilize an automated and demonstrable Change Request Reporting (CRR) system for managing and facilitating change requests.

The desired summary/reporting mechanism should be in a "spreadsheet" format but need not be maintained in a spreadsheet application (e.g., Microsoft Excel). It should summarize current and "phase-to-date" change requests and include graphics capabilities showing trends in change requests received and satisfied, as well as the existing backlog of authorized change requests at any point in time. Examples of the summary/trend information of interest to VRS include (at both the individual functional or business area level and the delivery phase level, as well as for the project in total):

- Number of change requests received at any point in time
- Number of change requests analyzed by the bidder (and estimates provided to VRS) at any point in time
- Number of change requests authorized/rejected by VRS at any point in time
- Number of closed (i.e., completed) change requests since the beginning of the project, the beginning of the current phase, etc.
- Number of change requests opened/closed in the last month.

The CRR system can be custom developed or a package. The bidder is required to describe the proposed CRR system in its proposal. After project start date, the proposed CRR system will be presented to VRS in detail. The bidder will provide training to appropriate VRS staff as necessary to facilitate their use and understanding of the CRR system.

The bidder will provide, at least once per month, copies of the CRR status report to VRS for review.

B-3.1.13.7 Vendor Analysis Tasks

Over the course of the effort, the successful bidder will be required, from time to time, to conduct various analysis tasks. These tasks would be directed at potential, new/revised project requirements. For the purposes of discussion, examples include: examining alternative check printing solutions, accommodating a new data interface with another state agency or financial institution, adding a new form letter to be generated by the system, etc.

When VRS requests that such an analysis task be undertaken, the bidder will be required to:

- Consult with VRS staff to develop an unambiguous definition of the new/revised requirement
- Analyze the alternatives for satisfying the new/revised requirement, addressing the advantages and disadvantages of each
- Identify any problems that will arise as a result of satisfying the new requirement
- Propose the "best" (generally, least costly/disruptive or most expedient) alternative for satisfying the new requirement
- Prepare a schedule and cost proposal for satisfying the new requirement, including an indication of where in the project workplan the new requirement will be addressed
- Present the written analysis to VRS for authorization.

If VRS chooses not to authorize the implementation of the new requirement, the bidder's effort will end at that point. Note, however, that if a particular requirement is not immediately authorized, VRS may wish to reconsider its position at some future point in the project. In this event, the bidder would be given the opportunity to revise its analysis, since it is understood that interjecting a new requirement later in the project generally will involve greater expense and/or effort than would have been the case had it been authorized when originally proposed.

If/when VRS authorizes implementation of the new requirement, the bidder will be responsible for integrating the effort into the overall project and for satisfying the new, authorized requirement for the price proposed in the analysis (as possibly revised per the above discussion).

Although VRS would expect to pay for the implementation of the new requirement at the cost estimated by the bidder, note that the <u>analysis effort itself</u> will not be billed for separately. Bidders are cautioned to include in their cost bids (in response to this RFP) sufficient resources to conduct such analysis tasks as requested by VRS. In their technical proposals, bidders must state their commitment to provide such analysis services within their fixed price bids. See Section B-3.1.13.6 - Change Control/Reporting and Change Integration Management for related information.

VRS wishes to convey that the scope of such analysis tasks would be "reasonable" in magnitude, as indicated by the examples provided in the introductory paragraph above. VRS does not expect the successful bidder to provide analysis services relating to <u>major</u> new requirements at no additional cost.

B-3.1.13.8 Problem Incident Reports

Bidders must provide evidence in their proposals that they have in place and will utilize an automated and demonstrable problem incident reporting (PIR) system for managing and facilitating test-related activities as well as production problems. The PIR system must offer, at a minimum, the following attributes:

- It must define how PIRs will be initiated, uniquely identified, and logged, and by whom.

- It must relate each PIR to the particular functional area (e.g., employer reporting, benefit estimates, etc.) or appropriate area, i.e., training, documentation, etc.
- It must relate each PIR to the appropriate test variant/scenario/case/data set.
- It must relate each PIR to the appropriate entry in the requirements traceability matrix.
- It must record both the expected and actual test result as alphanumeric, numeric, or date as appropriate to the PIR.
- It must track the status of, complexity of, and priority accorded to each PIR.
- It must provide for relating PIRs to change orders when appropriate (in those cases where what was originally thought to be a problem incident is actually determined to be a request for a design change).
- It must track the scheduled fix delivery date.
- It must track the fix release number through which the PIR was addressed.
- It must provide for tracking efforts to correct the problem and the eventual resolution of the problem incident.
- It must include a summary/reporting mechanism as described below.
- Though a manual approach of WORD, e-mail, or Excel documents is not acceptable, the system must be capable of exporting information to those systems.

The desired summary/reporting mechanism should be in a row-and-column format. It should summarize current and "phase-to-date" PIRs and include graphics capabilities showing trends in problem incident reporting and resolution, as well as the existing backlog of PIRs at any point in time. Examples of the summary/trend information of interest to VRS include (at both individual functional or business area levels, delivery phases, as well as the project in total):

- Number of test cases for the phase, cases to execute, and cases executed – for the phase and for each LOB area.
- Number of test case data sets for each executed test case.
- Number of executed test cases with one or more PIRs (opened or closed).
- Number of test cases undergoing rework.
- Number of test cases awaiting or undergoing retesting.
- Number of open PIRs at any point in time.
- Number of closed PIRs since the beginning of the project, the beginning of the current phase, etc.
- Number of PIRs opened/closed in the last week/last month.

A detailed listing of the information of interest (not just a summary total), as outlined above, must be made available in printed format. For example, referring to the first item in the list, the PIR system must provide a list of the test cases for the phase, a list of the case to execute, and a list of the cases executed.

An example report, illustrating how some of this information could be presented, is provided below:

UAT Statistics for Active										
As of	10/6	10/7	10/8	10/9	10/10	10/13	10/14	10/15	10/16	10/17
Test Case Breakdown										
Total Test Cases	83	83	83	83	83	83	83	83	83	83
Total Test Cases Executed	4	7	12	17	19	25	27	31	32	37
Total Cases Remaining	79	76	71	66	64	58	56	52	51	46
Total Data Sets	44	47	57	62	66	78	83	78	78	78
Executed Cases										
With PIRs	3	5	7	10	11	13	17	18	18	19
In Rework	3	3	3	3	2	3	4	4	3	1
In Retest	0	2	4	5	3	2	3	2	2	2
Completed	1	2	5	9	14	20	20	25	27	34
PIR Breakdown										
Total Open PIRs	0	7	9	11	15	17	16	11	9	8
S/W Defects	0	3	5	6	8	8	6	2	3	2
Data Conversion	0	4	4	5	7	9	10	9	6	6
New PIRs										
S/W Defects	3	2	1	2	0	3	1	3	1	2
Data Conversion	4	0	1	2	2	3	1	0	0	0
Closed PIRs										
S/W Defects	0	0	0	0	0	5	5	2	2	5
Data Conversion	0	0	0	0	0	2	2	3	0	0
Total Open PIRs	7	9	11	15	17	16	11	9	8	5

Figure 3. Sample Problem Incident Report

Graphics illustrating the progression of testing and PIR activity over time must also be provided showing trends. The following is provided as an example:

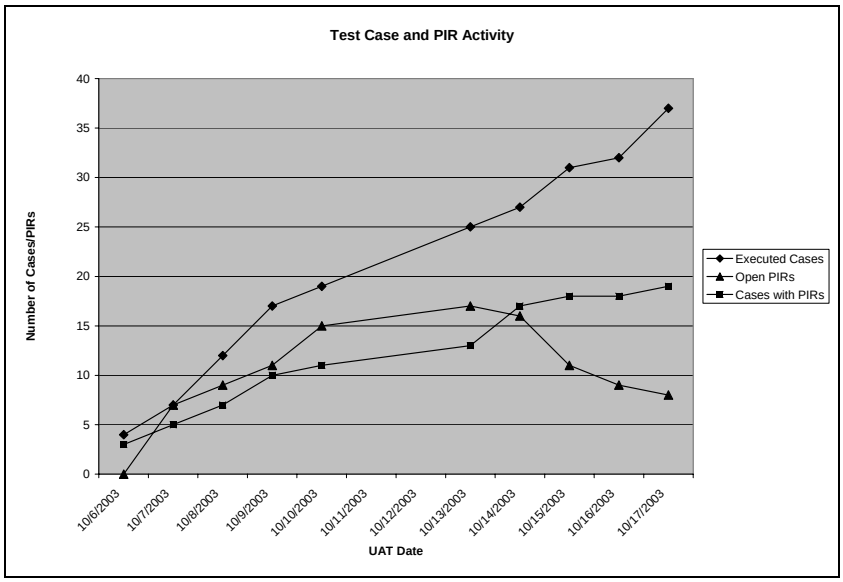


Figure 4. Sample PIR Trend Graphic

The PIR system can be custom developed or a package – although a commercial-off-the-shelf (COTS) approach is more desirable. A manual approach using a word-processor, e-mail, or electronic spreadsheet document is not acceptable. The bidder is required to describe the proposed PIR system in its proposal.

The proposed PIR system will be presented to VRS in detail within the first 60 calendar days of the projects start date.

The bidder will provide training to appropriate VRS staff as necessary to facilitate their use and understanding of the PIR system. No user testing will proceed until the PIR approach has been presented to, reviewed by, and accepted by VRS.

In addition, the vendor will be required to implement a methodology for classifying PIRs. Such methodology should include conducting joint meetings with VRS (at mutually agreed-to intervals) to determine the classification of PIRs. Classifications can include priority and severity as well as whether the PIR is warranty related, where the vendor bears the cost of the modification, or non-warranty (i.e., system enhancement, design change, out of scope, etc.) related, where the vendor will provide a cost estimate to VRS. Bidders must fully describe their methodology for classifying PIRs in their proposals.

B-3.1.13.9 Issues Management

Bidders must provide evidence in their proposals that they have in place and will utilize an automated and demonstrable issues management system for identifying, analyzing, tracking, and resolving issues.

Issues can be raised by either the bidder or VRS. Issues that are discussed in meetings can be initially recorded in the meeting minutes and then reviewed at subsequent meetings. Minor issues that can be resolved quickly by the participants of regularly scheduled meetings need not require entry into the issues management system. The majority of issues that arise will be recorded and tracked, and will include a detailed description of the issue, the names of managers and analysts who worked on them, deadlines for resolution, escalation actions, and their resolution.

The issues management system must offer, at a minimum, the following attributes:

- It must define how issues will be initiated, uniquely identified, and logged, and by whom.
- It must relate each issue to the particular functional area (e.g., employer reporting, benefit estimates, etc.) or appropriate area, i.e., training, documentation, etc.
- It must relate each issue to the appropriate entry in the requirements traceability matrix.
- It must track the status of, complexity of, and priority accorded to each issue.
- It must provide for relating issues to change orders when appropriate (in those cases where what was originally thought to be an issue is actually determined to be a request for a design change).
- It must track the issue resolution date.
- It must provide for tracking efforts to resolve the issue and its eventual resolution.
- It must include a summary/reporting mechanism as described below.
- Though a manual approach of WORD, e-mail, or Excel documents is not acceptable, the system must be capable of exporting information to those systems.

The desired summary/reporting mechanism should be in a row-and-column format. It should summarize current and "phase-to-date" issues and include graphics capabilities showing trends in issue reporting and resolution, as well as the existing backlog of issues at any point in time. Examples of the summary/trend information of interest to VRS include (at both individual functional or business area levels, delivery phases, as well as the project in total):

- Number of issues for the phase and for each LOB area.
- Number of open issues at any point in time and track the upcoming deadlines for resolving them
- Number of closed issues since the beginning of the project, the beginning of the current phase, etc.
- Number of issues opened/closed in the last week/last month.

The issue management system can be custom developed or a package – although a commercial-off-the-shelf (COTS) approach is more desirable. A manual approach using a word-processor, e-mail, or electronic spreadsheet document is not acceptable. The bidder is required to describe the proposed issue management system in its proposal.

The proposed issue management system will be presented to VRS in detail within the first 60 calendar days of the project start date.

The bidder will provide training to appropriate VRS staff as necessary to facilitate their use and understanding of the issue management system.

In addition, the vendor will be required to implement a methodology for classifying and escalating issues. Such methodology should include conducting joint meetings with VRS (at mutually agreed to-intervals) to determine the classification and escalation of issues. Classifications should include at a minimum the establishment of the priority and severity of the issue. Escalation is a process for bringing critical, unresolved project issues to the attention of management. An issue can be escalated for a number of reasons, including:

- Current assignees do not have the authority to choose among alternative solutions
- Personnel at a higher level of management are required to participate in the resolution of the issue
- No satisfactory issue resolution has been reached between the bidder and VRS within the time period defined for resolution.

Bidders must fully describe their methodology for classifying and escalating issues in their proposals.

B-3.1.13.10 Risk Management

Risk management includes identification, analysis, planning, tracking, control, and communication of risk areas associated with all project phases. The bidder must identify strategies to minimize both the chance of risk situations occurring and of their impact on the project if they do. While some risks can be identified from the outset of a project, others will emerge throughout the life of the project.

The risk management strategy should include how the bidder proposes to accomplish the following:

- Define measures of success and set targets
- Identify key assumptions
- Identify, analyze, and document risks that threaten the ability to achieve the success targets
- Develop and document mitigation strategies for each identified risk
- Specify tasks to implement the mitigation strategy
- Build consensus on appropriate mitigation strategies
- Establish criteria for escalating risks
- Enlist support for mitigation steps that are outside of the project's direct control
- Monitor and report on risks.

At key points in the project cycle, the successful bidder will be required to conduct formal risk assessments, to review the status of project risks, and to ensure that appropriate mitigation strategies are in place.

B-3.2 Process and Organizational Change Recommendations and Transition Management

The nature of this engagement makes the processes surrounding change and transition management and integration critical to success. VRS needs a partner that understands the impact of change on their environment and that takes part in the management of change introduced to the environment.

The implementation of the new solution will bring about a cultural change for VRS, as well as changes to business processes and workflows. The success of the project will be dependent on the acceptance and utilization of the new system by the end users in support of their work. In support of the wholesale change that must be absorbed by VRS, the bidder will assist in promoting and fostering the awareness, acceptance, and implementation of the new solution, the corresponding changes in business processes and workflows, and the definition and implementation of new work roles within the organization.

To address how change management and integration management issues can be facilitated within the new solution, the proposed solution must ensure that:

- To the extent that new or enhanced environments will require changes to end-user operational procedures, VRS expects the vendor to participate in defining the best operational procedures that will fit within VRS's organization and then to assist with implementation of the new procedures, including IT-related as well as business procedures.
- Integration of the new infrastructure will be executed in a manner that minimizes impact to the customers. Upgrades to software should be organized and planned with a defined distribution strategy. The customers should be insulated from infrastructure changes as much as possible.
- Bidder tests upgrades and upgrade processes prior to their execution at VRS.
- The bidder has a methodology for tracking changes and defect corrections to the system.

As described in Section B-3.1.3 (Multiple Products, Services and Methodologies) and elsewhere in the RFP, VRS expects the bidder to provide significant input, recommendations, leadership, and execution of tasks in a number of areas as identified below:

- Process change (Business Process Reengineering) – Analysis, alternatives, proposed improvements, change implementation, integration with the new technical solution, etc., including:
  - » Communicating the strategy to stakeholders throughout the project, that includes formal presentations of the project mission, vision, etc.
  - » Identifying the impact that additional/new functional priorities will have on current business processes
  - » Detailing the operation of the new solution's business processes, job functions, and roles
  - » Identifying the impact of those business processes on customers, employees, and other stakeholders
  - » Documenting any legislative regulations, administrative rules, and VRS (or other agency) policies/procedures that may require clarification in order to implement specific process changes.
- Organizational change (Organizational Restructuring) – Analysis, updates to job descriptions, realignment alternatives, proposed improvements, training considerations, identification of new hires, etc., including:
  - » Conducting organizational assessments
  - » Ensuring a cultural fit with new processes and systems
  - » Communicating organizational change strategy and tactics to project stakeholders
  - » Ensuring that VRS users and IT staff are adequately trained and have the ability to function in their jobs after implementation.
- Transition management – Facilitating the transition of processes and staff from their old, legacy-oriented, transaction-oriented roles using disparate but familiar non-integrated processing tools to their new roles, responsibilities, and processing in the new integrated environment:
  - » Developing and documenting strategies for implementing the transition to the new environment
  - » Developing and applying relevant metrics to document the results of the transition
  - » Facilitating business transformation and identifying new roles, responsibilities, and skills required to implement the new processes
  - » Coordinating business transformation efforts with the training activities required
  - » Effecting a transition to the new processes that results in increased job satisfaction, work productivity, and organizational effectiveness.

The bidder must provide a plan to support each of the areas described above within 90 calendar days of the project start date; the plan is to be updated no less frequently than every 90 calendar days. In each case the bidder must identify a bidder's staff member – trained, experienced, and specializing in these three areas – who will be assigned to lead these efforts. Bidder staff who are involved in system development efforts are not to be assigned to these efforts.

Short position/recommendation papers (20 – 30 pages) addressing the above topics are to be prepared and forwarded to VRS at a minimum at the following points in time during the project:

- Sixty (60) calendar days after the delivery of the Concept of Operations Document
- Sixty (60) calendar days prior to the rollout of the each phase of the project that is going into production.

The types of topics to be addressed include, at a minimum:

Executive Summary
Introduction
Objectives
History
Approach
Recommendations
- Processes
- Organizational, for both user and IT staff
- Operational, both user and IT related
- Transition from legacy to the new system
- Physical plant.

VRS expects these activities to address the challenges created by introduction of a new solution. They should assist VRS staff in understanding how the new solution will change (for the better) the processing of work at VRS. Bidder training of VRS staff in the new paradigm must be included – beyond just how screens and windows work. Rather, the training effort should appropriately address:

- How **work** is processed in the new environment
- How staff positions, responsibilities, roles, etc. will change in the new environment
- A mapping by person identifying the processes each staff member performed in the legacy system vs. the processes he/she will perform in the new environment
- How the new environment impacts VRS IT staff and their roles and responsibilities.

Bidder responsibility in these four areas includes, but is not limited to:

- Developing and maintaining the four respective plans
- Training VRS task leaders and staff (including IT staff as appropriate) in organizational and process change
- Training VRS task leaders and staff in how work functions (i.e., retire a member, process a refund, correct a wage and contribution report, etc.) are completed – not just the "points and clicks" of individual processes or transactions
- Building support for cultural changes
- Leading and facilitating working sessions at appropriate points in the project
- Ensuring the smooth implementation of new processes and the new system
- Realignment and redefinition/update of job descriptions and job responsibilities (both users and IT staff)
- Evaluation of possible shifts in department, division, and unit responsibilities and processes
- Development and update of appropriate procedures manuals and policy manuals (for both users and IT staff)
- Ensuring staff acceptance and buy-in
- Ensuring readiness for and acceptance of change.

Finally, to address how transition management issues can be minimized within the new solution, the proposal must confirm that:

- The bidder will assist with parallel environments as long as, and to the extent, necessary to ensure the smooth continuity of VRS activities and customer support

- The bidder commits to being on site during transition periods and being available to assist in a timely manner with any issues that arise
- The bidder understands that several migration paths may be necessary, and agrees to participate at all levels of the planning and execution of the transition.

The objective herein is to address management, communications, and cultural, procedural, and processing challenges during the implementation of the new solution in a "least-threatening" manner for all VRS stakeholders.

The proposal should describe the bidder's approach in detail.

B-3.3 Project Staffing

The bidder must include in its proposal a preliminary project-staffing plan. This plan must lay out the reporting structure of the bidder's team that will be assigned to the effort and illustrate how this reporting structure fits into the bidder's overall organizational structure.

The staffing plan must include estimates of the human resource requirements for project phases, broken out by staff category (including but not limited to managers, supervisors, analysts, programmers, users, trainers, subject matter experts, etc.), differentiated by bidder (prime contractor) staff, subcontractor staff, and VRS staff. In a second presentation, resource must be estimated by category by month for the duration of the project. Keep in mind that staffing estimates must be presented in hours, not FTEs.

Key personnel must be identified in the staffing plan. At a minimum, key personnel to be identified include the project manager (see discussion below), the lead functional analyst, and any staff member assigned to this contract for at least 50% of their time for the project's duration. No key personnel member 50% dedicated to the VRS's project may be reassigned or otherwise removed early from this project without the explicit written approval of the VRS's project manager. In particular, bidders must agree that the bidder's project manager will not be removed/reassigned until after VRS's final acceptance of the full system, i.e., until the final phase of the project is under warranty. If the contractor removes any key personnel member from the contract without State approval for any reason other than that described below, the contractor agrees to provide 500 hours of equivalent skill level of additional services applicable to change orders or post warranty support to the State at no charge as a penalty for the early removal of each key personnel member. The penalty will not apply in cases where the key personnel member leaves the contractor's employ, becomes unable to perform job duties due to injury or illness, or the State requests that the key personnel member be replaced. The VRS reserves the right to approve, in advance and in writing, bidder requests for key personnel replacement.

The replacement for any staff member who is removed from or leaves the project for any reason must meet or exceed the replaced staff member in terms of skill level and experience. VRS reserves the right to approve the replacement prior to assignment <u>and</u> again 90 calendar days after the replacement begins work on the project.

Further, any replacement not occasioned by illness or death must be assigned at least two weeks prior to reassignment of the staff member being replaced in order that a smooth, effective transition can occur. In such an event, a transition plan must be provided to VRS in writing two weeks prior to the start of the transition.

As one of the key personnel to be assigned to the project, the bidder must designate a <u>project manager</u> acceptable to VRS. This project manager must be assigned to the project full time, and his/her duties

must be focused exclusively on the management and coordination of the project. He/she must have no responsibilities relating to design, development, testing, training, etc. Nor may he/she work on projects for other customers of the bidder. Although the project manager will not be required to be on-site every day, he/she will be responsible for working closely with VRS's designated project manager, generally on a daily basis, either in person or via telephone and/or e-mail.

One or the other of the project manager or lead functional analyst is to be on-site between Monday noon and Friday noon except for Vermont holidays at all times. The bidder's project manager is to be authorized and empowered by the bidder to make binding commitments to VRS. A project manager with the Project Management Institute's "Project Management Professional" designation will be looked upon favorably.

Throughout the staffing plan, the bidder must separately identify all subcontractor personnel and independent contractor/consultant personnel. If the bidder proposes the use of subcontractors, the bidder must clearly state the scope of responsibility in terms of type and amount of work to be performed by each. The State of Vermont will only enter into contracts with the primary contractor, and the State must approve any subcontractor contract in writing. The selected bidder must assume responsibility for subcontractor performance and payment. Subcontractors must abide by all conditions set forth in the contract with the primary contractor. The successful bidder will be expected to execute sub agreements with each subcontractor named in the proposal upon award of this contract

All staff members and subcontractor staff members assigned to the project who may interface with VRS staff must have read both the RFP and the bidder's technical proposal, as well as any clarifications to the technical proposal to gain an overall understanding of the project and its objectives, prior to interacting with any member of VRS staff. Signed and dated certifications that bidder staff members have read the above documents must be kept on file and may be requested by VRS for review. While VRS expects to pay for the necessary familiarization of bidder staff members with the project, it is critical to the conduct of VRS's day-to-day business activities that such initial familiarization not be provided by VRS staff members.

Note that after award of the contract to the bidder, it will be the bidder's responsibility, prior to requesting any material, to review the RFP and its appendices and exhibits first. If after reviewing that material, samples of any forms, letters, reports, procedures, etc. are found not to be in the appendices, then the bidder will request them from VRS staff.

VRS is interested in how the bidder proposes to accommodate personnel problems should they arise. The bidder must include in its project staffing plan a description of the steps that will be taken should it become necessary to replace personnel assigned to the effort due to illness, termination of employment, disciplinary problems, or similar situations.

The bidder's staff volatility index must be provided in the proposal, i.e., percent turnover over the past three (3) years and how that number is calculated. This volatility index should be provided both for the entire company and for three (3) referenced public employees' or teachers' retirement system implementation projects.

The bidder must identify the level, number, and number of hours of staff that they expect VRS to provide during the various stages of the project using the following as a guide. Bidders must include a chart describing major activities, the number of hours or weeks required by the VRS staff to complete each activity, and the timeframe. The bidder must break down estimates by staff type, e.g., project manager,

Functional Manager, Retirement Specialist, Technical Manager, etc. In addition, bidders should include a Gantt chart and other reports to present a initial high-level project staffing plan.

Table 13. Presentation of Estimated Hours by Staff Type

ACTIVITY	HOURS -VENDOR STAFF BY STAFF TYPE	HOURS - VRS STAFF BY STAFF TYPE	TIMEFRAME (APPROX START/STOP DATES)
1. Review and Plan			
2. Design Interfaces			
3. Design Applications			
4. Establish Technical Environments			
5. Develop System			
6. Documentation and Training			
7. User Acceptance Testing			
9. Implementation			
10. System turnover			
11. Post-implementation Warrantee period			

B-3.4 Data

The following sections discuss requirements relating to VRS's data that will be ported to the new LOB application.

B-3.4.1 Data Conversion and Bridging

VRS understands that a critical component of the project is the accurate and complete conversion of legacy system data to the new environment. The bidder must create a data conversion plan that establishes the conversion environment and outlines strategies for both the automated and manual conversion of data for the new solution. The data conversion plan at a minimum must:

- Identify how the conversion requirements will be confirmed and refined
- Map out how the data elements in the legacy system will be analyzed
- Prepare a data conversion specification
- Identify the approach for manual data conversion, including the design of data collection forms and creation procedures for unreliable legacy system data
- Identify an approach for "conversion-on-the-fly" for member information once initial conversion has been completed. This would include the ability to enter the minimum data necessary to establish a member who was not initially converted (e.g., a withdrawn member).
- Develop data conversion test scripts
- Create the schedule for conversion activities
- Keep the data conversion consistent with the implementation schedule.

As part of the conversion plan, the bidder must include plans for testing the conversion process, including full reconciliation and balancing processes, procedures, and training for ensuring that all legacy system data was correctly converted and loaded. The conversion plan must elaborate how the integrity and

confidentiality of the data will be protected throughout the conversion process. The bidder will not be permitted to take or transmit any real data off-site for testing, cleansing, or any other processing.

In addition, VRS requires that the implementation be accomplished in distinct implementation phases for the line-of-business (LOB) functionality. Thus, not only data conversion, but also data bridging (the regular, periodic "synchronizing" of data between the old and new environments during the period when both environments will be in use), are crucial activities in assuring a successful implementation.

Bidders must demonstrate in their proposals that they have in place a strategy and methodology for data conversion and bridging that is comparable to and compatible with their methodology for the design and development of the LOB solution. Although VRS recognizes that data architects and other technical specialists will execute the conversion and bridging activities, appropriate management and planning disciplines must also be applied to the effort to ensure that:

- There is adequate coordination between the data conversion and bridging effort and the other project components (design, development, equipment installation, testing, training, etc.)
- There is adequate communication about the data conversion and bridging effort with VRS managers, business area owners, and users, as well as with the bidder's other project team members.

Therefore, bidders are to include in their proposals their proposed strategy and methodology for data conversion and bridging. The methodology must embrace the same degree of rigor and formality as the bidder's system development methodology. The conversion and bridging methodology is required to address, at a minimum, the following areas of concern:

- The planning of the data conversion and bridging effort and how those plans will be communicated to VRS managers, business area owners, and users, as well as bidder development teams; note that VRS requires that a detailed, written conversion and bridging plan be prepared for each functional phase cutover.
- When conversion and bridging activities will be scheduled relative to the development effort and its various phases.
- The roles and responsibilities of bidder and VRS staff (users and IT) in the conversion and bridging effort; such roles and responsibilities must identify the processes and procedures to be used by both the bidder's staff and VRS staff in performing the verification that all data was converted correctly.
- The development of written procedures, methods, and checklists for balancing and reconciling conversion and bridging of data between the legacy environment and the new environment. This includes, in addition to developing the procedures, validating them with VRS staff, training VRS staff in their use, and validating that they are being used properly on an on-going basis.
- Techniques to be used in cleaning and converting legacy system data (data mapping, automated conversion routines, balancing and reconciliation of the converted data, etc.).
- Development of data bridging routines that will update the new environment with data entered into the old environment, and vice versa, during the period when both systems will be in use; the methodology should also identify the procedures to be implemented to assure that forward and backward bridged data is correct.
- The possible need for dual data entry.
- Training of users at the time of a phase cutover as to what data is to be entered in which system and how.

- Synchronization of the data conversion and bridging effort with the various other aspects of the project (LOB development, imaging capability, backfile conversion, business process reengineering, organizational restructuring, etc.).
- A method to communicate to users what default values were used during conversion and why.

B-3.4.2 Integration of Employer Wage & Contribution Data

Employers report wage and contribution data to the VRS through one of three means: paper reporting, electronic file, or via an employer reporting Web site. Currently, approximately 300 teacher employers report approximately 12,000 members' data via the Web; approximately 400 municipal employers report approximately 7,000 members' data via the Web (a small percentage report by paper); and 95% of the approximately 7,500 state employees are reported via an electronic file (5% report by paper). VRS intends to continue providing its employers with these three filing options and will do so with functionality provided by the bidder. VRS is sensitive to the extensive training already provided to its employers on the use of its internally developed Web site and the effort expended by employers periodically through the month in reporting their data. With this in mind, an overarching requirement of the bidder's proposed solution in this area is that it collects and validates the data with as minimal a change as possible in appearance and process from the current system. With that in mind, VRS requests that the bidders describe in the proposal how they would address this requirement using one of the following two general approaches:

- The bidder may propose to KEEP the current VRS-developed wage and contribution reporting Web site in place and make whatever changes are necessary to their solutions interfaces, bridging processes, backend processes, data validation routines, etc. as are required to ensure that all necessary data is collected and recorded in the LOB solution, OR
- The bidder may propose to REBUILD the current VRS-developed wage and contribution reporting Web site using its own toolset, provided the user-interface (i.e., screen controls and appearance, navigation, operator feedback, etc.) duplicates in appearance and functionality the current VRS-developed Web site. As with the first option, the bidder will use existing or customized functionality, interfaces, bridging processes, backend processes, data validation routines, etc. to ensure that all necessary data is collected and recorded in the LOB solution.

VRS has provided screen shots of the existing Web site, file definitions for wage and contribution data reported by employers, and a link to a "sand box" version of the existing employer reporting Web site can be found in Appendix E-4 Relevant VRS Web Pages and URLs. Bidders should review this material to better familiarize themselves with the system's current capabilities and appearance. Additional relevant requirements of the Web-based employer reporting function are identified in Section B-1 Business Functional Requirements, Subsection B-1.1.1 Employer Reporting.

Regardless of which of the two approaches described above is proposed, the solution must consist not only of the Web-based reporting functionality itself but of the testing process and employer training, both of which VRS considers essential to the successful deployment of a Web-based reporting solution.

B-3.4.3 Document Conversion

VRS utilizes a number of standard forms, letters, and documents that are currently used as input to or generated as part of the legacy system. A number of these are based in Microsoft Word templates. Information about these documents is provided in Appendix E-6 Reports, Forms, and Letters.

The bidder must propose to convert all required documents to be compatible with office automation software proposed in the new system. Furthermore, the bidder is to integrate them into the new system's line-of-business, workflow, imaging components, or to demonstrate equivalent functionality. It will be the bidder's responsibility after project start date to define in detail all requirements pertaining to the existing documents and their conversion to the new environment. There are a number of approaches that are acceptable to VRS:

- Using conversion tools, convert the file and manually clean up
- Manually enter all documents
- Scan documents in and then manually clean up
- Any other technique that will satisfy the requirement.

B-3.4.4 Converting and Validating Accounts

In converting and validating member accounts as they are transitioned from the legacy system to the new solution, great care must be taken with regard to accounts that included a refund in the legacy system. These situations can create a potential problem when, after the account has been converted and the new solution is in use, the member wishes to "buy back" the refund that was processed under the legacy system. It will be the bidder's responsibility to accommodate these situations and to ensure that such problems do not materialize.

In the case of member accounts that included one or more refunds under the legacy system, it is not sufficient simply to convert account balance information from the legacy system. Rather, it is imperative that all detailed data associated with the refund(s) under the legacy system be converted and validated. It is possible that such refund details have not been retained in the legacy system and must be "re-created" for porting to the new solution.

Because the buyback of a refund typically involves repaying contributions for specific time periods, as well as paying accrued interest on the refunded amount attributable to the period between the issuance of the refund and the buyback, the following detailed data must be preserved when converting and validating these accounts:

- The date of issuance of the refund
- The amount of member contributions that were refunded
- The amount of earned service credit associated with the refunded amount
- The pay periods to which the refund pertained (members can only request full refunds)
- The amount of employer contributions remitted during the period to which the refund pertained
- The amount of interest that was refunded (if applicable)
- The actuarial interest rate(s) applicable to the period between the issuance of the refund and the cutover to the new solution (varying interest rates are possible) – it is assumed that actuarial interest rates applicable to periods after the cutover are maintained in the new solution database.

The above information (and possibly additional data) must be available in the new solution database in order to process refund buybacks. Bear in mind that VRS does not allow for partial refunds.

In their proposals, bidders are to state their commitment to fully resolving the refund issue prior to porting member data to the new solution.

Bidder's proposals must demonstrate its understanding of the issue and include a comprehensive approach for addressing VRS concerns in this regard. At a minimum, the bidder's proposed approach is to address:

- How member accounts that include a refund under the legacy system will be identified
- Exactly which detailed data must be identified or re-created, and then converted, in order to enable smooth processing of buybacks in the new solution of all historical refunds in the legacy system
- How the necessary detailed data will be "mined," created, or re-created for porting to the new solution
- The bidder's commitment to ensure the correct conversion of such accounts and, in the event an unexpected problem arises, to resolve the problem at no additional cost to VRS.

B-3.5 Training and Knowledge Transfer

The bidder will provide three comprehensive training programs, addressing the respective training needs of:

- VRS users (VRS staff and managers) for those individuals involved in User Acceptance Testing (UAT)
- The general user population
- VRS technical staff (operations staff, programmers, and analysts)

The training programs will encompass all platforms, applications, and environments included in the proposed solution. Training will occur in a phased manner, i.e., not all at the beginning or at the end of the project, corresponding to the phasing of the overall project.

The format of the training to be provided to all VRS groups (users, testers, and technical staff) must include, in addition to classroom instruction, training workshops/laboratories that offer participants hands-on experience with all of the facets of the new solution pertaining to their job duties.

On-site training is to be provided by the bidder in all aspects of the new system. All trainers are to be certified as trainers by the developer of all of the third-party products on which VRS staff is being trained. Note: This can be accomplished by bidder staff or subcontractor staff.

Although VRS recognizes that subcontractors will provide some training services, the bidder (prime contractor) will be solely responsible for the quality and timely completion of all training activities.

A critical training requirement is to educate VRS staff members in the process that will be used to define the new system's requirements, design the solution, and implement it. VRS users in particular have limited familiarity with system development life cycle methodologies including, but not limited to, design "workshops," Joint Requirements Planning (JRP) sessions, and Joint Application Development (JAD) sessions. Yet their input in early phases is essential, and the design issues they approve early in the project will be the foundation on which subsequent activities will be based later in the project.

Therefore, the bidder must include in its proposal (as part of both training plans) a commitment to provide a series of orientation training sessions for all VRS staff members who will participate in the project:

- The first orientation session must occur within the first 60 calendar days of the project.
- The second must occur prior to the start of any requirements definition / gap analysis.

- The third must occur prior to the start of the design phase of the project.
- The next must occur at the start of the first testing phase of the project.

Regardless of the format and schedule for training (of all types) proposed by the bidder, VRS expects that the bidder (or its subcontractor[s]) will conduct all training sessions. A train-the-trainer approach is not acceptable either related to the system development life cycle or for end-user training. Bidders must develop their training plans and price their training services accordingly.

Under no circumstances will any training session be conducted on any of the topics pertinent to the vendor-provided solution or any of its components without hard-copy reference material, a workbook, or a user guide supplied in sufficient number and in sufficient detail for those to be trained. Such reference or training material must thoroughly cover the subject matter and be written at the appropriate level for the intended audience.

Drafts of all training materials will be submitted for review and approval by VRS. The bidder must provide sufficient copies of all training materials for all trainees. The bidder must provide all electronic source documents, graphics, etc. used in the development and presentation of all aspects of training. All training materials may be copied by VRS without restriction. Bidders must develop their training plan and price their training services accordingly.

The bidder must specify the expected performance and the expected outcomes of each type of training to be provided. In conjunction with this, the bidder must develop evaluation tools to determine whether the training efforts produced the expected results. The evaluation must consist of various tests administered to trainees at each training session. This evaluation tool will be used to identify weaknesses of the training program and specific revisions that need to be made. Information regarding the actual training results must be provided in an evaluation analysis report. The trainers for all training efforts must utilize the evaluation survey tool.

The following subsections define the specific training requirements for users versus technical staff versus employers.

B-3.5.1 User Training

User training has two major audiences or constituencies:

- Those users involved in User Acceptance Testing (UAT) who require familiarity with both the application and testing activities, such as methodologies, PIR reporting, regression testing, etc.
- The general population of users and managers.

Training is to be delivered at two points in time to each of the two audiences (for as many phases or stages of system rollout as are agreed upon between the bidder and VRS) on a just-in-time (JIT) basis.

Topics to be addressed in the user training program include, at a minimum, those items listed below:

- Bidder's system development methodology – aimed at users
- The new system's functional capabilities; **this training must be focused on educating the users in how to accomplish their job duties, i.e., which processes /sub-processes apply to the user's particular job responsibilities, how to invoke those processes and sub-processes, etc.; this level of training is distinct and separate from training in user procedures (menus, windows, screens, radio buttons, etc.); it includes training in the use of the Work Process Manual and**

help facility discussed in Section B-3.1.12, and encompasses manual as well as automated processes.

- Identification of the legacy processes that each user previously performed and how such processes map to the new processes. The purpose is for users to understand what they used to do vs. what they will do in the future. Use of legacy tools mapped to new LOB tools is also to be included.
- User system administration (including but not limited to system functional access, security, and system-wide parameters)
- User maintenance of date sensitive parameters, variables, and coefficients used in the system
- All applicable balancing and reconciliation processes involved in bridging and/or converting data
- Use of the various documentation deliverables, including on-line help and error messages
- Query language(s)
- Report writer products
- Fax capability
- Internet access capability
- Deliverables repository.

The bidder will include in its proposal a top-level User Training Plan that identifies the specific topics that will be covered. This training plan must also identify the courses and training sessions that will be provided (including a brief description of each course's contents) and must include descriptions of:

- Materials/facilities to be provided by VRS
- Training materials that will be developed by/delivered by the bidder
- The number of hours required by VRS users for attending classroom sessions, training laboratories, and for independent study.

Of particular importance in this regard is the Work Process Manual (and Help Facility) discussed in Section B-3.1.12. No training relating to the use of the new pension application is to be conducted unless the Work Process Manual is provided to all trainees. Such training sessions must be based on the Work Process Manual and include instruction in its use. VRS recognizes that the new solution will be delivered in phases. Therefore, it is understood that there will likely be multiple versions of the Work Process Manual (each more complete than the preceding version) corresponding with the project's functional rollout phases. Before any user training is conducted in support of a functional rollout, it is imperative that the Work Process Manual supplied to the trainees be complete in terms of the processes and sub-processes used, and accurate as to technology enabling tools.

With particular regard to development methodology training, the user training program must be coordinated with the preparation of, and address the contents of, the EODM document to be delivered by the bidder (see Section B-3.1.9).

The topics to be covered in each development methodology training session include:

- An overview of the process – how the project will progress from the RFP to gap analysis and requirements definition, through design and implementation via various steps, including but not limited to joint applications development sessions, joint requirements planning sessions, prototyping sessions, conference room pilots, and office modeling, test, training, etc.
- Where in the overall process this and the next step fits in
- The role to be played by VRS users
- The meetings VRS users will attend and their purpose
- The deliverables VRS users will have to review and approve

- How the scope of the project is determined by the information VRS users provide (i.e., the level/ detail of review necessary)
- How changes in scope can occur if requirements are not fully defined at the beginning of the project
- Emphasis on the importance of VRS users' participation and review activities, including the fact that their participation in the project will directly affect their work duties after the new system is implemented
- Emphasis on how failure to correct a deficiency during a review activity early in the project can have a serious impact on the project's cost and completion date later in the process.

For each stage or phase, this end-user oriented training process must be repeated.

Bidders must address in their proposals a plan for conveying this information to VRS users.

B-3.5.2 Technical Staff Training

Topics to be addressed in the technical staff training program include, at a minimum, those items listed below:

- All applications software, whether packaged or customized
- Hardware operations
- Operating system level software
- Systems administration
- Troubleshooting and fault isolation
- Query language(s)
- Report writer products
- Network (administration, management, tools, commodity software)
- Data base management system
- Data modeling tools
- Test script generators
- Fax capability
- Internet access capability
- Deliverable repository.

Training in the use of software tools is required. It is desired that this training be provided on-site in Montpelier. However, if such training is only available through a certified trainer outside of the Montpelier area, then the bidder will bear the cost of such trips by VRS staff. Bidders must disclose such costs, if any, in the proposal.

The bidder will include in its proposal a top-level technical staff training plan that identifies the specific topics that will be covered. This training plan must also identify the courses that will be provided (including a brief description of each course's contents) and must include descriptions of:

- Materials/facilities to be provided by VRS
- Training materials that will be developed by/delivered by the bidder
- The number of hours required by VRS technical staff members by job category for attending classroom sessions, training laboratories, and for independent study.

Like VRS users, technical staff members are also to be trained in the bidder's development methodology. However, the bidder may assume existing technical staff familiarity with development methodologies in general – hence, the training in this area for the technical staff need not be so elaborate as for users and it need not be repeated for each project phase.

B-3.5.3 Employer Education, Training, and Support

VRS requests that the bidders develop training materials for the employer reporting Web site as well as technical manuals to be supplied to the employers. The training method and characteristics must adhere to those outlined under Section B-3.5 Training and Knowledge Transfer. Training may consist of both classroom training and Web-based training. VRS will be responsible for the education and training of the employers. VRS will make available to the successful bidder their existing training materials which include a training presentation and Web sites with FAQ, tips and a demo site.

B-3.6 Testing

VRS expects a comprehensive testing process to be in place and utilized to determine whether the solution delivered (both base functionality and customizations) satisfactorily addresses the requirements defined in the RFP as confirmed or revised during requirements definition. Testing terms may vary from bidder to bidder. A list of test-related terms, along with their meaning in the context of this RFP, is provided below:

User Acceptance Testing	Execution of a series of defined steps using predefined data the objective of which is to determine whether the actual outcome consistently, repeatedly, and accurately equals the expected result. User acceptance testing is a deliberate process and requires test scenarios, test cases, test data, and expected outcomes to be prepared and known in advance of test execution.
Internal Testing	A series of tests conducted by the bidder to verify proper functioning prior to delivering one or more components of the solution to the VRS. This may include tests from one or more categories below (e.g., regression testing, performance testing, etc.).
Unit Testing	Tests performed by the programmer or developer to ensure the reliable performance of functions, procedures, routines, etc. before making the product available to other developers within the larger component or system. Unit Testing is an element of Internal Testing.
User Testing	Includes User Acceptance Testing but also includes testing of any component of the delivered solution conducted by the VRS's staff or its assigns.
Scope of Testing	The range of tasks conducted on the solution to determine whether the solution satisfies the functional and technical requirements defined in the RFP as revised through the requirements definition process.
Mandatory Testing Scenarios	A set of events that commonly occur for active members and retirees.
Life Cycle Testing	Testing a sequence of member or retiree events that effectively represent all, or a logical and related subset of, activities one would expect to occur over the life of a member or retiree.
Regression Testing	The selective re-testing of functionality to detect faults introduced during the modification and correction of other functionality.
Performance Testing	Tests designed and executed to determine whether or not the solution delivered satisfies the performance benchmarks identified in the RFP and refined and agreed to by VRS and the bidder.

Stress tests	Testing designed to try to break the solution by overwhelming it or by depriving it of resources. The objective is to make sure that the system is recoverable – that it fails and recovers gracefully.
Volume tests	Testing the solution by introducing constantly increasing load in an attempt to expose weaknesses that do not surface in routine testing, such as memory management bugs, memory leaks, buffer overflows, etc.
Backup and recovery testing	Testing to verify that a backup of the applications software and data, following procedures defined by the bidder, can consistently and accurately be made and restored.

The bidder will bear all responsibilities for test planning and preparation throughout the project.

These responsibilities include the identification and preparation of all test plans, test variants, test scenarios, test cases, test scripts, test data, the requirement in the Requirements Traceability Matrix that it is testing, and expected results for the entire system (i.e., phases, components, etc.), not just the customizations done for VRS. Bidders are to deliver all of the aforementioned materials at least two weeks prior to User Acceptance Testing (UAT) – in both notebooks and end-user-logically-organized electronic copy to VRS. VRS requires complete, end-to-end testing of the solution. In addition, the bidder will provide a mechanism for reporting actual test results vs. expected results, and for tracking all errors and problems identified during test execution (see Section B-3.1.13.8 Problem Incident Reports), as well as their resolution. This reporting mechanism will include trend analysis for tests completed, errors identified, rework efforts, retesting efforts, etc. in both numeric and graphical presentations.

The bidder will also provide training as necessary to VRS staff responsible for test activities.

It is appropriate to assume that neither VRS IT staff nor users are familiar with structured, disciplined unit, system, integration, and acceptance test procedures – their conduct and resource (time and staff) requirements. The preparation of necessary testing materials as identified in the preceding paragraph *for all testing levels* is the bidder's responsibility. No user testing is to start until VRS staff is trained by the bidder in testing methodologies and problem incident reporting (PIR) mechanisms.

In preparation for and execution of testing activities, the bidder must:

- Create the test environment, meeting the specifications of the test plans
- Install the system in the separate development, test, training, QA, and query environment (see Section B-3.10.1)
- Ensure that sufficient and approved test data is populated in the test database(s)
- Support the operation of the test system and deliver system output to VRS as requested
- Plan for documenting and resolving any errors encountered during testing
- Provide adequate technical and other staff dedicated to testing support and problem resolution while testing activities are in progress
- Update the requirements traceability matrix demonstrating that the tests performed validate that specified system requirements have been met.

In its proposal, the bidder is to include its proposed test plan methodology. After project start date, the bidder will be required to include details of its test plan methodology in the detailed project workplan (the first project deliverable). A separate test plan and set of test materials will be prepared for each functional cutover.

VRS is concerned about the amount of time that will be allocated to testing relative to design and development. It is crucial that VRS testing (and training) activities not be abbreviated in order to meet project implementation schedules; it cannot be assumed that when testing commences VRS can allocate 100% of its resources to this effort. In addition, from mid-June through mid-September the work load for VRS is high, and this must be factored into the test plan. Therefore, VRS requires that a fixed ratio apply to the time devoted to VRS training and testing relative to the time devoted to bidder requirements definition, design, and development. We propose a 4:1 ratio – i.e., if the time required for the bidder to design, build, and test a particular project phase/stage is eight months, then up to two months must be allocated to VRS staff for testing. If it were 12, then three would be allocated. The bidder must disclose in its proposal the assumptions it has used with regard to VRS resources required during testing.

Bidders are invited to discuss this issue in their proposals and to offer an alternative approach. However, if they propose a significantly higher ratio of development time to testing time, they must explain the rationale for their alternative. Prior to contract execution, a fixed ratio will be discussed and agreed to.

B-3.6.1 Unit and Internal Testing

The bidder must complete both unit testing and internal testing.

In fulfilling this responsibility, the bidder must provide an internal, independent group to conduct both bidder unit testing and internal testing before functionality is delivered to VRS for User Acceptance Testing (UAT) and Life Cycle Testing (LCT). The bidder testing team is to be 100% independent of the development team. The independent bidder testing team must be present and available to support the VRS test team during both UAT and LCT.

Unit testing will be performed by the bidder for each functional cutover phase of the project. Certification that the bidder's test team has successfully completed all unit tests must be delivered to VRS prior to the commencement of internal testing.

The internal testing will demonstrate the successful testing and operation of the system by the bidder, ensuring that the new solution is functioning and processing data correctly and ready for VRS UAT and LCT. Tests to be performed within internal testing include end-to-end application testing, stress tests, volume tests, and performance tests to ensure that the solution will meet performance requirements under expected user loads, as well as backup and recovery testing. Internal testing must be performed for each functional cutover phase of the project.

At the conclusion of internal testing for each phase, the bidder will provide written certification, signed by both the bidder's project manager and the bidder's Test Team Director (an individual separate and apart from the development staff charged with only test and quality assurance responsibility) that all tests have been completed satisfactorily (at a minimum 95% level) and that the system is ready for User Acceptance Testing.

A sample of such a certification document is presented below:

[date]

[client project manager
……
……
……]

Dear [client project manager]

As required by RFP Section […..], this letter serves to certify to the [client] that [the bidder] has completed independent internal testing of the entire application – all components and elements (i.e., base application, customizations, integration with third-party software, etc.) for the [fill in phase] phase. Further, [the bidder] has also completed applicable regression testing to ensure the customizations and 'fixes' have had no adverse effect on unchanged, base functionality, and the effect of the corrections has not promulgated additional errors elsewhere in the application. Thus, all software delivered for user acceptance testing (UAT) by [the bidder] should be free of defects and should pass the same tests when administered by [the client] staff in their hardware environment. This testing has been completed by a team separate and distinct from the application developers.

Accompanying this letter you will find the final copy of:

- *The test plan*
- *Test cases, scenarios, and scripts*
- *Applicable test variants*
- *Test data along with expected results*

ready to be used by [the client's] staff as the basis for their test activities – planning, actual testing, etc.

With internal testing completed and with the above material in hand, it is now appropriate for the [the client] to begin user acceptance testing for the [fill in phase] phase.

As always, if you have any questions, please call us with them or e-mail them to us.

Sincerely,

_____
[bidder] Project Manager

_____
[bidder] Test Team Director

The final output of BAT (bidder acceptance testing) will be both hard-copy and electronic test materials including, but not limited to: test plans, test scripts, expected test results, actual test results, and proof (screen prints [before and after images], report output, etc.) that actual test results were compared to

expected test results. UAT will not begin until one week after **all** internal testing material has been provided to VRS. LCT will not begin until UAT has been completed.

The following subsections set forth specific topics that must be addressed by the bidder's test plan and specific testing scenarios that must be addressed by the bidder test team.

B-3.6.2 Scope of Testing

VRS is concerned as to the adequacy of the *scope* of testing of the pension administration application. It is understood that a bidder proposing packaged solutions to be modified (as opposed to template-based or fully customized solutions) will likely test its base product via automated testing routines, then design specific test cases to validate its modifications to the base product.

However, **at a minimum**, the bidder is responsible for designing test plans and specific test cases and developing all test materials necessary to exercise and validate each and every line item in the LOB spreadsheet of the Requirements Traceability Matrix described in Section B-3.1.13.1, not just the functions that are customized for VRS. The matrix requires the VRS project manager (or other VRS staff member appointed by the project manager) to sign off on every INDIVIDUAL line item in the matrix. In order for an authorized VRS staff member to indicate, by his/her signature on the matrix, acceptance of an individual line-of-business function line item, the bidder will have to demonstrate through appropriate testing activities that the line item is satisfied by the solution as implemented.

In its proposal, the bidder is to state its commitment to design test cases and develop all related test materials necessary to validate, at a minimum, each and every line item in the LOB spreadsheet of the Requirements Traceability Matrix. VRS welcomes discussion of any additional line-of-business application testing being proposed by the bidder.

Thus the bidder is to develop and deliver a test plan and test materials for ***all*** functionality to be delivered to VRS – regardless of its origin, i.e., baseline product, modification to a baseline product, custom function, etc.

B-3.6.3 System Assurance Scenarios

VRS is concerned about the "auditability" of the pension application and procedures. Therefore, the following scenarios must be addressed by the bidder in developing testing plans and materials, in conducting bidder unit testing, in conducting bidder acceptance testing, in supporting user acceptance testing, in supporting life cycle testing, and in implementation. The applicability of the following scenarios depends on the particular phase of the implementation. Therefore, in order to demonstrate the "auditability" of the solution, the bidder is responsible for addressing each of the following scenarios in the first project phase to which it pertains, prior to the final functional cutover to the new solution, and on an on-going, on-demand basis in production:

1) With regard to both federal and state income tax, design and conduct tests which demonstrate successful reconciliation of the aggregate amount withheld from all benefit payments (including "manual" and "one-of" checks) issued during the payroll period against the amount calculated to be submitted to tax authorities. This reconciliation of tax withholding must be demonstrated for each fund individually.

2) Design and conduct multiple tests as necessary to demonstrate that at all times VRS's manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance are in agreement.

3) To ensure that when members request a refund, processing occurs automatically so they receive benefit of **all** of the appropriate funds in their account, design and conduct tests to confirm that:

   a) The account remains in a workflow queue or an "open" status until final salary and contribution information is posted; when final posting occurs, the full amount remaining in the member's account is automatically paid to the terminated member
   b) The refund amount reflects all interest earned by the account through the date of termination.

4) Design and conduct tests to demonstrate that the correct actuarial tables and mortality assumptions are used to calculate employer reserve charges and that the correct age and marital status (retiree only, joint/spouse, and survivor) factors from the actuarial tables are applied in calculating future cost of benefits. Such tests must be designed and conducted for all plans and/or all funds.

5) Design and conduct tests to demonstrate the successful reconciliation of all VRS checking accounts using the reconciliation procedures developed and delivered by the bidder, including confirming the accuracy of the outstanding checks report.

6) Design and conduct tests to confirm that when a user changes the status of a check to "void," the transaction is directed to a different user having appropriate system permissions (e.g., 'supervisory,' 'audit,' 'review,' etc.) for review and approval before it is committed to the database. Further, confirm that for each check successfully changed to "void" status, a corresponding correct automatic entry is made to the general ledger.

7) Design and conduct tests to demonstrate that all subtotals, totals, and grand totals reported or displayed by the pension solution can be 'decomposed' (via audit trail, etc.) such that the user can identify the source data used to compute the totals. Further, confirm that all appropriate subtotals, totals, and grand totals are provided in all reports.

8) Design and conduct tests to demonstrate that every automated general ledger entry attributable to the pension solution can be identified as to its source and is posted correctly.

9) Design and conduct tests to demonstrate that the pension solution can provide an accurate display and report of all contributions that have been received but not yet posted.

10) If separate sets of records, files, and/or general ledgers are maintained for calendar year and fiscal year reporting, design and conduct tests to demonstrate that the two ledgers can be reconciled using the reconciliation procedures developed and delivered by the bidder.

11) Perform a test check run. Design and conduct tests to demonstrate that:

   a) Only users with appropriate permissions are able to access and update the check print file
   b) The number of checks printed corresponds to the number to be printed per the print file
   c) The aggregate amount of all checks printed corresponds to the aggregate amount of checks included in the print file
   d) The numbering of all checks printed is correct – i.e., that the first check printed is numbered with the next available check number and that all remaining checks are numbered sequentially
   e) A check register file is produced which is accurately identified as a 'trial' or 'final' run and that all amounts and check numbers are reconcilable with the actual checks produced.

12) Design and conduct tests to demonstrate that contributions are accurately recorded as to both the fund and the employer portion vs. member portion (based on the percentage of salary contribution factors pertaining to the particular plan). This test must be completed for all plans/funds.

13) Design and conduct a test to demonstrate the ability to reconcile a given month's payroll (both aggregate dollar amount and number of checks) to the previous pay period. To do so, create a 'test month' in which test transactions are entered consisting of:

    a) Setting up several new retirees
    b) Terminating/suspending benefits of several retirees
    c) Reinstating several retirees whose benefits were previously terminated
    d) Entering benefit adjustments for several retirees.

    e) Then run a trial payroll and confirm that:

        i) The aggregate dollar amount of checks in the new payroll trial run is equal to the aggregate dollar amount of the previous period's payroll, plus the amount of benefits paid to the new retirees, minus the benefits of the retirees whose benefits were terminated/suspended, plus the benefit of the retirees who were reinstated, plus/minus the net amount of the benefit adjustments.
        ii) The number of checks printed in the new payroll trial run is equal to the number printed in the previous month's payroll run, plus the number of new retirements, plus the number of reinstated retirees, minus the number of retirees suspended/terminated.
        iii) Confirm the accuracy of a Monthly Payroll Summary Report reflecting the above.

14) Design and conduct tests to demonstrate that the system will automatically prevent the user from refunding to a member an amount that exceeds his/her account balance.

15) Design and execute test cases to demonstrate that, for **all** plans/funds, for **all** types of retirement (service, disability, death benefits, death in service refunds, etc.) and for **all** retirement options (regular, joint, step up, step down, etc.):

    a) Initial (preliminary) benefit amounts are correctly calculated

    b) The account remains in a work queue or "open" status until final salary and contributions have been posted

    c) When final salary and contribution information has been posted, the final benefit/payout amount is accurately calculated, including all applicable interest postings and COLA adjustments

    d) All future benefit checks reflect the recalculated (final) benefit amount

    e) If the final benefit is greater than the preliminary benefit, a "catch-up" (retroactive) check is correctly calculated and automatically issued – based on the difference between the preliminary and final benefit amounts times the number of months the preliminary benefit amount was paid

    f) If the final benefit is less than the preliminary benefit, the "overpayment" is correctly calculated and collected from the retiree – via a one-time payment or deduction from the next benefit check (if the deduction exceeds the amount available, demonstrate how the amount is collected from multiple future benefit checks)

g) The member's account balance is zero

h) **All** cases of member and spouse death cause **correct** reallocation and recalculation of benefits.

16) Design and conduct tests to confirm that death benefits paid to multiple beneficiaries are apportioned correctly among the recipients, and that the total paid to all beneficiaries is equivalent to the total calculated death benefit.

17) Design and conduct tests that demonstrate successful reconciliation of all benefit payments to the benefits paid, deductions withheld, and the reported taxability of those payments.

B-3.6.4 Actuarial Extract File Testing

Among the requirements placed on the bidder will be development of an annual actuarial extract file and report capability to provide the system's actuary with the information necessary to appropriately adjust (if applicable) employer and employee contribution rates, COLA rates, interest rates, etc. It will be the bidder's responsibility to develop the detailed requirements in this area based on interviews with system staff and the actuary.

Depending on the timing of cutover, the bidder will be required to produce the actuarial extract and report in test-mode for either the most recent year-end, or the prior year-end, or both. The extract file(s) and report(s) must be provided to the actuary 60 calendar days before the scheduled final cutover to the new system. The system's actuary will compare the extract(s)/report(s) to the legacy system extract(s)/ report(s) for the same year(s) and provide feedback to the bidder no more than 30 calendar days after receipt. The bidder will be responsible for making any necessary corrections, regenerating the extract/ report, re-submitting the extract/report to the actuary, and receiving sign-off prior to cutover. The objective is to get the actuary's sign-off as one essential criterion for making the cutover "go-no go" decision.

B-3.6.5 User Acceptance Testing (UAT)

User acceptance testing (UAT) will be conducted for each functional cutover. UAT will not begin until at least one week after all of the following have occurred:

- The bidder has completed vendor unit testing
- The bidder has completed internal testing
- The bidder has provided VRS with all test materials, test results, and written certification, signed by both the vendor's project manager and the vendor's test team director (an individual separate and apart from the development staff charged with only test and quality assurance responsibility), that all tests have been completed satisfactorily (at a minimum, to the 95% level) and that the system is ready for User Acceptance Testing.

As mentioned elsewhere in this RFP, the bidder will be required to provide an independent test team composed of bidder staff who had no hand in developing the system under test. That independent test team will be continuously present and available to assist the VRS users in meeting their UAT responsibilities.

In addition to assisting VRS users in utilizing the test materials and executing the tests, the bidder's independent testing team will also support users in reporting test results and in re-testing, as required, to confirm that all Problem Incident Reports were addressed correctly and thoroughly.

Tests conducted during UAT will be executed against converted data drawn from the VRS current production legacy system as well as against new data added during execution of the test cases. As a result, the bidder will need to accommodate in its project plan and timeline the completion of some sufficient level of data conversion to provide a satisfactory sample data set.

B-3.6.6 Life Cycle Testing

Life Cycle Testing (LCT) will be conducted prior to the final cutover to the new solution. LCT will immediately follow the successful completion of UAT during the rollout of each phase. The bidder will develop a plan for LCT and develop all test materials. The bidder will itself conduct the LCT and certify its successful completion prior to turning LCT test materials over to VRS users for their LCT activities.

LCT will consist of the execution of a series of well-constructed test cases designed to simulate a member's full life cycle from initial enrollment through his/her retirement, eventual death, and distribution of death benefits to beneficiaries. It will address, at a minimum, the following test scenarios/ cases:

- Receipt of employer wage and contribution report for new member having no enrollment information in the system
- Automatic "triggering" of the appropriate response to that event related to the new member's enrollment – i.e., upon receipt of the wage and contribution report, generation of a workflow stream for VRS staff to send an enrollment form to the new member, or automatically enroll the new member, etc.
- Receipt of the completed enrollment form and entry of all enrollment information into the system
- Identification of incomplete information on the enrollment form and automatic "triggering" of a request for additional information from the member
- Receipt of the additional information and entry of the related data into the system, completing the enrollment process
- Periodic receipt and posting of additional employer wage and contribution data for the member
- Periodic posting of interest to the member's account
- Receipt and entry of updated beneficiary information
- Receipt of notification of member's termination of employment
- Receipt of member's refund application, including rollover information
- Calculation of amount to be refunded to terminating member
- Audit/review of refund calculation
- Generation of (partial) refund check to member
- Processing of rollover of portion or all of a refund to member's financial institution
- Receipt of final wage and contribution information for member
- Calculation of remaining balance to be refunded to member
- Generation of check for amount of remaining balance
- Confirmation that account has been "zeroed" – both contributions and service credit
- Receipt of employer (different from original employer) wage and contribution for the terminated member
- Processing of return to work in a covered position by the member
- Re-enrollment of the member
- Receipt of application to buy back refund from previous period of membership
- Calculation of eligible service credit and cost of buy-back, including interest
- Audit/review of buy-back calculation

- Generation of letter to member with buyback information
- Receipt of buyback check from member (and/or roll-in of funds from financial institution qualified retirement account)
- Posting of service credit and contributions to member account reflecting buy-back of previous service by member
- Receipt of application from member to purchase eligible service
- Entry of purchase of service information into system
- Calculation of cost of purchased service
- Audit/review of purchase of service calculation
- Generation of letter to member with purchase of service information
- Receipt of check from member to purchase service
- Posting of service credit and contributions to member account reflecting purchase of service
- Receipt of notice of death of one of member's designated beneficiaries
- Adjustment of allocation of member's death benefit to remaining beneficiaries
- Receipt of application for retirement from member
- Identification of incomplete information and/or required documents (e.g., date of retirement, birth certificate) to process retirement application
- Generation of letter to member requesting missing information/documents
- Receipt and entry into system of missing information/documentation
- Calculation of member's Average Final Compensation
- Calculation of initial retirement benefit amount
- Audit/review of Average Final Compensation and initial retirement benefit amount
- Generation of retirement benefit estimate letter to member
- Transfer of member from active membership to retired status
- Generation of first retirement benefit check/direct deposit/EFT
- Receipt of final wage and contribution information for member
- Calculation of final retirement benefit amount
- Audit/review of final retirement benefit amount
- Calculation of overpayment (if final benefit is less than initial benefit) or underpayment (if final benefit is greater than initial benefit)
- Issuance of "catch-up" payment in event of underpayment
- Issuance of request to member for return of overpayment amount (or setup of deduction from next benefit check[s] to recoup overpayment)
- Receipt of notice of retiree's divorce (QDRO)
- Calculation of benefit split between retiree and former spouse
- Audit/review of benefit split
- Receipt of notice of death of retiree
- Calculation of death benefit (lump sum or monthly annuity) for each beneficiary
- Audit-review of death benefit calculation
- Generation of check for lump sum death benefit to each qualified beneficiary
- Addition of qualified beneficiary to retirement payroll in case of monthly annuity
- Close out of retiree's account
- Receipt of notification of death of last beneficiary
- Close out of beneficiary account.

LCT must also include a test stream addressing disability versus regular retirement of the member. Additional test scenarios/cases that must be addressed in this version of LCT are to include:

- Receipt of application for disability retirement from member
- Entry of disability retirement application information into system
- Identification of incomplete information on the disability application and automatic "triggering" of a request for additional information from the member
- Receipt of the additional information and entry of the related data into the system
- Calculation of potential disability benefit amount
- Audit/review of potential disability benefit amount
- Scheduling of physician's exam
- Receipt of physician's report on member's disability
- Preparation of disability case materials for presentation to disability oversight authority
- Processing of denial of application for disability benefits and generation of denial letter to applicant, including information on rights to appeal decision
- Receipt of member's appeal of disability decision
- Processing of reversal of denial (approval) of disability benefits
- Generation of letter to member authorizing disability retirement, informing member of disability benefit amount and member's responsibilities for periodic re-certification of disabled status and reporting of earnings
- Generation of disability retirement benefit checks/direct deposits/EFTs
- Receipt of disability retiree's annual earnings information
- Automatic comparison of reported earnings against allowable earnings
- Calculation of automatic reduction of disability benefit based on retiree's having exceeded allowable earnings amount
- Audit/review of disability benefit reduction
- Generation of disability retirement benefit checks/direct deposits/EFTs in new (reduced) amount
- Receipt of physician's report indicating disability status no longer applicable
- Generation of letter to disability retiree indicating potential termination of disability benefits, with information on appeal process
- Automatic removal of retiree from disability payroll based on failure to submit appeal
- Receipt of appeal information indicating continuing disability after suspension of disability benefits
- Resumption of disability benefits based on successful appeal
- Calculation of "catch-up" amount to compensate disability retiree for period when benefits were suspended
- Audit/review of "catch-up" amount calculation
- Generation of check/direct deposit/EFT for "catch-up" amount
- Automatic "triggering" of disability retiree's eligibility for regular retirement (based on age)
- Generation of letter to retiree informing him/her of eligibility to transition to regular retirement
- Transfer of retiree from disability payroll to retirement payroll.

As mentioned elsewhere in this RFP, the bidder will be required to provide an independent test team composed of bidder staff who had no hand in developing the system under test. That independent test team will be continuously present and available to assist the VRS users in meeting their LCT responsibilities.

In addition to assisting VRS users in utilizing the test materials and executing the tests, the bidder's independent testing team will also support users in reporting test results and in re-testing, as required, to confirm that all Problem Incident Reports were addressed correctly and thoroughly.

B-3.6.7 Regression Testing

As described in detail above, the bidder will be responsible for developing test plans and all test materials, as well as for executing all tests and certifying their completion prior to user testing for all functionality being delivered. As a result of the user testing activities, problems will be identified that require correction. Those corrections will, in turn, require retesting.

During this problem correction process, VRS is concerned that appropriate regression testing be conducted. By regression testing, we mean selective re-testing to detect faults introduced during the modification and correction effort, both to verify that the modifications and corrections have not caused unintended adverse effects, and to verify that the modified, unmodified, and related (possibly affected) system components still meet their specified requirements.

When a programming change is made in response to a problem identified during user test, a regression test plan should be developed by the bidder based on the understanding of the program and the change being made to the program. The test plan has two objectives: first, to validate that the modification has been properly incorporated into the program; and second, to validate that there has been no change to the unchanged portions of the program. Thus, the bidder will be expected to:

- Create a set of test conditions, test cases, and test data that will validate that the change has been incorporated correctly
- Create a set of test conditions, test cases, and test data that will validate that the unchanged portions of the program still operate correctly
- Manage the entire cyclic process.

Again, the bidder will be expected to execute the regression test and certify its completion in writing to VRS prior to passing the modified application to the users for retesting. In designing and conducting such regression testing, the bidder will be required to assess the risks inherent to the modification being implemented and weigh those risks against the time and effort required for conducting the regression tests. In other words, the bidder will be expected to design and conduct reasonable regression tests that are likely to identify any unintended consequences of the modification while taking into account schedule and economic considerations.

In their proposals, bidders must acknowledge their responsibilities for regression testing as described in this section.

B-3.6.8 Performance Testing

Bidders must demonstrate via a performance benchmark test to be conducted as mutually agreed to between the bidder and VRS, that the proposed solution will meet all performance criteria when all of the following are running:

- Standard LOB applications
- Ad Hoc query is in use
- 25 VRS users active
- 5 active Wage and Contribution transmissions occurring
- 250 concurrent external users accessing the system through the Web (see below).

The performance test must:

- Be described in detail in the bidder's proposal
- Be conducted as part of the acceptance of the first phase that is rolled into production
- Be conducted as part of the acceptance of the full system.

Web applications that will be available to reporting units, active members, or retirees must be sized to accommodate 250 concurrent sessions initially and rising to 350 concurrent sessions within five years of the system's rollout.

VRS understands the changing nature of computer technology and accepts that, at some point, the architecture procured under this project will be antiquated. With that in mind, VRS requests the bidder discuss in its technical proposal the means by which it upgrades its current client base to new platforms (e.g., new servers, new desktop PCs, new underlying architectures) and identify what cost, if any, will be incurred by VRS in such an upgrade

Notwithstanding the above, the bidder must be aware of and understand that the performance requirements outlive the term of the contract. In the event that the combination of hardware and software specified by and procured from the bidder fails to satisfy performance requirements stipulated in Section B-2.8 – Operational Requirements (and elsewhere in the RFP), the bidder is required to provide additional hardware, software, services, etc. to rectify such performance shortfalls.

B-3.6.9 Criteria for Cutover

The bidder must certify in writing, signed by both the bidder's project manager and the bidder's test director (an individual separate and apart from the development staff, charged with only test and quality assurance responsibility), that the following criteria have been met prior to the conclusion of User Acceptance Testing (UAT) and Life Cycle Testing (LCT) and the cutover to the "live" phase for each functional rollout of the new system:

- Successful UAT of all on-line and batch processes
- Successful LCT of all processes
- Successful execution of full integration test
- Successful execution of a full stress test cycle
- Successful reconciliation of all client checking accounts (including confirmation of the accuracy of the outstanding checks report), using the reconciliation procedures delivered by the bidder, at least once every two weeks during UAT; the reconciliation process must include "manually" generated checks
- Successful reconciliation of member and employer reserves in the pension solution database against general ledger reserve balances, using the reconciliation procedures delivered by the bidder, at least once every two weeks during UAT
- Successful reconciliation of the calendar year general ledger and the fiscal year general ledger, using the reconciliation procedures delivered by the bidder, at least once every two weeks during UAT
- Successful reconciliation of benefit payroll to that of the two preceding pay periods.

Bidders are reminded that, prior to the <u>final</u> functional cutover, in addition to meeting the criteria listed above, the system actuary must sign-off on the actuarial extract file/report capability of the new system (please refer to Section B-3.6.4 for additional information in this regard).

B-3.6.10 VRS Security Assessment

The bidder is required to address the security scope of activities associated with this project by providing and assisting in the following activities:

- Develop and document security requirements for the project;
- Develop a data sensitivity assessment and preliminary risk assessment with the customer;
- Provide and explain security controls within hardware/software specifications;
- Provide and explain security features of proposed solution and also define how they provide assistance with identifying and mitigating threats, vulnerabilities, and malicious insiders;
- Provide a security system plan which includes business continuity options;
- Provide security management functionality (administrative controls and safeguards);
- Provide latest patches to hardware/software solution;
- Develop security test program; and
- Develop security test plan.

B-3.6.11 Employer Reporting Testing and Support

The bidder will be required to assist VRS in the testing and initial support of employer reporting. Bidder responsibilities in this area include:

- Demonstrating and training VRS staff in the use of the new Web-based employer reporting test data bed.
- Demonstrating and training VRS staff in the use of the new system to accept employer wage and contribution data in all legacy system reporting modes, as well as via the new employer reporting Web site
- Demonstrating and training VRS staff in the successful posting of employer wage and contribution data regardless of the mode/format (i.e., legacy system mode or Web-based mode) in which it is received
- Providing comprehensive, on-site support to VRS staff in comprehensive testing of at least ten entities' reported wage and contribution data. The entities to be thus supported must include VRS's two largest entities, VRS's two smallest entities, and at least two other entities using **each** of the legacy system reporting modes (e.g., paper, electronic file, and Web). The specific entities subject to combined VRS-bidder testing will be selected by the VRS. **All** of the entities selected for combined VRS-bidder testing must be successfully tested (i.e., all wage and contribution posting results must match expected results) for at least two reporting cycles under **both** reporting modes (i.e., that entity's reporting mode under the legacy system and the new Web-based reporting method).
- Providing comprehensive, on-site support to VRS staff in testing the reporting capability of every employer via the employer reporting Web site at least once.

B-3.7 Disaster Recovery Plan

The bidder will be required to produce a detailed, comprehensive Disaster Recovery Plan (DRP). The purpose of the DRP is to:

- Avert an interruption of service wherever possible
- In the event a disaster does occur, assist VRS in accomplishing degraded-mode information processing activities until the problem is resolved

- Assist VRS in accomplishing a speedy, orderly return to normal production mode
- Ensure that one of VRS's primary goals, "getting the checks out on-time," is fully supported.

The DRP will address all aspects of the new solution, including but not necessarily limited to:

- Hardware (all platforms, including network and PCs)
- Peripherals
- Operating system-level software
- Applications software
- Telecommunications
- Data
- Backup and restore procedures
- Off-site, cyclical media storage
- Work flow
- Imaging activities
- Procedures (both end-user and computer-related).

Note that the bidder is to provide only information processing disaster recovery planning and not a business- or enterprise-wide recovery plan.

The DRP document must include a systems and software configuration inventory that will form the basis for system replacement in the event of a disaster. It will include actions to be taken:

- In the event any single component of the new solution is out-of-service
- In the event of a "major" disaster that disables most or all of VRS's processing capabilities
- To restore normal operations once the disaster situation has been resolved.

It will address both the actions that need to be taken to resolve the emergency situation and restore normal operations, and the alternative procedures that will be observed by system users to continue day-to-day business transactions (albeit in a degraded mode) while the resolution effort is in progress. Disaster recovery team members will be identified and their roles will be defined.

Additional requirements relating to the DRP include:

- The DRP must support the phased implementation required by VRS and proposed by the bidder.
- The DRP must be in place prior to cutover of each phase of the new solution, beginning with Phase IV - Imaging Hardware and Software.
- The DRP must be expanded to cover new functionality put in place as a result of the phased implementation (e.g., when first submitted the DRP may not contain recover information on active member functionality, but such coverage must be presented and accepted by VRS prior to cutover to the new active member functionality.)
- A draft will be submitted to VRS for review at least one (1) month prior to scheduled system cutover for each phase.

The bidder will be expected to evaluate various disaster scenarios and recommend the level of backup capability justified by the criticality of various client functions, for example:

- The most critical functions may be moved off-site to a backup site until the disaster is resolved.
- Less critical functions may be handled in a manual fashion until the disaster is resolved.

- Some functions may be suspended entirely until normal processing capabilities are restored.

The DRP must include written procedures to be followed in each case. It must also include a training plan (to be executed by the bidder, on a schedule agreeable to VRS, as part of this procurement) aimed at:

- Familiarizing disaster recovery team members with how to handle a crisis using the DRP
- Cross-training team members appropriately so that recovery procedures are not reliant on the presence of any single team member
- Providing to system users and technical support staff an understanding of when and how to notify disaster recovery team members of a crisis.

The DRP must include a section describing how to test the plan in a "dry run" situation. It must also include a description of how best to conduct a periodic structured review of the plan itself and the processing environment and then update the plan appropriately. Use of a commercially available software tool to aid in disaster recovery planning would be favored. If such a tool is utilized by the bidder in developing the DRP, it must be delivered to VRS for on-going use in updating the DRP – therefore, its cost must then be included in the bidder's cost proposal. The bidder must perform a test execution of the Disaster Recovery Plan and document the outcome of testing. The bidder must provide written certification that the disaster recovery plan worked as defined.

VRS will review the initial draft and provide feedback to the bidder so that the DRP can be appropriately revised.

Bidders must specifically address in their DRP how they will ensure that the generation and distribution of checks will not be compromised in any way.

Bidders are to include in their proposals an outline of the DRP document and discussion of any software tools to be used in its preparation.

B-3.8 Hot Site Backup

To protect VRS in the event of disaster, the bidder must identify a proposed “live” hot site where VRS processing can be accomplished should the VRS data center become unavailable. The bidder must describe in its technical proposal for this option what steps will be taken to ensure that the hot site is available and suitably equipped to handle the VRS processing load in the event of a disaster.

VRS recognizes that the hot site arrangement may consist of a subscription service from a third party. However, the bidder must identify in its cost proposal all costs associated with establishing the hot site’s capabilities sufficient to handle VRS processing requirements, as well as the annual subscription costs.

Vermont’s Department of Information and Innovation (DII) maintains a hot site within 15 miles of Montpelier. The possibility exists that VRS may be able to use the state government hot site dependent on the architecture of the proposed solution and if there is adequate space. The space is an air-conditioned room with UPS backup and currently supports zVM/Linux.

The bidder must also commit in its proposal to including in the Disaster Recovery Plan (see Section B-3.7):

- All activities necessary to assure that the hot site is ready for use immediately upon notification of a disaster, including “practice” disaster scenarios

- The explicit steps required of VRS staff and other required resources to transition to the hot site
- The explicit steps that will be taken to transition processing back to the VRS data center once the disaster situation has been resolved.

B-3.9 Warranty

This section discusses the warranty requirements pertaining to the new solution.

B-3.9.1 Warranty (LOB Application)

With regard to the customized line-of-business application, the bidder must warranty that it will operate, in its entirety, in accordance with specifications approved by VRS, for twelve (12) months after final turnover and acceptance of the last phase of the project. The cost for this warranty should be included in the bidder's cost proposal and be so identified. This implies a longer warranty period for portions delivered earlier in the project.

B-3.9.1.1 Regulatory Changes

VRS will not be charged for regulatory changes that have been necessitated by any federal government agency, board of review, federal statute, or federal directive (including but not limited to IRS, Department of Labor, Department of the Treasury, ERISA, etc.), including changes in the federal tax withholding tables. Rather, this functionality will be provided to VRS at no additional cost and will be included in the annual software license and maintenance fee or other such fee.

B-3.9.1.2 Implementation of New Modules and Functionality

For new functionality and modules developed by the bidder for other clients subsequent to the contract date, the bidder must indicate agreement with the following requirements:

- Any such new functional component made available by the bidder to any other (new or existing) client shall, on the VRS's request, be provided to VRS by the bidder for a fee that is fifty (50%) of the cost of the module to the other client.
- Within ninety (90) calendar days of the announcement of a new functionality or module, the bidder will provide VRS with a "not-to-exceed" cost to implement such new software with all necessary VRS customizations.

B-3.9.1.3 Special Warranty Condition for Certain Functionality

VRS understands that certain functionality may be implemented in a given month and, based on the nature of the functionality (semi-monthly process, annual process, etc), may not be executed for the first time within the standard 12-month warranty period. **To protect VRS in these cases, the bidder must provide a special 12-month warranty condition on every type of functionality that falls into this category.** Examples of such functionality include:

- Annual Member Account Statements
- Annual Tax Processing
- Annual Accounting Reconciliation Procedures
- Annual COLA Processing
- 1099 Processing
- Quarterly or Annual Interest Posting

- Actuarial Data Extract.

Once the detailed project workplan is completed, the bidder will know the implementation dates of the solution's various functional components. Based on these dates, the bidder will be aware of which functions fall outside the standard 12-month warranty period. Once this is known, the bidder will provide VRS with an updated and detailed list of the functionality to which this special warranty condition applies. The 12-month warranty period for these processes will start the first time the process is run live in the production environment. For example, assume the membership phase is implemented October 2007 and membership statements are not run until August 1, 2008. The warranty period on the membership statements would run from August 1, 2008, through July 31, 2009.

In its proposal, the bidder must provide an initial list of such processes that fall into this category and agree to the terms of this requirement.

B-3.9.1.4 Limitations

In their technical proposal, bidders must identify any and all limitations and constraints with respect to software maintenance and warranty. They must be explained in terms of risk, change control, and cost implication. If the bidder does not identify such limitations and constraints, then warranty and maintenance protection afforded VRS, and the associated costs, will be as described above without limitation or constraint.

B-3.9.2 Hardware and Software Support

For every hardware component specified by the bidder and every software license that will be delivered under the contract, the bidder must include in its technical and cost proposals, as part of the procurement's mandatory requirements, guaranteed on-site maintenance support during the Principal Period of Maintenance (PPM) <u>for the continuous period beginning on the date of acquisition of the component and ending 12 months after final turnover and acceptance of the last phase of the project</u>. For this purpose, PPM is defined as 8:00 AM through 5:00 PM, Monday through Friday, except VRS holidays. Acquisition of a component (whether hardware or software) is defined as delivery, setup, installation, testing, configuration, and written acceptance by VRS.

For all hardware components, the service provider must guarantee on-site response within one-half business day from the receipt of the request. Further, the bidder must commit to:

- Returning the system, at a minimum, to degraded mode within four (4) hours.
- Returning the system to full service within one business day.

A bidder will also be required to provide in its cost proposals the maximum hourly rate that would be charged for on-site hardware maintenance and support during non-PPM hours during the first three years following contract execution.

Although VRS recognizes that manufacturers differ in their definitions of the terms "warranty" and "maintenance," that difference is immaterial to the requirements stated in this section. It will be the bidder's responsibility to track the expiration of initial warranties and to obtain extended maintenance coverage as necessary to fulfill the VRS requirements for on-site support through the end of the warranty period following final turnover and acceptance.

VRS also recognizes that hardware will be delivered in a "staggered" fashion. Although the project schedule mandates that the infrastructure for mandatory requirements must be delivered and installed no

later than six months after the project start date, hardware relating to some LOB components and authorized options may be delivered and installed much later in the project. It is VRS's objective NOT to pay for support on a component until it has been installed and accepted, and then to receive continuous guaranteed support through the end of the 12-month warranty period following final system turnover and acceptance. Therefore, for example, it will not be acceptable for the bidder to quote three full years of warranty and maintenance support on every component, assuming the project plan is two years in duration.

Further, it is likely that some industry support contracts must be renewed for a full year, which implies, for example, that a component acquired nine months prior to final turnover and acceptance, may be subject to (maintenance contract) renewal three months after final turnover and acceptance. In this particular case, the contractor would be required to pay for coverage through 15 months after final turnover and acceptance in order to meet the minimum requirement for 12 months of coverage beyond the end of the project. Based on the work plan submitted, bidders must factor such additional costs into their cost proposals.

The cost to be quoted by the bidder for satisfying the requirements of this section will depend directly on the length of the project as estimated by the bidder in its work plan. Therefore, if completion of the project is delayed relative to the work plan, the cost to the bidder of satisfying maintenance requirements will increase. If the delay is caused by the bidder's failure to meet project deadlines or any other action, or failure to act, on the part of the bidder, the increased cost of maintenance support will be borne by the bidder. If the delay is caused by VRS actions (e.g., significant new requirements introduced during the course of the project or major VRS-desired schedule changes), the increased cost of maintenance support will be handled through standard project change control procedures, subject to the provisions of Section B-3.1 – Project Management.

In their response to this section in the technical proposal, bidders are to describe the support they will provide, confirm their acceptance of the requirements stated in this section, and list all of the vendors/ service providers who will provide the actual warranty and maintenance support for all hardware and software.

Bidder must use the following, or a similar, format to summarize the hardware and software support to be provided:

Table 14. Vendor's Presentation of Hardware Support to Be Provided

HARDWARE COMPONENT	SUPPORT PROVIDER	DURATION OF ORIGINAL WARRANTY

Table 15. Vendor's Presentation of Software Support to Be Provided

SOFTWARE COMPONENT	SUPPORT PROVIDER	DURATION OF ORIGINAL WARRANTY

SOFTWARE COMPONENT	SUPPORT PROVIDER	DURATION OF ORIGINAL WARRANTY

B-3.10 Miscellaneous

This section discusses additional miscellaneous services and deliverables to be provided by the vendor.

B-3.10.1 Separate Environments

At least four logical database environments must be sized as indicated in the table below: These numbers are to be used in proposal generation and may change depending on the actual solution.

Table 16. Four Logical Database Environments to Be Provided

DESCRIPTION	CONCURRENT INTERNAL USERS	CONCURRENT EXTERNAL USERS
Production System	25	250
Reporting System	25	10
Training System	10	10
Test System	10	10

As stated in Section B-2.3 – Application Architecture, VRS requires, at a minimum, two physical environments (i.e., two database servers) to host the four logical environments identified above. Regardless of the configuration, the solution must satisfy the performance, reliability, and uptime requirements as specified in Section B-2.8.1 - System Sizing and Performance Requirements.

In accordance with the table above, the bidder must provide a separate database environment that will be used to validate the new system, to conduct training during the development phases of the effort, and to support VRS IT staff activities after delivery of the entire system to VRS.

The test environment must provide for importation of full data sets (e.g., all demographic data, transactions, employer data, etc.) from the production environment and be able to do so a number of times (as required) during the testing process. Further, the utility provided that accomplishes this must remain available to VRS staff after implementation of the new system. In addition to supporting the testing of the new system upon its implementation, the objective of the test database is to provide staff with the ability to validate the proper functioning of system enhancements and modifications (possibly several years after cutover).

The test environment must be similar to the production environment, but it must be a separate physical environment to avoid "contention." In concept, the capability must function so as never to conflict with the production environment. The overall hardware and operating system environments must be adequately sized concurrently to support the following requirements, while still meeting system performance criteria:

- Production activities
- Software maintenance (including but not limited to editing, compiling, and linking) activities
- Testing activities
- Test database building activities.

The bidder must describe in detail how these requirements will be met, including adequate hardware (including but not limited to processors, memory, and disk) and configuration and version management tools.

Software version management and configuration control tools and methodology must be described and discussed in the bidder's proposal.

B-3.10.2 Offshore Development

VRS is aware that some retirement system solution providers are turning to offshore development facilities to achieve economies in costs related to the delivery of various aspects of their solutions and thus enhance their competitive position in the marketplace. VRS is not necessarily opposed to this approach and does not see the potential problem of foreign authorship *per se*, but rather the suitability of the package's functionality for use in the U.S., the quality and suitability of documentation and training materials, the availability of software support in the U.S., and the availability of certified training services for U.S. customers, as well as familiarity with applicable federal statues, IRS code, and U.S. practices.

In light of these concerns, bidders should note that VRS will initially look most favorably on solutions that **do not** include software packages developed offshore. However, if the bidder feels strongly that a foreign-authored product offers significant functional and/or economic advantages, VRS will consider and evaluate fairly a solution that includes the foreign-authored product provided the bidder's proposal discusses the package's advantages in detail **and** provides the following detailed information:

- Confirmation that the product and all related literature (user manuals, training materials, system documentation, etc.) are available in English
- Confirmation that all documentation and training materials match the version or release of the software to be installed
- Indication of when the product was first installed at a U.S. site
- Identification of the number of software support personnel in residence in the U.S. and what guarantees are available in terms of response time and time-to-fix should problems develop with the package
- Identification of the number of certified training personnel resident in the U.S.
- At least five (5) U.S. reference accounts that can be contacted in order to validate the suitability of the product and the customer's level of satisfaction with both the product and the services provided (installation, training, software support, etc.).

During proposal evaluation, should any of the references contacted express dissatisfaction with the foreign-authored package being proposed, the bidder will be notified that the proposed package is unacceptable. The bidder will be given one opportunity to replace the package and resubmit its proposal.

Should VRS award a contract to an bidder who included a foreign-authored package in its proposed solution and, during the project, problems arise in connection with that package in any of the areas cited above, the bidder will be responsible for replacing the proposed package with one acceptable to VRS (as determined solely by VRS), with no change in the project's cost or schedule. In other words, it is VRS's intent that any bidder who proposes to include a foreign-authored product in the solution shall bear all of

the risk inherent to the selection of the offshore-developed package, and, if necessary, the costs to replace that product.

In addition to its interest in the extent of offshore resources employed, VRS is interested to know what portion of the project's total effort will be on-site in Montpelier or within Vermont. With this in mind, bidders are required to state in their proposals whether or not offshore development facilities will be utilized, what portion of the project will be addressed by offshore resources and what the cost impact would be to the project if those portions of the project were addressed with resources located domestically and/or in Vermont. The bidders must do the following (regardless of whether offshore resources will be utilized):

- Complete the "Offshore Sourcing Questionnaire" found in Appendix E-3 of the RFP and include it in the bidder's cost proposal. Project areas addressed in Appendix E-3 should include (at a minimum): analysis, design, coding/development, testing, training, documentation, and warranty support.
- Define the "boundary" that will exist between domestic support and offshore support – i.e., will U.S.-based vendor staff be responsible for all on-site work in terms of requirements definition, programming specifications, training, and support, backed up by an offshore programming team, or will offshore personnel also participate in on-site activities? If offshore resources <u>will</u> be involved in on-site activities, please describe those duties and responsibilities in detail.

If offshore personnel will be involved in interfacing with VRS staff, identify what assurance is offered that:

- No language barriers will be encountered.
- The offshore staff assigned will be sufficiently familiar with the bidder's solution, U.S. 'culture,' and retirement systems in general to fulfill their responsibilities as efficiently as would comparable U.S.-based staff.
- Indicate whether offshore resources will be restricted only to the original development effort, or whether they will also be utilized to provide subsequent maintenance and support services.
- Indicate what quality ratings have been earned by the proposed offshore development facility (ISO 9000, CMM, SEI, etc.).
- Identify where the offshore development facility will be located and describe its resources, attributes, etc.
- Identify all other public retirement system clients' implementations for which the bidder used the offshore development facilities being proposed to VRS. Were the offshore resources used for the same duties and in roughly the same proportion as is being proposed to VRS? What percentages of those overall efforts were done offshore?
- Describe the bidder's communications plan for assuring smooth, prompt, effective communications between the offshore development facility, the U.S. development center, and the on-site staff. What tools will be utilized for affecting these channels of communication? How will time zone differences between your U.S. development center, the offshore development facility, and VRS's location affect the project?
- During user testing, will problem incidents be referred to the offshore facility for correction, or will U.S.-based programming resources be used for 'debugging?' If corrections will be referred to the offshore facility, will VRS users have to communicate directly with contractor personnel at the offshore site? If so how? If not, how will the solution vendor provide such communications?
- Will offshore development staff become involved in producing programming (or other) documentation for VRS? If so, please provide a representative example of documentation produced by the same offshore resources for another client so that VRS may gauge its quality.

- What steps will you take to ensure adequate availability of backup development staff in the event the proposed offshore facility is unable to provide the proposed services for whatever reason?
- What overall risk mitigation analysis has been conducted and what plans have been put in place to ameliorate the risks? Provide a copy or summary of such an analysis.

B-3.10.3 On-site and Off-site Development

VRS anticipates that much of bidder effort (particularly design, coding, internal testing, etc.) will be conducted at the bidder's current established development center remote from Montpelier. In their cost proposals, bidders must provide information using the **Offshore Outsourcing Questionnaire** found in Appendix E-3 which identifies what portions of the work required of the project will be done on-site in Montpelier and off-site for both onshore and offshore development.

B-3.10.4 Foreign Investment Policy and Restrictions

VRS requests that the bidder review the three Retirement Boards' investment guidelines and identify any areas where they are out of compliance. The Web site that provides the pension funds investment is included in the Appendix E-4: Relevant VRS Web Pages and URLs

B-3.10.5 Cost of Project Delays

Any delays in "Go Live" dates relative to the project schedule shall be the responsibility of the bidder, with the single exception discussed below. Therefore, any additional costs incurred due to delays shall be borne by the bidder. Such potential additional costs may include, but are not limited to:

- The need to maintain bidder personnel on-site longer than originally planned
- The need to extend data bridging activities beyond the dates originally planned
- The need to extend warranties on certain components of the new solution.

The only exception to this provision is the case in which the VRS, through its action or inaction, directly causes a significant and continuing delay after being informed by the bidder of the delay and its impact. When the bidder determines that such a significant delay is being incurred (or will potentially be incurred), the bidder will so notify the VRS in writing. (For the purposes of this section, "significant delay" shall be defined as any delay that in itself will cause a slippage of ninety (90) calendar days or more in a Go Live date.) The written advisory will identify the nature of the delay (i.e., the specific actions or inactions of the VRS causing the problem), its estimated duration to date, specific actions of the VRS that need to be taken to correct the problem, and the expected economic and schedule impact on the project should the VRS fail to correct the situation.

The VRS will have 30 calendar days from receipt of the notice of delay to take corrective action. Only in the event that the VRS fails to take corrective action within the 30-day window will the bidder be permitted to submit a change order based on the impact of the continuing delay on the project schedule.

In any case, in its Cost Proposal, the bidder must state the not-to-exceed cost for a one-month slip in any of the phase rollouts or cutovers. The objective is for the VRS to clearly understand, prior to the start of the effort, what costs will be associated with any delays beyond the ninety (90) calendar days identified above that may be incurred after the VRS and the bidder have agreed upon a delivery of a phase or functional rollout date in a workplan.

B-3.10.6 Performance Bond

A performance bond in the amount of eighty percent (80%) of the total cost of the proposal (including all selected options) will be required for the contract awarded. The performance bond shall be delivered at the time of contract awarded. The required bond will be in a form and from a firm acceptable to the VRS. The bidder shall not be released from the performance bond until the bidder has completed the warranty period and written acceptance of all deliverables have been provided to the bidder by VRS.

No bid bond is required to be submitted with the proposal.

B-3.10.7 Prior Contact Disclosure

Bidders must identify any contact with VRS staff, Treasury staff, retirement board trustees and their committee members, Department of Information and Innovation staff, etc. that they have had specifically or have had via a lobbyist or other third party since the release of this RFP. In addition, the bidder must describe the nature of the contact, the dates contact occurred, and the substance discussed. Failure to identify contact with VRS or the other relevant parties identified above may be grounds for rejection of the bidder's proposal and/or cancellation of any subsequent contract. A table is provided below as a sample of that the bidder should use to submit this information.

Table 17. Vendor's Disclosure of Prior Contact with VRS

PARTY CONTACTED	DATE CONTACTED	NATURE OF CONTACT (E.G., PHONE CALL, OFFICE VISIT)	SUBSTANCE DISCUSSED

B-3.10.8 Price Protection

Each bidder must review the following price protection requirement and discuss how its organization plans to comply in the event that this option is authorized.

In the event that the purchase price of the contracted system component(s), either hardware or software, is (are) devalued during the first six (6) months from the inception of the contract due to the introduction of a newer model of similar or replacement architecture, the bidder must allow a trade-in of the contracted component(s) at full purchase price and extend a price protection credit to VRS. This credit shall represent the difference between the original, contracted purchase price of the component(s) and the then-devalued purchase price of same. This credit may be applied toward the trade-in and acquisition of the newer model or replacement architecture. The computation of this credit and exercise of this option may occur at any time over the initial six (6) months of the contract, after any official announcement by the manufacturer of a newer model or replacement architecture for the contracted component(s).

B-3.10.9 Product Recall

Each bidder must review the following product recall protection requirement and discuss how its organization plans to comply in the event that this option is authorized.

The bidder must agree that, in the event of any problem announcement or product recall action on the part of any of the vendors of hardware components provided by the bidder as part of the proposed solution, the bidder will, at no cost (for hardware or shipping or services or other) to VRS and according to a schedule agreeable to VRS, replace all components that are in question within 30 calendar days of the announcement or recall. This provision applies to all other components of the solution (including but not limited to processor chips, memory, controllers, disk drives, tape drives, and removable media) and survives the term of the contract for a period beginning at contract execution and ending one year from the acceptance of the last phase of the project.

B-3.10.10 Ownership of Work Product and Intellectual Capital

VRS will have all ownership rights to hardware and software, or modifications thereof, as well as associated documentation designed, developed, or installed. "All data, technical information, materials gathered, originated, developed, prepared, used, or obtained in the performance of the contract, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, that are prepared for or are a result of the services required under this contract shall be and remain the property of the VRS and shall be delivered to the VRS upon 30 days' notice by the VRS. With respect to software computer programs and/or source codes developed for the VRS, the work shall be considered "work for hire," i.e., the VRS, not the contractor or subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed."

All work products and deliverables produced under contracts awarded as a result of this bid will be the exclusive property of the VRS. This includes, but is not limited to, software, documentation, and development materials. A vendor shall not sell a work product or deliverable produced under a contract awarded as a result of bids without explicit permission from the VRS.

Your proposal must clearly describe the terms of all licensing considerations, such as an End User License Agreement

B-4 OPTIONS

The project has been divided into mandatory and optional portions.

This section and all of its subsections identify the optional project areas.

Bidders must bid all of the options. The bidder must provide the cost to VRS in the cost proposal.

They are optional only in the sense that VRS will have the option of authorizing them. VRS may choose to authorize no options or any one, any combination, or all of the options. VRS will decide whether or not to authorize each option either at the time of contract negotiations or at any point up to the end of the option period as stated in the section pertaining to each option.

B-4.1 Option 1 – Data Cleansing Analysis

Data quality and accuracy are issues of utmost concern to VRS. The amount of staff research time that must be devoted to processing any business request that relies on member account data is directly dependent upon the accuracy and accessibility of data pertaining to the member's wages, contributions, years of service, etc.

Existing data records pertaining to VRS members may have varying degrees of inaccuracies and errors. As an option, bidders are required to propose a fixed price solution to developing software tools for analyzing and resolving errors or problems related to historical VRS data and actually "cleansing" the data that will be carried forward into the new environment. Initial candidate topics are presented below so that bidders can gauge the magnitude and complexity of the issues in this task. Candidate topics include but are not limited to:

- Possible cases related to Social Security Number (SSN) mismatches or duplication
- Possible cases where VRS has to investigate and fix demographic information, including name changes, incorrect birth dates, incorrect addresses, and duplicate Social Security Numbers
- Possible cases related to people on pension payroll with an inaccurate retirement type or retirement option
- Cases where dates have been defaulted versus the actual date being supplied
- Cases where the rates and factors that are to be used in various business calculations are not current, and therefore if a re-calculation is performed, errors will result
- Cases where the level of detail in a member's account varies based on his/her "life" in the system, as well as how they were reported over the years
- Cases where member account statuses are not consistent across the system
- Cases where benefit account statuses and benefit payment statuses are not consistent across the system.
- Cases where individuals who have been successfully "switched" from active membership to pension payroll may still have a positive balance and an "active" status code in their membership account.

The items listed above, as well as other items identified by the bidder and VRS, will need to be included as part of this option. The data cleansing and data quality effort will consist of seven (7) phases, totaling 1,000 person-hours of effort (bidders may change the allocation of hours within the 1,000 total as they see fit; such a change should be explained):

Phase 1 will consist of three (3) four-hour focus group sessions with up to four (4) VRS staff members. These sessions should be conducted over a two-to-three-week period. Using the above topics as a starting point, bidder staff will listen to a description of the data problems as presented by the VRS staff members. Bidder staff will explain and discuss its experience with data cleansing efforts at other client sites, which should stimulate additional problem descriptions from VRS staff. Based on this experience, bidder staff will provide guidance to VRS staff in defining the tools that will be most useful. Using the information collected during the focus group sessions, bidder staff will write up definitions of the most prevalent data problems, describe the tools that will be most useful in correcting them, and how the tools will be used by VRS staff. The bidder's write-up will be reviewed by VRS and appropriately revised. Phase 1 will require bidder staff to expend approximately 125 person-hours over a three-week period.

Phase 2 will have the bidder develop a design of the tools to be developed, per Phase 1. The design document will be presented to VRS staff, reviewed, and appropriately revised. VRS staff will sign-off on the analytical and correction tool design. Phase 2 will require bidder staff to expend approximately 150 person-hours.

Phase 3 will consist of the implementation of the tools by bidder staff. Phase 3 will require bidder staff to expend approximately 250 person-hours (the number and nature of the tools designed in Phase 2 should conform to a 250 person-hour effort).

Phase 4 will consist of the prototyping and testing of the tools by bidder and VRS staff. Phase 4 will require bidder staff to expend approximately 125 person-hours of effort.

Phase 5 will provide the opportunity for bidder staff to resolve any problems arising from the prototyping and testing effort in Phase 4 and to finalize the software tools for use in the new environment. Phase 5 will require bidder staff to expend approximately 125 person-hours of effort.

Phase 6 will consist of the installation/implementation of the tools, as well as documentation and user training. Phase 6 will require bidder staff to expend approximately 125 person-hours of effort.

Phase 7 will consist of defining and describing any additional data quality areas that have come to light as a result of having completed Phases 1 through 6. The bidder will describe additional activities that should be pursued, what the approach should be, what the benefits would be, and an estimate of the costs. Phase 7 will require bidder staff to expend approximately 100 person-hours of effort.

A crucial aspect of the analysis being sought is to identify the steps that must be taken to ensure that corrected data is not later "re-corrupted" in the legacy environment prior to the conversion to the new environment.

In addition to the products identified above, deliverables from this effort will include weekly time sheets, substantiating the bidder staff effort expended, as well as weekly written status reports pertaining specifically to this effort.

The bidder is to identify in its proposal when in the project these tasks will be performed (and when they would be expected to be completed) assuming VRS authorizes them at the start of the effort.

The bidder shall provide a fixed price for the 1,000 person-hours of services described above.

Additionally, in its Cost Proposal, the bidder is to provide a fixed hourly rate for any additional activities that VRS may request under this option.

B-4.2 Option 2 – Post Implementation Support

VRS views the availability of support prior to and following the end of the warranty period as a crucial element of the overall solution. VRS is also sensitive to the potential significant ongoing cost of such support.

VRS requests that the bidder propose, as an option, support and enhancement services to the system for a five-year period following the end of the warranty period. "Figure 5. Public Pension Administration System Life Cycle," below illustrates the timing of the support activities.

B-4.2.1 Post Acceptance Support

Bidder is to cost the provision of five years of post acceptance support. In the first 12 months after acceptance, this support will occur simultaneously with the mandatory warranty support, but it is not to include any warranty work and is to be **separate and apart** from warranty support as described in Section B-3.9 Warranty. The focus of this option is on supporting the application – i.e., maintaining and enhancing the application and operational support of the application.

VRS does not envision requiring full-time, on-site support over this five-year timeframe. It is anticipated that much of this work may be done remotely. However, requirements gathering for new features requested by VRS, complex installation and configuration of new software and features, and similar efforts may require periodic on-site work by one or more of the bidder support team. In addition, VRS anticipates the need for and sees the value of periodic on-site account reviews (e.g., review of potential changes to the application, review of open task orders, review of costs and schedules, setting of priorities, etc.).

The bidder shall describe its support strategy including receipt by the bidder of a support request from VRS and the processing of same through completion and approval by VRS (including expected elapsed times).

Bidders shall indicate in their technical proposals the number of hours they believe are appropriate for maintenance, enhancement, and operational support (as described above) over a 12-month period and quote in their cost proposals a fixed annual support fee for each of the five one-year periods, inclusive of travel expenses. The bidder will also quote an hourly figure in the event additional time is required within a single 12-month period. Bidders shall list the resources or roles (e.g., Project Manager, Programmer/Analyst, Database Administrator, etc.) they intend to allocate to Post Acceptance Support along with the hours allocated over each of the five years for each role. This information shall be provided in a format similar to that in Table 15.

Table 18. Post Implementation Support Hours

SUPPORT CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Post Acceptance Support					
Resource or Role (e.g., Project Manager, Programmer/Analyst, Database Administrator).	(hours)	(hours)	(hours)	(hours)	(hours)
Resource or Role…	(hours)	(hours)	(hours)	(hours)	(hours)
Post Implementation IT Support					

SUPPORT CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Resource or Role (e.g., Project Manager, Programmer/Analyst, Database Administrator).	(hours)	(hours)	(hours)	(hours)	(hours)
Resource or Role…	(hours)	(hours)	(hours)	(hours)	(hours)
Post Implementation Operations Support					
Resource or Role (e.g., Project Manager, Programmer/Analyst, Database Administrator).	(hours)	(hours)	(hours)	(hours)	(hours)
Resource or Role…	(hours)	(hours)	(hours)	(hours)	(hours)

Bidders must include in their cost proposals the hourly rate (including all expenses) applicable to extending the Post Acceptance Support beyond the five-year support period. Include in the technical proposal response to this option the conditions under which the bidder would be willing to provide the extension of services if so requested by VRS – for example, extensions must be in increments of six months or more and must be requested at least 60 days prior to the end of the current support period.

B-4.2.2 Post Implementation IT Support

Bidders are required to propose and price post-implementation programmer support for the 12-month period beginning immediately after final system cutover and acceptance and ending 12 months later – i.e., during the warranty period (see "Support Period 1 – J" in Figure 5, below). There is to be a constant, uninterrupted 12-month period of on-site, full-time programmer support beginning on the date of final cutover to and acceptance of the new environment.

Although the ideal approach to this requirement is for the bidder to provide personnel who provided programming support during the implementation, it will be acceptable for the bidder to provide an alternate so long as personnel assigned to the support effort are not new to the project. The bidder shall list the resources or roles (e.g., Project Manager, Programmer/Analyst, Database Administrator, etc.) they intend to allocate to Post Implementation IT Support along with the hours allocated over the 12-month support period. This information shall be provided in a format similar to that in "Table N – Post Implementation Support Hours." VRS reserves the right to approve, in advance and in writing, personnel replacement.

Bidders must include in their cost proposals the hourly rate (including all expenses) that would be applicable to extending the programmer support beyond the 12-month warranty period. Include in the technical proposal response to this option the conditions under which the bidder would be willing to provide the extension of services if so requested by VRS – for example, extensions must be in increments of six months or more and must be requested at least 60 days prior to the end of the current support period.

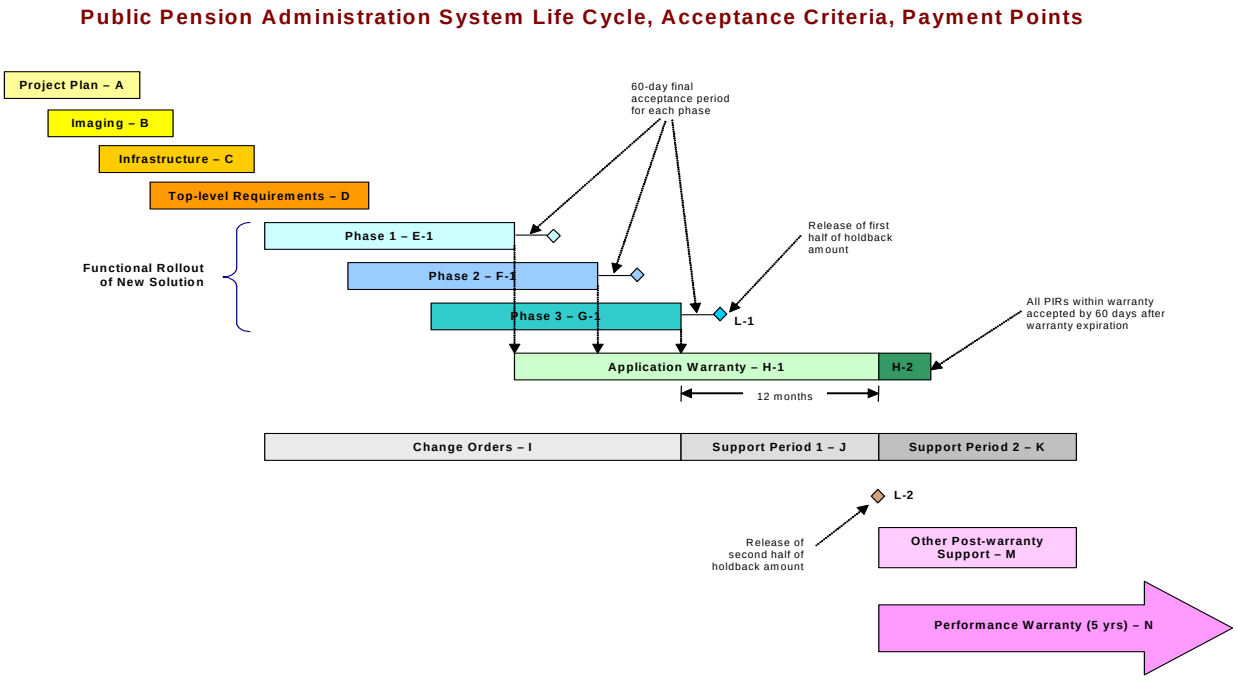
B-4.2.3 Post Implementation Operations Support

To maintain a stable production environment, and to allow a smooth turnover of system responsibility to VRS, bidders are required to propose and price post-implementation operations support for the 12-month period beginning immediately after final system cutover and acceptance and ending 12 months later – i.e., during the warranty period (see "Support Period 1 – J" in Figure 5, below). There is to be a constant, uninterrupted 12-month period of on-site, full-time operations support beginning on the date of final cutover to and acceptance of the new environment.

Although the ideal approach to this option, if it is authorized, is for the bidder to provide personnel who provided operations support during the implementation, it will be acceptable for the bidder to provide an alternate so long as the personnel assigned to the support effort is not new to the project. Bidders shall list the resources or roles (e.g., Project Manager, Programmer/Analyst, Database Administrator, etc.) they intend to allocate to Post Implementation Operations Support along with the hours allocated over the 12-month support period. This information shall be provided in a format similar to that in Table 15 – Post Implementation Support Hours. VRS reserves the right to approve, in advance and in writing, personnel replacement.

Bidders must include in their cost proposals the hourly rate (including all expenses) applicable to extending the operations support beyond the 12-month warranty period. Include in the technical proposal response to this option the conditions under which the bidder would be willing to provide the extension of services if so requested by VRS – for example, extensions must be in increments of six months or more and must be requested at least 60 days prior to the end of the current support period.

Figure 5. Public Pension Administration System Life Cycle



B-4.3 Option 3 – Transition to VRS-provided Post Implementation Support

VRS is considering supporting and enhancing the LOB solution itself using State-provided IT resources (e.g., project managers, programmers, analysts, database administrators, testers, and technical writers). Under such a scenario, VRS would require the bidder to provide them with **all source code including third-party software**, libraries, DLLs, toolsets, methodologies, etc. used in the development and maintenance of the LOB solution, as well as required training on the various tools used in this effort (refer to Section B-2.6.1 – Overall Requirements for conditions under which source code is provided).

VRS requests the bidder to provide costs (in the cost proposal) related to the orderly and complete migration of support responsibilities to State of Vermont support personnel as well as the training

required for each of the tools provided. The bidder must provide a cost for this occurring in each of the five years, because VRS may elect to take over support starting in any one of the five years (e.g., support for years one-three is provided by bidder and, at the end of year three, VRS elects to take over support). Said another way, cost the event if it were to occur in each year separately. Please refer to Section C-1.2 for information on how to prepare the cost proposal for this option.

The "Transition to VRS-provided Post Implementation Support" cost must include training on the use of the tools necessary for VRS to maintain, enhance, and support the LOB application as well as other components of the information architecture – imaging, workflow, Web-enablement, EIS, etc. Such training will be provided for up to four (4) State IT staff and will consist of training on the following such that the State IT staff will be totally self sufficient:

- Design methodologies
- Data modeling software
- Development languages
- Screen generator
- Windows and/or browser development software tools
- 4GL(s)
- All compilers for software development (and associated tools)
- All other necessary tools and techniques employed in developing, customizing, and maintaining all of the applications software
- "HELP" generation software
- Database management systems
- Testing tools
- Test script/test case generator
- Test drivers
- Problem incident reporting, tracking, and management tools
- Middleware
- Software configuration management software
- Configuration control methodologies and tools
- Version control software
- All memory and allocation analysis software used in system development.
- A tool or tools that provide the ability to selectively purge (and save) to tape or other appropriate media database records that meet data-driven selection parameters. A restore capability is also required. The integrity of the data and the database must be automatically maintained during both processes.
- Other tools and methodologies as appropriate or necessary for ongoing maintenance of the system.

It is desired that this training be provided on-site in Montpelier. However, if such training is only available through a certified trainer outside of the Montpelier area, <u>then the bidder will bear the cost of such trips by VRS staff. Bidders must disclose and include such costs</u>, if any, in the proposal.

Similar to the training defined in Section B-3.5 – Training and Knowledge Transfer, the bidder will include in its proposal a top-level technical staff training plan that identifies the specific topics that will be covered. This training plan must also identify the courses that will be provided (including a brief description of each course's contents) and must include descriptions of:

- Materials/facilities to be provided by VRS

- Training materials that will be developed by/delivered by the bidder
- The number of hours required by VRS technical staff members by job category for attending classroom sessions, training laboratories, independent study, and working with bidder mentors.

The bidder must explain the manner in which the services will be provided, their duration, the number of contact hours, etc.

B-4.4 Option 4 – Post Processing Equipment

The bidder must propose to provide, install, and configure folding and sealing equipment compatible with the printing equipment proposed for the automatic preparation of annual statements and other written communications for mailing to recipients. The proposed equipment must accommodate envelope inserts and include folding, inserting, sealing, and sorting capabilities if this is required by the bidder's solution.

Note that VRS produces the following volumes of output per month and per year:

Yearly

Member Annual Statements – 25,000
Alternate Annual Statements – 3,000
100R IRS Forms – 10,000

Monthly

Check – 2,500
Advices – average 1000 advices/mo for 10 months per year; 8,000/mo twice per year.

B-4.5 Option 5 – Member Self Service

VRS intends to better utilize the Web to gather and distribute information to members and retirees. With that in mind, VRS requires bidders to propose a Web-based solution for member and retiree self-service.

Forms are to be made available as downloadable files either in MS Word or Adobe Acrobat format.

In addition, all forms will allow for pre-fill and printing from the Web with bar codes appropriate to initiate workflow when delivered to VRS.

Select forms and equivalent capability, when completed on the Web, will initiate an e-mail or hardcopy correspondence notifying the member or retiree of the requested change or action.

Forms to be made available through the self-service Web site include, but are not limited to:

1. Member and retiree change of address
2. Bank routing info change
3. Beneficiary nomination
4. Termination forms
5. Employer enrollment and terminations
6. Employer beneficiary form
7. Health insurance form
8. Tax change forms

9. Plus 4 others to be determined during requirements sessions.

Member-based information to be made available through the Web includes, but is not limited to:

1. Most recent Wage & Contribution report data
2. Most recent disbursement and disbursements year-to-date and past 12 months
3. Current account status
4. Current statement for both active and retired members
5. Plus other sets of information to be determined during requirements sessions.

In addition, VRS wishes to provide members with the Web-enabled ability to generate benefit estimates and purchase of service calculations. These two areas should be examined and presented in the bidder's solution at two levels of increasing sophistication, as described in the following table:

Table 19. Desired Web-enabled Capability

LEVEL OF SOPHISTICATION	BENEFIT ESTIMATES	PURCHASE OF SERVICE CALCULATIONS
"Medium"	Provide calculation engine; member enters all parameters necessary for calculation.	Provide calculation engine to compute cost of all types of service credit purchases based on parameters entered by the member.
"High"	Provide calculation engine and full integration with LOB application so actual member data is accessed and used in calculation for all options.	Provide calculation engine and full integration with LOB application to calculate all types of service credit purchases based on actual LOB data.

The security and integrity of member information transmitted over the Web is of obvious concern to the VRS. Bidders must describe in their proposal how they will ensure, through the use of industry standard practices and protocols (e.g., personal identification numbers, secure socket layers, firewalls, etc.), that member data passing over the Web remains secure.

Vendors are to describe in their proposals how the above-defined functionality will be provided to VRS should this option be exercised. Vendors must provide costs for this option for each of the two levels of sophistication – "Medium" and "High" in the cost proposal.

B-4.6 Option 6 – Executive Information System

The bidder must specify an Executive Information System (EIS) for use in supporting ad hoc queries and reports including selecting, aggregating, and reporting member-related information for user-defined time periods (e.g., how many new members, how many retirements, how many deaths at each level in the hierarchy [employer, plan, system, overall]), as well as monetary and financial information (e.g., contributions due, contributions remitted, excessive open balances, payments scheduled, disbursements made).

Contents of the various queries and reports produced under the EIS must be able to export in an industry standard format for easy import into MS Excel, MS Access, and other MS Office tools. For all such report and extract capabilities, the user must be able to specify the reporting level (e.g., all VRS employers combined, or a particular reporting entity or plan, or all of them) and the time periods of interest.

The solution proposed shall include installation of the software, development of the database structure including all required 'views' of the data for users, configuration of the software, and training.

The EIS specified must:

- Insulate the production processing systems from the large ad hoc queries that are required by analytical systems such as the EIS
- Provide a cross-organizational view of data
- Provide access to data not found in transaction systems, including detailed, rolled up, and summary data, historical data, and external data
- Provide views by VRS plan, employer, age groups, geography, etc.

Vendors are encouraged to provide a robust capability to support VRS needs. Presentation functionality is to include not only tabular information, but also graphs, trends, etc.

The following are examples of ad hoc queries requested:

- List of all members who withdrew in a fiscal year
- List of members with the highest monthly benefits
- Give total count and amounts of contributions, salary, and hours for all active Municipal members enrolled between July 1, 2003, and December 31, 2003, grouped by Plan (A, B, C, and D), and also subdivided into columns across representing the employee status (A-active, I-inactive, V-vested deferred). Include a Total column to the right, and a Grand Total row at the bottom.
- Print a detail listing of all Municipal members enrolled between July 1, 2003, and December 31, 2003, grouped by Plan (A, B, C, and D), with subtotals at the end of each group, and a Grand Total line at the bottom. Sort members by last name and first name, assign each line a sequence number, resetting it to 1 at each plan break.
- Create an Excel spreadsheet of the name, address, birth date, sex, and retirement date of every Teacher retiree over age 65 living in Florida with an annual benefit of over $50,000, sorted by name within zip code.

B-4.7 Option 7 – Network Management Software

VRS believes that a network management package is unnecessary under this procurement, given the limited number of workstations anticipated to be required and the existing infrastructure. In its proposal, the bidder must affirm or contradict this assessment and provide support material as to why.

In the event the bidder advocates a network management package, the proposal must discuss the network management software proposed, describe its functionality, and clearly present the rationale for its use.

The proposed package must have the capability to manage the network from a single intelligent workstation, and such a workstation shall be provided by the bidder under this procurement. In addition, the following capabilities are required of the network management software, if proposed:

- Network analysis and performance evaluation and monitoring
- On-site (multiple workstations) access, including laptop access when required
- Logging of statistics, error conditions
- Ability to manage intelligent network devices from one central location
- Logical, graphical representation of network
- Physical, graphical representation of network
- Ability to monitor individual components of network
- History tracking and real-time depiction of network

- Alarms that notify the network administrator of conditions requiring corrective action
- Windows compatible-GUI
- Ability to monitor traffic associated with different software applications.
- System performance criteria must be met while the network software is operational.

PART C BIDDER PROPOSALS
C-1 FORMAT OF BIDDER PROPOSAL

This section sets forth the format that must be followed by bidders in developing their proposals in response to this RFP. Proposals that vary from this prescribed format are subject to being judged non-compliant and withdrawn from consideration. The bidder must understand that VRS will view the degree of compliance with this section as an indication of the degree of cooperation to be expected from the contractor in working with VRS after contract award. VRS's request in this vein is not arbitrary; rather, it is to enable the evaluation team to compare, in as straightforward a manner as possible, the contents of all proposals. Thus, it is in the bidder's best interest to organize its proposal as described below.

Bidders are to submit separately bound and packaged Technical and Cost Proposals. **NO** cost information is to be included in the Technical Proposal. Cost information found in the Technical Proposal may result in the rejection of the proposal.

The proposals are to be prepared on standard 8½" x 11" white paper. All proposals are to be page-numbered from first page to last, with the permitted exception of attachments to the proposal. A Table of Contents must be included. Foldouts containing charts, spreadsheets, and other necessary supporting documentation are permissible, but must be held to a minimum. The pages must be placed in a binder with tabs separating the major sections outlined below. Figures and tables must be numbered and referenced in the text by that number.

The following information must appear on the title page of each copy of both the Technical and Cost Proposal:

Vermont Office of the State Treasurer

Technical or Cost Proposal in Response to

RFP:
New Pension Administration System

Federal Tax ID Number: _____ Dun and Bradstreet No.: _____

Closing date and time for submission of proposals: _____

[Name, title, address, voice and fax telephone numbers of organization submitting proposal]

Signature _____

An individual authorized to bind the respondents to its provisions must sign the proposals. The proposal must remain valid for at least one hundred eighty (180) days from the proposal receipt deadline.

1 original (marked as original) and 15 copies each of the Technical and Cost Proposals are required. In addition, five separate copies each of both the Technical and the Cost Proposals must be provided in electronic ("soft copy") form, readable by Microsoft Word or Excel, on CDs. Cost spreadsheets may be inserted into the Cost Proposal as "pictures," but they must also be provided as

individual Excel files on the CDs. To clarify, the bidder must provide five CDs, each containing only the Technical Proposal and five additional CDs, each containing only the Cost Proposal. All 10 CDs must be clearly labeled so as to be easily identifiable with the bidder's submission. Proposals on CD should be consolidated into a single electronic document if possible, or the minimum documents necessary for presentation. A large number of separate documents is not acceptable.

C-1.1 Technical Proposal Format

The organization and content of the bidder's Technical Proposal must conform to the outline set forth below. Section numbering of the bidder's proposal must agree with the outline. Following the outline is a description of the information that must be included in each section and subsection of the proposal.

Table of Contents
Proposal Letter
1.0 General Information
- 1.1 Bidder Certifications and Affirmations
- 1.2 Statement of Understanding
- 1.3 High Level Deliverables
- 1.4 Assumptions
- 1.5 Exceptions

2.0 Bidder's Qualifications
- 2.1 Corporate Background
- 2.2 Relevant Project Experience
  - 2.2.1 Client References
  - 2.2.2 Presentations and Product Demonstrations
- 2.3 Financial Information
- 2.4 Bidder Staffing

3.0 Response to Business Functional Requirements
- 3.1 Detailed Business Requirements
  - 3.1.1 "As Is" Business Functional Requirements
  - 3.1.2 "To Be" Business Functional Requirements
    - 3.1.2.1 Employer Reporting
    - 3.1.2.2 Enrollment/Beneficiary
    - ...
    - 3.1.2.24 Defined Contribution Processing
- 3.2 New Functionality
  - 3.2.1 Imaging and Workflow
    - 3.2.1.1 Imaging
    - 3.2.1.2 Design and Configuration of VRS Imaging Solution
    - 3.2.1.3 Workflow Management
  - 3.2.2 Ad Hoc Reporting
  - 3.2.3 Audit Indicator

4.0 Response to Technical Requirements
- 4.1 General Discussion
- 4.2 Browser-based Solution
- 4.3 Application Architecture
- 4.4 Standards
- 4.5 Hardware
- 4.6 Software
- 4.7 Installation and Configuration
- 4.8 Operational Requirements

4.9 Version Control
5.0 Other Required Services and Deliverables
5.1 Project Management
5.1.1 Project Oversight
5.1.2 Oversight Project Manager
5.1.3 Multiple Products, Services, and Methodologies
5.1.4 Project Management and Control Methodology
5.1.5 System Development Life Cycle
5.1.6 Phasing the Project
5.1.7 Project Communications Plan
5.1.8 Concept of Operations
5.1.9 End-user Oriented Development Methodology Document
5.1.10 Retirement Design Topics
5.1.11 Bidder Activities Before and After Meetings with VRS Staff
5.1.12 Work Process Manual, Training, and Help Facility
5.1.13 Standard Project Management Deliverables
5.2 Process and Organizational Change Recommendations and Transition Management
5.3 Project Staffing
5.4 Data
5.5 Training and Knowledge Transfer
5.6 Testing
5.7 Disaster Recovery Plan
5.8 Hot Site Backup
5.9 Warranty
5.10 Miscellaneous
6.0 Options
6.1 Option 1 – Data Cleansing Analysis
6.2 Option 2 - Post Implementation Support
6.3 Option 3 - Transition to VRS-provided Post Implementation Support
6.4 Option 4 – Post Processing Equipment
6.5 Option 5 – Member Self Service
6.6 Option 6 - Executive Information System
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7.0 Project Workplan
Attachments
Attachment 1 Bidder's Annual Financial Report to Stockholders
Attachment 2 Comprehensive List of all Documentation to be Delivered
Attachment 3 Samples of Application Documentation
Attachment 4 Menu and Screen Snapshots
Attachment 5 Sample Data Conversion Plan
Attachment 6 Sample Test Plan
Attachment 7 List of Standard Reports
Attachment 8 Report Samples
Attachment 9 Samples of Previously Used Status Reports
Attachment 10 System License Agreement
Attachment 11 Subcontractor Letters of Commitment
Attachment 12 Subcontractor Agreements

Specific contents to be included in each section of the bidder's proposal are discussed in detail below.

Table of Contents
Each page of the proposal must be numbered (with the possible exception of pre-printed material included in attachments), and each of the section headings listed below is to appear in the proposal Table of Contents.

Proposal Letter
The Proposal Letter must be included and must be signed by a person authorized to legally bind the company. The Proposal Letter should include the company name and address, and the name, e-mail address, and telephone and fax numbers of the person or persons authorized to represent the respondent regarding all matters related to the response. The Proposal Letter must contain the following statement:

> *"We have read the State's Request for Proposals (RFP) for Retirement Backfile Conversion Services and Interim Imaging System, and fully understand its intent. We certify that we have adequate personnel, equipment, and facilities to provide the State's requested services that we have indicated we can meet. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Office of the State Treasurer."*

Failure to include this signed proposal letter may result in the rejection of your response.

1.0 General Information
1.1 Bidder Certifications and Affirmations
In this section, the bidder must include the following information, certifications, and statements of affirmation:

- A statement regarding the bidder's legal structure (e.g., a Vermont corporation), Federal tax identification number, and principal place of business.
- A list of the people who prepared the bidder's proposal, including their titles.
- A statement that the response is genuine, and is not collusive or a sham.
- A statement that the response is not made in the interest of or on the behalf of any person not named therein.
- A statement that the bidder has not directly or indirectly induced or solicited any person to submit a false or sham response or to refrain from submitting a proposal.
- A statement that the bidder has not in any manner sought by collusion to secure an advantage over any other respondent.
- A statement that the bidder has thoroughly examined the RFP requirements, and the proposed fees cover all the services that the State has requested.
- A statement that the bidder acknowledges and accepts all terms and conditions included in the RFP.
- A statement that the bidder agrees to provide services in a manner acceptable to the Treasurer's Office, and as stipulated in the RFP and subsequent contract.
- A statement that the bidder and key professionals do not have or anticipate a potential conflict of interest with the Office of the State Treasurer or the Boards of Trustees of the three retirement systems.
- A statement that the bidder and key professionals do not accept fees and derive no benefit from relationships with any hardware or software vendors that may be involved in the project.
- A statement that the bidder has completed and submitted, with the RFP response, the Vermont Tax Certificate, provided in this RFP.
- A list of all subcontractors, if any, that the bidder will use on the project if the bidder is selected to do the work – for each proposed subcontractor, the bidder must include (as an attachment to

the technical proposal) a letter from the subcontractor, signed by someone authorized to legally bind the subcontractor, with the following information included in the letter:
  - The subcontractor's legal status, tax identification number, and principal place of business address
  - The name and phone number of someone who is authorized to legally bind the subcontractor to contractual obligations
  - A description of the work the subcontractor will do
  - A commitment to do the work if the bidder is selected
  - A statement that the subcontractor has read and understood the RFP and will comply with the requirements of the RFP
- A statement indicating the proposed project manager is an employee of the prime contractor.
- A statement affirming the bidder's commitment to develop a full set of all of the rules, regulations, procedures, and practices that need to be accommodated in the new solution (refer to Section B-1 for additional information).
- Affirmation of the bidder's responsibility for the life of the contract for all contractual activities, products, and deliverables offered in the proposal, whether or not that contractor directly performs or provides them. This includes providing an overall project plan and for each phase, the detailed requirements definition, all necessary hardware and software components, including fully integrated workflow and imaging capabilities, an LOB solution, system integration services, enablement of all interfaces described in this RFP, test preparation and execution (including training and assisting VRS with its testing responsibilities) of all elements of the bidder's solution (not just customized elements), data conversion, training for users, employers, and IT staff, documentation, process change recommendations, organizational recommendations, and implementation of any other proposed technologies, as well as first-line problem resolution.
- Affirmation that the bidder's organization is the prime contractor and the primary point of contact with regard to contractual matters. The bidder must confirm that should any third-party provider go out of business or otherwise become unable to fulfill its contractual obligations to VRS with respect to this procurement, then the bidder (prime contractor) will guarantee delivery of the same or equivalent products and services at the contractually agreed-upon price.
- Affirmation that all requirements expressed in this RFP must be met by the solution implemented by the bidder unless an explicit written agreement to delete one or more of the RFP's provisions is signed by both VRS and the bidder (see Section B-3.1.13.5).
- Certification as to whether the bidder has ever had a contract terminated for default or cause. If so, the bidder must submit full details, including the other party's name, address, and telephone number.
- Certification as to whether the bidder has ever been assessed any penalties in excess of five thousand dollars ($5,000), including liquidated damages, under any of its existing or past contracts with any organization (including any governmental entity). If so, the bidder must provide complete details, including the name of the other organization, the reason for the penalty, and the penalty amount for each incident.
- Certification as to whether a client has ever demanded payment of a performance bond or a bid bond of the bidder. If so, provide the name of the client, client contact information, and an explanation of the circumstances.
- Certification as to whether the bidder has ever been the subject of any governmental action limiting the right of the bidder to do business with that entity or any other governmental entity.
- Certification as to whether trading in the stock of the offering company has ever been suspended. If so, provide the date(s) and explanation(s).
- Certification as to whether the bidder, any officer of the bidder, or any owner of a twenty percent (20%) interest or greater in the bidder has filed for bankruptcy, reorganization, a debt

arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding.

- Certification as to whether the bidder, any officer of the bidder, or any owner with a twenty percent (20%) interest or greater in the bidder has been convicted of a felony or is currently under indictment on any felony charge.

If the answer to any of the last seven (7) certification items above is affirmative, the bidder must provide complete details about the matter. An affirmative answer to any of these items will not automatically disqualify a bidder from consideration. However, at the sole discretion of the evaluation committee, such an answer and a review of the background details may result in a rejection of the bidder's proposal. The committee will make this decision based on its determination of the seriousness of the matter, the matter's possible impact on the bidder's performance on this project, and the best interests of the State.

1.2 Statement of Understanding

In this section, the bidder must summarize its understanding of the requirements set forth in the RFP. The bidder may also reference, in general terms, projects it has successfully completed that met requirements similar to those of VRS.

1.3 High-Level Deliverables

In this section of the proposal, the bidder must identify and briefly describe the high-level deliverables to be provided to VRS over the course of the project. The bidder must make the commitment to include all of the high-level deliverables discussed in Section A-3.2 of the RFP. The bidder is encouraged to identify additional deliverables as it deems appropriate. In the cost proposal, the bidder will be required to allocate project costs against the high-level project deliverables identified in this section.

1.4 Assumptions

In this section, the bidder must identify and discuss all assumptions it has made in preparing its technical and cost proposals. Further, the bidder must state that there are no further assumptions related to meeting requirements of the RFP other than those enumerated in this section of the proposal.

Please include any assumptions you have made with regard to facilities to be provided by VRS for office space and meeting/training rooms.

Any assumptions mentioned elsewhere in the bidder's proposal will not be valid unless they are also listed in this section.

1.5 Exceptions

In this section of the proposal, the bidder must affirm that is has read and understands both the RFP and the contractual terms and conditions included in Appendix D, including the proposed VRS contract included in Appendix D. The bidder must state in this section of the proposal any and all exceptions it takes with the technical/functional requirements set forth in the RFP and/or with any terms and conditions contained in the RFP relating to the ensuing contract. Only those exceptions identified in this single section of the proposal will be considered by VRS; any others "distributed" across the proposal will be superseded by the provisions of this RFP and will not be considered or honored by VRS.

2.0 Bidder's Qualifications

This section shall include details on the experience of the bidder and bidder's recent clients having requirements similar to those of VRS.

2.1 Corporate Background

This is an introduction to the bidder's company: its history, scope of operations, organization, size, and any other relevant information about the company that the bidder desires to include.

In this section, the bidder must provide basic information about its organization, including the following:

- The name of the bidder and the location of its principal place of business and all other offices, including the location of the office that will perform work on behalf of VRS
- The average number of employees over the past five years, including full time employees, contract employees, and total employees (state explicitly the number of professional employees)
- Number of years in business
- Brief history of company, products, and services
- Company and product visions; must demonstrate commitment to product life and enhancement for at least eight years
- Industry innovations or best practices
- Number, nature, and name of subsidiaries and operating divisions
- Where incorporated or otherwise legally established
- Representative client list.

The same information must be provided for all subcontractors or other third-party providers of products or services.

In addition, for each subcontractor or other third party, the bidder's proposal must include:

- A description of all work to be subcontracted to and/or products to be provided by third parties.
- Descriptive information relating to the nature and duration of the previous relationship of all subcontractors and/or third parties with the prime contractor.
- Explanation of any existing contractual relationships between the prime contractor and subcontractors, or among subcontractors.

Failure to identify subcontractors may be grounds for rejection of the proposal or, after award, cancellation of the contract.

2.2 Relevant Project Experience

The details of bidder's experience relevant to the project shall include a summary of the bidder's experience in implementing new, integrated management information systems for multi-employer, defined benefit, public employee retirement systems.

2.2.1 Client References

Bidders must submit a list of at least three (3) clients, current or former of the bidder company or of the management team, and describe the work performed for each, together with an analysis of the degree of similarity in the scope of the project to VRS's, the hardware configuration used, and the application systems produced. For all references, include the site name, the name/phone/address of a client representative who is familiar with that work and may be contacted regarding the firm's qualifications and past performance, start and end dates of the contract, and the initial and final project cost, including all change orders. Provide a brief summary of the project including but not limited to business problem, scope, approach, and resources applied. In addition, provide for each reference a list of the major subcontractors that supported the project and a list of all bidder staff members proposed to VRS who also participated in the reference client's project.

Bidders are cautioned that the previous project experience being sought by VRS should be recent, but should not include projects only recently initiated. Ideally, the bidder can cite several references for projects that have been completed within the last three (3) years and at least one that began more than a year ago but remains in progress.

All references may be contacted by VRS to verify the bidder's claims. Bidders are advised to ensure that the contact person's telephone number is current and that each reference contact is willing to discuss the bidder's performance with the evaluation committee.

References must be for at least three (3) different projects, as similar as possible to the VRS project, and three (3) different individuals with knowledge of the bidder's performance on those respective projects. One (1) person with knowledge of several projects qualifies as only a single reference.

Bidders are encouraged to include more than three references if they wish. If subcontractors are being proposed, preference will be given to bidders who can cite multiple projects on which the bidder/ subcontractor **team** being proposed to VRS previously collaborated.

Reference information should be provided by using the form on the following page. Replicate the form as necessary to provide profiles of all client references.

VERMONT RETIREMENT SYSTEM PENSION ADMINISTRATION SYSTEM PROJECT – BIDDER CLIENT REFERENCE			
Reference #:	**Bidder Name:**	**Project Name:**	
Client:		**Client Address:**	
Type of Organization:			
Client Phone:			
Contact Name:		**Contact Address:**	
Contact Title:			
Contact Phone:			
Start Date:	**End Date:**	**Initial Project Cost:**	**Final Project Cost:**
Hardware Configuration:		**Description of Application:**	
Project Summary (business problem, scope, approach, resources applied, etc.):			
Major Subcontractors Supporting the Referenced Project – Subcontractors:		**Roles:**	
Similarity to VRS Project:			
List all bidder staff members proposed to VRS who also supported the referenced project: Staff Member Name:	**Proposed Role for VRS Project:**	**Role on Referenced Project:**	

2.2.2 Presentations and Product Demonstrations

In this section, affirm the bidder's commitment to provide oral presentations and/or product demonstrations at VRS's offices, if so requested by VRS, in response to Section A-1.4 of the RFP.

2.3 Financial Information

This section of the proposal must contain bidder's current and two previous years' audited financial statements, including consolidated balance sheets and income statements (statement of profit and loss), and Dun & Bradstreet report. Failure to provide this information may be grounds for rejecting bidder's proposal. (The bidder's annual report to shareholders should be included as an attachment – see below.) The bidder must describe the trends of the last five years in revenues, employees, and profitability. If the bidder is a subsidiary of a larger corporation, financial information specific to the bidder is required. An overall corporate information package may also be submitted.

Identify any legal actions, lawsuits, arbitration, or formal protests related to public employee retirement systems projects in which the bidder is currently involved as a defendant at the time the proposal is submitted. Additionally, identify any other such actions in which the bidder has been involved during the past five (5) years.

The bidder must inform VRS if any site used as a reference has a financial relationship with the bidder whereby the client may receive any sort of compensation, including but not limited to reduction in fees, commission, and/or credits based on references leading to sales of bidder's software, hardware, other products, or services.

The same financial information described above must be provided for any subcontractors and/or third parties proposed to participate in the project.

The bidder must summarize the percentage of its organization's current revenue that is derived from retirement system solution implementations (and, as a separate calculation, the percentage of revenue derived from retirement system consulting, actuarial engagements, and the like). Similar information must be provided for each of the previous two (2) years.

2.4 Bidder Staffing

In this section, the bidder must provide detailed descriptions of how the bidder's team experience will meet the project requirements. Include team members' résumés (as discussed below), tailored to highlight experience and skills specifically relevant to their role on this effort. This section of the proposal must include the qualifications of the project manager and staff to be assigned to accomplish this project.

The bidder must designate a single full-time project manager to represent and oversee the project. This person will serve as the focal and contact point for all business matters relating to the project.

Additionally, in this section, confirm that the project manager will:

- Be on-site at least 80% of the time (between Monday noon and Friday noon except for Vermont holidays); the lead functional analyst may substitute for the project manager
- Be responsible for timely completion of all phases of the project
- Be responsible for meeting all contractual requirements for the duration of the project
- Attend management, status, quality review, and acceptance meetings as required and present status and progress reports on the project
- Remain assigned to the project full time through final cutover and acceptance by VRS.

The bidder must provide a list of all key personnel, as defined in Section B-3.3 of the RFP, to be assigned to any part of the project. Bidders are encouraged to specifically identify additional project staff members, if possible. Each staff member proposed shall be identified by title and by firm, as well as by project responsibilities and job functions and current client/home office location. The number of other personnel to be assigned shall be identified by job function and by firm.

Bidders shall also include the résumés of all key employees (project manager, lead analyst, and at least five other key staff), and any other proposed staff members who are identified by name in the proposal. Those résumés must describe in detail the employee's experience in similar efforts as well as past education and training. Each résumé shall include as its first page a Résumé Summary prepared by the bidder using the form provided on the following page. Each Résumé Summary **must** include three (3) professional personal references for the particular staff member.

Bidder must provide its staff volatility index, i.e., percent turnover over the past three (3) years, and how that number is calculated. This volatility index should be provided both for the entire company and for the three referenced public employees' or teachers' retirement system implementation projects used as references.

Bidders must also confirm in this section of the proposal their understanding that:

- Personnel whose names and résumés are submitted in the proposal shall not be removed from this project without prior approval of VRS. Substitute or additional personnel shall not be used for this project until a résumé is received and approved by VRS.
- VRS shall have the right to request, and the contractor will comply with any such request, the removal of any bidder staff member from all work on this project immediately.
- The replacement for any staff member who is removed from or leaves the project for any reason must match or exceed the replaced staff member in terms of skill level and experience. Such replacements are subject to VRS approval at the time of the assignment and again 90 days later.
- Bidder will provide to VRS a penalty of 500 hours of equivalent skill level of additional services per member at no charge should it remove from the project any key staff member or any other staff member who was more than 50% dedicated to the VRS project, except in the case of serious illness, death, or termination of employment with bidder.

VERMONT RETIREMENT SYSTEM **PENSION ADMINISTRATION SYSTEM PROJECT – RÉSUMÉ SUMMARY**		
Staff Member Name:		
Proposed Role on VRS Project:		
Number of years of professional experience – **Total:** **Retirement system:** **In role proposed for VRS project:**		
Education (indicate institutions attended and degrees obtained):		
Professional Reference #1		
Client Name and Address:		**Project Title:**
		Staff Member's Role on Project:
Contact Name:		**Description of Services Provided:**
Contact Title:		
Contact Phone:		
Start Date:	**End Date:**	
Professional Reference #2		
Client Name and Address:		**Project Title:**
		Staff Member's Role on Project:
Contact Name:		**Description of Services Provided:**
Contact Title:		
Contact Phone:		
Start Date:	**End Date:**	
Professional Reference #3		
Client Name and Address:		**Project Title:**
		Staff Member's Role on Project:
Contact Name:		**Description of Services Provided:**
Contact Title:		
Contact Phone:		
Start Date:	**End Date:**	

3.0 Response to Business Functional Requirements

Provide a general discussion of how the bidder's proposed solution will meet the business functional requirements of VRS.

Specifically confirm your understanding of, and agreement to comply with, each of the high-level requirements expressed in Section B-1.

3.1 Detailed Business Requirements

This section of the proposal must consist of the line-of-business functional requirements matrices from Sections B-1.1.1 through B-1.2.24 of the RFP, appropriately filled in by the bidder, for both the "As Is" and "To Be" functional requirements. The bidder is encouraged to accompany the matrices with introductory comments about the suitability of the proposed solution to the particular business function and any added value the bidder's solution provides relative to the minimum detailed requirements.

3.1.1 "As Is" Business Functional Requirements

Fill in the matrix as presented in Table 9, "Response to "As Is" Business Requirements."

3.1.2 "To Be" Business Functional Requirements

The "To Be" functionality should be organized into separate subsections for each of the identified business areas as indicated below.

3.1.2.1 Employer Reporting

Fill in matrix of "to be" functionality for Employer Reporting.

3.1.2.2 Enrollment/Beneficiary

Fill in matrix of "to be" functionality for Enrollment/Beneficiary.

. . .

3.1.2.24 Defined Contribution Processing

Fill in matrix of "to be" functionality for Defined Contribution Processing.

3.2 New Functionality

In the following subsections of the proposal (that address areas in which no current functionality exists at VRS), the bidder is to provide detailed narrative responses to the requirements set forth in the corresponding sections of the RFP.

3.2.1 Imaging and Workflow

In the following subsections of the proposal, the bidder is to provide detailed narrative responses to the requirements set forth in the corresponding sections of the RFP.

3.2.1.1 Imaging

This section of the proposal should contain the bidder's response to requirements set forth in Section B-1.3.1.1 of the RFP and all of its subsections.

3.2.1.2 Design and Configuration of VRS Imaging Solution

This section of the proposal should contain the bidder's response to requirements set forth in Section B-1.3.1.2 of the RFP and all of its subsections with special attention paid to the image import utility.

3.2.1.3 Workflow Management

This section of the proposal should contain the bidder's response to requirements set forth in Section B-1.3.1.3 of the RFP.

3.2.2 Ad Hoc Reporting

This section of the proposal should contain the bidder's response to requirements set forth in Section B-1.3.2 of the RFP.

3.2.3 Audit Indicator

This section of the proposal should contain the bidder's response to requirements set forth in Section B-1.3.3 of the RFP.

4.0 Response to Technical Requirements

This section of the proposal must contain the bidder's response to the technical requirements set forth in Section B-2 of the RFP. Note that Section 4 of the bidder's proposal must concern itself only with the mandatory elements of the project. Options are to be discussed separately in Section 6 of the bidder's proposal (see below).

4.1 General Discussion

This section of the proposal should contain the bidder's response to requirements set forth in Section B-2.1 of the RFP.

4.2 Browser-based Solution

This section of the proposal should contain the bidder's response to requirements set forth in Section B-2.2 of the RFP.

4.3 Application Architecture

This section of the proposal should contain the bidder's response to requirements set forth in Section B-2.3 of the RFP.

4.4 Standards

This section of the proposal should contain the bidder's response to requirements set forth in Section B-2.4 of the RFP and all its subsections.

4.5 Hardware

This section of the proposal should contain the bidder's response to requirements set forth in Section B-2.5 of the RFP and all of its subsections.

4.6 Software

This section of the proposal should contain the bidder's response to requirements set forth in Section B-2.6 of the RFP and all of its subsections.

4.7 Installation and Configuration

This section of the proposal should contain the bidder's response to requirements set forth in Section B-2.7 of the RFP.

4.8 Operational Requirements

This section of the proposal should contain the bidder's response to requirements set forth in Section B-2.8 of the RFP.

4.9 Version Control

This section of the proposal should contain the bidder's response to requirements set forth in Section B-2.9 of the RFP.

5.0 Other Required Services and Deliverables

5.1 Project Management

5.1.1 Project Oversight

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.1 of the RFP.

5.1.2 Oversight Project Manager

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.2 of the RFP.

5.1.3 Multiple Products, Services, and Methodologies

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.3 of the RFP.

5.1.4 Project Management and Control Methodology

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.4 of the RFP.

5.1.5 System Development Life Cycle

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.5 of the RFP and all of its subsections.

5.1.6 Phasing the Project

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.6 of the RFP. In developing the response to this requirement, keep in mind that VRS has defined the initial project phases, leaving it to the bidder to define the later project phases. However, a minimum of **two functional rollout phases** must be proposed by the bidder.

5.1.7 Project Communications Plan

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.7 of the RFP.

5.1.8 Concept of Operations

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.8 of the RFP.

5.1.9 End-user Oriented Development Methodology Document

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.9 of the RFP.

5.1.10 Retirement Design Topics

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.10 of the RFP.

5.1.11 Bidder Activities Before and After Meetings with VRS Staff

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.11 of the RFP.

5.1.12 Work Process Manual, Training, and Help Facility

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.12 of the RFP.

5.1.13 Standard Project Management Deliverables

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.1.13 of the RFP and all of its subsections.

5.2 Process and Organizational Change Recommendations and Transition Management

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.2 of the RFP.

5.3 Project Staffing

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.3 of the RFP. This section should include the bidder's Staffing Plan. Include estimates of the manpower loading of project phases, broken out by staff category (including but not limited to managers, supervisors, analysts, programmers, users [including VRS staff, managers, and employers], trainers, subject matter experts, etc.), differentiated by bidder (prime contractor) staff, subcontractor staff, and VRS staff. In a second presentation, manpower loading must be estimated by staff category by month for the duration of the project. The staffing plan is to include appropriate totals so that VRS can identify total hours to be expended, per phase, per month, and for the entire project, by bidder staff and by VRS staff. Please note that the presentation should be in hours, not FTEs.

5.4 Data

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.4 of the RFP and all of its subsections.

5.5 Training and Knowledge Transfer

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.5 of the RFP and all of its subsections.

5.6 Testing

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.6 of the RFP and all of its subsections.

5.7 Disaster Recovery Plan

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.7 of the RFP.

5.8 Hot Site Backup

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.8 of the RFP.

5.9 Warranty

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.9 of the RFP and all of its subsections.

5.10 Miscellaneous

This section of the proposal should contain the bidder's response to requirements set forth in Section B-3.10 of the RFP and all of its subsections.

6.0 Options

6.1 Option 1 – Data Cleansing Analysis

This section of the proposal should contain the bidder's response to requirements set forth in Section B-4.1 of the RFP.

6.2 Option 2 – Post-Implementation Support

This section of the proposal should contain the bidder's response to requirements set forth in Section B-4.2 of the RFP and all of its subsections.

6.3 Option 3 – Transition to VRS-provided Post-Implementation Support

This section of the proposal should contain the bidder's response to requirements set forth in Section B-4.3 of the RFP.

6.4 Option 4 – Post Processing Equipment

This section of the proposal should contain the bidder's response to requirements set forth in Section B-4.4 of the RFP.

6.5 Option 5 – Member Self Service

This section of the proposal should contain the bidder's response to requirements set forth in Section B-4.5 of the RFP.

6.6 Option 6 – Executive Information System

This section of the proposal should contain the bidder's response to requirements set forth in Section B-4.6 of the RFP.

6.7 Option 7 – Network Management Software

This section of the proposal should contain the bidder's response to requirements set forth in Section B-4.7 of the RFP.

7.0 Project Workplan

This section of the proposal should contain the bidder's initial high-level project workplan. It must be understood that a revised, more detailed version of this workplan will be a contractually required deliverable of the project, and that it is subject to on-going modification, periodic updating, and "explosion" into greater detail as the project progresses. Be sure to provide two versions of the workplan, the first to include **mandatory project elements only** and the second to include **mandatory project elements and all options**.

Confirm that the bidder assumes full responsibility for planning, scheduling, and completing all project tasks.

In developing their workplans, bidders must be sensitive to the fact that the months of July, August, and September are periods of high levels of business activity for VRS.

This high-level workplan must include, at a minimum:

- Definition of project phases
- Definition of tasks that comprise each project phase, including:
  - » Task title
  - » Task description/narrative
  - » Task start and end dates
  - » Effort required in work hours

  - » Personnel assigned
- Identification of major project milestones, e.g.:
  - » Requirements analysis
  - » Hardware and commodity software installation
  - » Application software modification
  - » Application software installation
  - » Data conversion
  - » Testing
  - » Training
  - » Acceptance
  - » Cutover
  - » Description of deliverables.

The workplan must clearly identify that the implementation is phased according to the requirements stated in Section B-3.1.6 and indicate the elements included in each project phase. Bear in mind that the bidder is required to define a **minimum of two functional rollout phases**. A high-level project schedule reflecting the target dates stipulated in the RFP (see Section A-3.2), presented in a Gantt chart format, must be included. Two versions of the workplan are required. In the first, the bidder must include only the mandatory elements of the procurement. In the second, the mandatory portions and all options are to be presented.

Confirm that, within 60 calendar days following the contract start date, the bidder shall provide to VRS a detailed workplan for all portions of the project. The detailed workplan shall be based on the high-level workplan included in the bidder's proposal, including any modifications made during contract negotiations. It will include any options that have been authorized to date at that time. VRS will review the plan and provide the bidder with written comments within 15 calendar days. The bidder will revise the plan to reflect the review and republish the plan.

Confirm that the detailed workplan and schedule will then be updated on a mutually agreed schedule, at a minimum, whenever major new phases are undertaken or whenever significant change orders are initiated, and no less frequently than every three (3) months.

Attachments

Attachment 1 Bidder's Annual Financial Report to Stockholders and Audited Financial Statements

Attachment 2 Comprehensive List of all Documentation to be Delivered

Attachment 3 Samples of Application Documentation
Attach samples of end-user and technical documentation.

Attachment 4 Menu and Screen Snapshots
Attach samples/"snapshots" of menus and screens from bidder's implementation most similar to VRS's.

Attachment 5 Sample Data Conversion Plan

Attachment 6 Sample Test Plan

Attachment 7 List of Standard Reports

List all standard reports included in the proposed solution classified as management, operational, or financial.

Attachment 8 Report Samples
Provide actual samples of reports included in the proposed solution. Of particular interest is a sample of the member's annual statement and calculation worksheet produced by the proposed system. Be sure to include a sample of a standard audit trail history report.

Attachment 9 Samples of Previously Used Status Reports

Attachment 10 Proposed System License Agreement

Attachment 11 Subcontractor Letters of Commitment

Attachment 12 Subcontractor Agreements

C-1.2 Cost Proposal Format

Bidders are advised that VRS expects to complete the effort with a single bidder. However, the proposals and ensuing contracts shall provide that at the end of any phase, VRS may, at its sole discretion and with no penalty, terminate the effort and not move forward with the bidder to a subsequent phase.

Adherence to and consistency with the workplan will always be critical acceptance criteria of any phase.

The cost proposal shall identify the costs of each phase, such that the total project cost will be the total of Phases I - IV plus all other phases to be defined by the bidder. It is recognized that post-proposal negotiation with VRS and initial efforts by the bidder may result in some modifications to the by-phase costing contained in the proposal. The total cost of all phases must be consistent with the details of each phase, and must be clearly discernible (see the cost spreadsheets which follow).

The vendor should bear in mind the following terms when preparing its cost schedules:

- The **"firm fixed price"** will be defined in the contract resulting from this procurement based on the mandatory line-of-business requirements and the **selected** (authorized) option areas.
- In the event of contract award, all agreements between the prime contractor and any subcontractors must be signed prior to the execution of the contract with the prime contractor by VRS.
- Bidders must include in the cost proposal a summary, by staff position, of the number of hours and the hourly rate for all contractor support services included in the proposal.
- Any proposal that does not meet the requirements outlined above or for which a fixed-dollar proposal amount cannot be precisely determined may be considered a non-responsive proposal and may be rejected by VRS.
- VRS reserves the right to reject any and all proposals.
- VRS reserves the right to request additional information from bidders.
- All prices quoted must be good for a period of one hundred eighty (180) days after the submission due date to VRS.
- All costs related in any way to the preparation of proposals in response to this request for proposal shall be the responsibility of bidders.
- The bidder must include its "D-U-N-S®" (Dun and Bradstreet) number on the cover page of the proposal.

- Bidder's cost information will be evaluated on the basis of its consistency with the information provided in the bidder's technical proposal. All calculations in bidder's cost schedules will be verified for correctness.
- Although the lowest overall price may not necessarily be the primary determining factor for award, VRS shall make every effort to substantiate prices for products and services to ensure that those prices are considered fair and reasonable.

VRS has defined 12 contractual deliverables against which payments will be made and the percentage of the total project's cost allocated to each of the 12 payments. The diagram on the following page is provided to assist vendors in understanding the scope of the 12 contractual deliverables and the timing of the 12 related payments. Following the diagram is a table explaining each contractual deliverable, its acceptance criteria, and the magnitude of the payment to be associated with it.

Public Pension Administration System Life Cycle, Acceptance Criteria, Payment Points

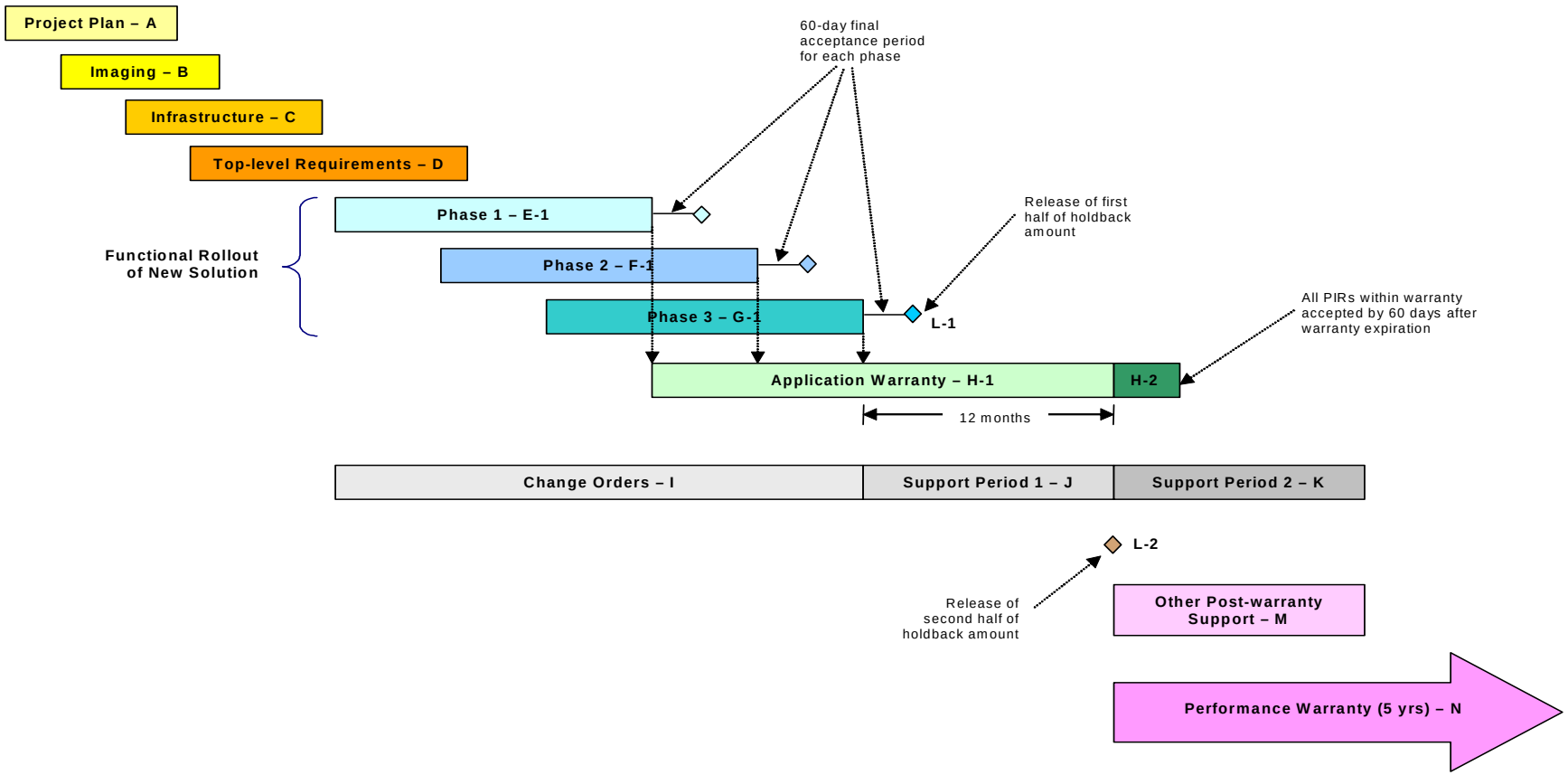

Table 20. Acceptance Criteria and Payment Points

#	REF	TITLE	DESCRIPTION	ACCEPTANCE CRITERIA	AMOUNT[+]
1	A	Project Plan	Acceptance of detailed project plan.	Complete and comprehensive project plan reviewed, revised, and accepted by client.	5%
2	B	Imaging	Interim imaging system operational.	Staff trained in use of system (end users, scanners, and indexers, as well as technical staff); day forward working correctly; microfilm being made; all images converted, verified, validated, and quality assured; system stable for 30 days.	5%
3	C	Infrastructure	Infrastructure installed.	All infrastructure installed, configured, documented, and labeled; all warranty and maintenance information documented and turned over to client staff; all software licenses in client's name; upgrade, maintenance, configuration control, etc. plans delivered and accepted by client; detailed performance monitoring scheme agreed to and in place; see N below.	Actual Hardware and Software License Costs
4	D	Top-level Requirements	Complete more-detailed requirements documented.	Base system installed and demo'ed to achieve requirements definition; completion of JADs, GADs, etc. and the next level down, more detailed definition of requirements; documents reviewed, revised, and accepted by client.	5%
5	E-1	Phase 1[*] - Into Production	Phase 1 in production.	Phase 1 in production; all phase 1 data converted and cleaned; data bridging procedures in place; user acceptance testing completed; life cycle/conference room pilot testing completed; all user training completed; data cleansing/ conversion audit report complete and accepted by client; no critical PIRs open; fewer than 5 high level PIRs open.	6%

[+] All costs except #3 (Infrastructure – C) do not include hardware or software licenses.

#	REF	TITLE	DESCRIPTION	ACCEPTANCE CRITERIA	AMOUNT+
6	E-2	Phase 1* – 60-Day Acceptance	Satisfactory completion of 60-day usage for Phase 1.	60 days after Phase 1 in production and being used; no major problems; all critical and high level PIRs closed that were identified up to 30 days before go live closed (E-1); an acceptable plan in place to resolve additional ones identified in the last 60 days.	5%
7	F-1	Phase 2* - Into Production	Phase 2 in production.	Phase 2 in production; all phase 2 data converted; data bridging procedures in place; user acceptance testing completed; life cycle/conference room pilot testing completed; all user training complete; data cleansing/conversion audit report complete and accepted by client; no critical PIRs open; fewer than 5 high level PIRs open.	10%
8	F-2	Phase 2* – 60-Day Acceptance	Satisfactory completion of 60-day usage for Phases 1 and 2.	60 days after Phase 2 in production and being used; no major problems; all critical and high level PIRs closed that were identified up to 30 days before go live closed (F-1); an acceptable plan in place to resolve additional ones identified in the last 60 days.	7%
9	G-1	Phase 3* - Into Production	Phase 3 in production.	Phase 3 in production; all phase 3 data converted; user acceptance testing completed; life cycle/conference room pilot testing completed; all user training complete; data cleansing/conversion audit report complete and accepted by client; no critical PIRs open; fewer than 5 high level PIRs open.	14%

* Details depend on vendor's approach; but the total of items 5 – 10 (i.e., references E-1, E-2, F-1, F-2, G-1, G-2) is to be 65%.

#	REF	TITLE	DESCRIPTION	ACCEPTANCE CRITERIA	AMOUNT+
10	G-2	Phase 3* – 60-Day Acceptance	Satisfactory completion of 60-day usage for Phases 1, 2, and 3.	60 days after Phase 3 in production and being used; no major problems; all critical and high level PIRs closed that were identified up to 30 days before go live closed (G-1); an acceptable plan in place to resolve additional ones identified in the last 60 days.	23%
11	H-1	Application Warranty	Warranty period completed.	All support necessary provided; all PIRs identified prior to start of Phase 3 Warranty resolved; no critical PIRs open; plans developed and agreed upon to close out all remaining PIRs within 60 days. No more PIRs will be reported after the end of this period. Includes application, operational, and infrastructure support. All agreed upon upgrades provided – software, tax tables, federal reporting, etc.	10%
12	H-2	Application Warranty – PIR's completed	Warranty closure.	Resolution of all remaining PIRs.	10%
13	I	Change Orders	On-going.	Identification and resolution of issues that are out-of-scope from project inception until the conclusion of last phase of roll-out. Ends contemporaneously with the end of the rollout of the last phase into production. Work is scoped by vendor, agreed to by client, then executed, tested, and then accepted.	TBS
14	J	Support Period 1	Parallel-to-Warranty Support.	Application, operational, and infrastructure support not covered by warranty; identified as to scope, level of effort, and fees.	TBS
15	K	Support Period 2	On-going support – post warranty.	Continuing support analogous to item J in the post-warranty period	TBS

#	REF	TITLE	DESCRIPTION	ACCEPTANCE CRITERIA	AMOUNT+
16	L-1	Release of Initial Holdback	Release of Initial Holdback.	Satisfactory compliance with contract performance through the 60 day acceptance period of the rollout of the last phase to go into production; resolution and completion of RTM (punch list) items; identification of how remaining items will be closed; see L-2	½ of the agreed upon holdback amount
17	L-2	Release of Remainder of Holdback	Release of Remainder of Holdback.	Completion and acceptance of all RTM items.	½ of the agreed upon holdback amount
18	M	Other Post-Warranty Support	Other support.	Post-warranty support – delivered by vendor according to their business model including: updates, upgrades (base software, configuration changes/updates/upgrades, customizations, etc.); delivered and priced according to vendor business delivery model.	TBS
19	N	Performance Warranty	Warranty related to system performance (response time, batch cycles, etc.) as agreed to in the contract.	Violations to be resolved within 30 days of notification to vendor by client at no cost to client; see C above.	N/A

Schedules for presenting the bidder's cost bid are provided on the following pages. Bidders should add line items to the cost schedules as necessary to include all project costs and suitable breakdowns. The Excel spreadsheets are provided on the CD accompanying the RFP for the bidders' convenience. All subtotals and totals will be computed automatically.

Following is a list of the cost schedules that must be completed and a description of the information to be provided in each:

VRS Bid Summary

The bidder should complete Schedules 1 through 12 first before filling in the Bid Summary spreadsheet.

VRS assumes that the project will be completed in a three-year implementation period, to be followed by the 12-month warranty period. If the bidder's opinion is that this assumption is invalid, an alternative project life should be discussed in the technical proposal, and the cost schedules in the cost proposal should be adjusted/extended by the bidder accordingly.

In line 1 of the Bid Summary, enter the total cost for all required hardware. VRS assumes that all hardware will be purchased in year 1 of the project. This cost figure should match the total at the bottom of Schedule 1.

In line 2, enter the total cost for all required commodity software. VRS assumes that all commodity software will be purchased in year 1 of the project. This cost figure should match the total at the bottom of Schedule 2.

In line 3, enter the total services costs for years 1 through 3 and the post implementation period. These figures should equal the dollar entries in the Services Total line at the bottom of Schedule 3.

In line 4, enter the LOB application license fees (if applicable) for years 1 through 3. These figures should equal the entries in the License Fee line at the bottom of Schedule 3.

In line 5, enter the cost to provide source code for the new retirement solution. You may enter a single figure or spread the cost across the three years of the project. These figures should equal the entries in the Source Code line at the bottom of Schedule 3.

In line 6, enter the cost for the (disaster recovery) hot site subscription. These figures should equal the entries in the Hot Site Subscription line at the bottom of Schedule 3.

In line 7, enter the cost for the required performance bond. You may enter a single figure or spread the cost across the three years of the project. These figures should equal the entries in the Performance Bond line at the bottom of Schedule 3.

In line 8, enter in the Year 1 column the costs for Option 1 – Data Cleansing Analysis. This figure should equal the dollar entry in the Grand Totals line at the bottom of Schedule 4.

In line 9, enter in the Post-Implementation Period column the cost for Option 2 – Post-Implementation Support. This figure comes from the GRAND TOTAL – All Services for Five Years line in Schedule 5.

In line 10, enter in the Post-Implementation Period column the cost for Option 3 – Transition to VRS-provided Post-Implementation Support. This figure comes from the GRAND TOTAL line in Schedule 6.

In line 11, enter the costs for Option 4 – Post-Processing Equipment. These figures should equal the dollar entries in the Grand Totals line at the bottom of Schedule 7.

In line 12, enter the costs for Option 5 – Member Self-Service. These figures should equal the dollar entries in the Grand Totals line at the bottom of Schedule 8b (assume the high level of sophistication for benefit estimates and purchase of service estimates Web capabilities).

In line 13, enter the costs for Option 6 – Executive Information System. These figures should equal the dollar entries in the Grand Totals line at the bottom of Schedule 9.

In line 14, enter the costs for Option 7 – Network Management Software. These figures should equal the dollar entries in the Grand Totals line at the bottom of Schedule 10.

In line 15, enter the maximum hourly rate for on-site hardware maintenance and support during non-PPM hours for each of the three years of the implementation and the 12-month warranty period.

In line 16, enter the Incremental not-to-exceed cost for a monthly slip in any of the phase rollouts or cutovers (see Section B-3.10.5).

In line 17, enter the fixed hourly rate for any additional data cleansing services requested by VRS (see Section B-4.1).

Schedule 1 – Hardware for Mandatory Project Elements

Enter all hardware components required to effect the mandatory portion of the proposed solution. Distinguish components that already exist at VRS versus upgrades required to existing equipment versus new components. Include servers, hubs, routers, etc., workstations (desktop PCs), uninterruptible power supplies, cables, connectors, labels, equipment racks, etc., as well as all imaging and workflow-related components. For each required item, provide the manufacturer, model, a description, the quantity, and the unit cost.

Schedule 2 – Commodity Software for Mandatory Project Elements

Enter all commodity software products required to effect the mandatory portion of the proposed solution. Distinguish software that already exists at VRS versus upgrades required to existing software versus new software products. Include operating systems, network software, database management software, software tools, office suite software, etc., as well as all necessary imaging and workflow software products. For each required item, provide the manufacturer, model, a description, the number of copies required, and the unit cost.

Schedule 3 – Service-Related and Miscellaneous Costs and Fees

This schedule consists primarily of service-related costs to implement the mandatory portion of the proposed solution. For each area of service (Requirements Analysis, Software Modifications Development, etc.), list the applicable staff positions, number of hours, and hourly rates. Hourly rates must be fully loaded to capture all direct and overhead expenses, travel, per diem, and any other travel-related expenses. VRS's expectation is that the project can be completed in three years from contract execution. If the bidder believes that a longer schedule is indicated, the bidder should expand this and the other cost schedules appropriately.

For most service categories, therefore, it is expected that hours will be entered only for years 1 through 3, and no entries will be made in the columns designated "12-Mo. Warranty Period" – with the following exceptions:

- For the *LOB Application Software Warranty* category, the only entries should be in the "12 Mo.-Warranty Period" columns.
- For the *On-site Hardware and Commodity Software Maintenance and Support during PPM* category, entries should be made in the years 1 through 3 columns and the "12 Mo. Warranty Period" column.
- For the *Loading of Imaging Backfile* category, the only entries should be in the "Year 1" columns, since the loading of the imaging backfile must be completed within 6 months of the project start.

In the Training section of the spreadsheet, be sure to include the cost for VRS IT staff travel if any IT training will be conducted outside the Montpelier area (see Section B-3.5.2).

At the bottom of the schedule, enter where indicated:

- The LOB application software license fee, if applicable, for each of the three years of the anticipated project schedule.
- The cost of providing source code for the retirement solution (may be a single entry or spread across the three years of the project).
- The cost of the required (disaster recovery) hot site subscription for each of the three years of the project schedule to which it is applicable
- The cost of the required performance bond (may be a single entry or spread across the three years of the project).

Schedule 4 – Option 1 – Data Cleansing Analysis

On Schedule 4, provide the cost for all services, additional hardware (if any), and additional commodity software (if any) required to satisfy the requirements for Option 1 – Data Cleansing Analysis (see Section B-4.1). It is assumed that the analysis will be completed in the first year of the project if the option is authorized by VRS.

Schedule 5 – Option 2 – Post-Implementation Support

On Schedule 5, provide the cost for all services required to satisfy the requirements for Option 2 – Post - Implementation Support (see Section B-4.2).

Schedule 6 – Option 3 – Transition to VRS-provided Post-Implementation Support

On Schedule 6, provide the cost for all services and other costs (if applicable) to satisfy the requirements for Option 3 – Transition to VRS-provided Post-Implementation Support (see Section B-4.3). Be sure to include the cost of VRS travel for training outside of the Montpelier area, if applicable.

Schedule 7 – Option 4 – Post-Processing Equipment

On Schedule 7, provide the cost for all services, additional hardware, and additional commodity software (if any) required to satisfy the requirements for Option 4 – Post-Processing Equipment (see Section B-4.4).

Schedule 8a – Option 5 – Member Self-Service – Medium Level of Sophistication

On Schedule 8a, provide the cost for all services, additional hardware (if any), and additional commodity software (if any) required to satisfy the requirements for Option 5 – Member Self-Service (see Section B-4.5). In this case, assume medium level of sophistication for benefit estimates and purchase of service estimates Web capabilities as discussed in Section B-4.5.

Schedule 8b – Option 5 – Member Self-Service – High Level of Sophistication

On Schedule 8b, provide the cost for all services, additional hardware (if any), and additional commodity software (if any) required to satisfy the requirements for Option 5 – Member Self-Service (see Section B-4.5). In this case, assume high level of sophistication for benefit estimates and purchase of service estimates Web capabilities as discussed in Section B-4.5.

Schedule 9 – Option 6 – Executive Information System

On Schedule 9, provide the cost for all services, additional hardware (if any), and additional commodity software (if any) required to satisfy the requirements for Option 6 – Executive Information System (see Section B-4.6).

Schedule 10 – Option 7 – Network Management Software

On Schedule 7, provide the cost for all services, additional hardware (if any), and additional commodity software required to satisfy the requirements for Option 7 – Network Management Software (see Section B-4.7).

Schedule 11 – Bidder's Cost Estimate by Contractual Deliverable

On Schedule 11 provide the payments associated with acceptance of the project's 12 contractual deliverables. Assume that no options are authorized. Therefore, the total on Schedule 11 should be equivalent to the sum of the totals on Schedules 1, 2, and 3.

Schedule 12 – Bidder's Cost Estimate by Project Phase

On Schedule 12, provide the project costs associated with the project's phases. The initial project phases, as defined in the RFP, are listed on the schedule. List additional bidder-defined project phases as applicable. Assume that only option 1 (data cleansing analysis) is authorized. Therefore, the total on Schedule 12 should be equivalent to the total on Schedules 1, 2, 3, and 4.

Attach to your cost proposal the completed tables from the Offshore Sourcing Questionnaire provided in Appendix E-3.

The cost schedules are presented on the following pages for the bidder's information.

VRS Bid Summary

Bidder's Fixed Price Cost Proposal

Bidder: _____

	Project Element	Year 1	Year 2	Year 3	Post-Implementation Period	Totals
Mandatory Project Elements						
1	Hardware					$0
2	Commodity Software					$0
3	Services					$0
4	LOB Application License					$0
5	Source Code					$0
6	Hot Site Subscription					$0
7	Performance Bond					$0
TOTAL - Mandatory		$0	$0	$0	$0	$0

Optional Project Elements						
8	Option 1 – Data Cleansing Analysis					$0
9	Option 2 – Post-Implementation Support					$0
10	Option 3 – Transition to VRS-provided Support					$0
11	Option 4 – Post-Processing Equipment					$0
12	Option 5 – Member Self-Service (high)					$0
13	Option 6 – Executive Information System					$0
14	Option 7 – Network Management Software					$0
TOTAL – Options		$0	$0	$0	$0	$0

Incremental Costs						
15	Maximum hourly rate for on-site hardware maintenance and support during non-PPM hours (Section B-3.9.2)	$0.00	$0.00	$0.00	$0.00	
16	Incremental not-to-exceed cost for a monthly slip in any of the phase rollouts or cutovers (Section B-3.10.5)					$0
17	Fixed hourly rate for any additional data cleansing services requested by VRS (Section B-4.1)					$0.00

Schedule 1
Hardware for Mandatory Project Elements
(The Bidder should replicate this table as necessary to account for all components.)

1	*2*	*3*	*4*	*5*	*6*	*7*
ITEM NO	**QTY**	**MANUFACTURER**	**MODEL**	**DESCRIPTION**	**UNIT COST**	**TOTAL**
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
Total						$0

#	**DESCRIPTION**
1	Sequential item number
2	Quantity - how many are required
3	Who the manufacturer is
4	Specific model number
5	Item description
6	Cost of 1 unit

Schedule 2
Commodity Software for Mandatory Project Elements
(The Bidder should replicate this table as necessary to account for all components.)

1	*2*	*3*	*4*	*5*	*6*	*7*
ITEM NO	**# OF COPIES**	**MANUFACTURER**	**MODEL**	**DESCRIPTION**	**UNIT COST**	**TOTAL**
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
						$0
Total						$0

#	DESCRIPTION
1	Sequential item number
2	# of copies/licenses required
3	Who the manufacturer is
4	Specific model number
5	Item description
6	Estimated cost of 1 copy / license

Schedule 3

Bidder's Firm Fixed Price Cost Proposal for Mandatory Project Elements

Service Related and Miscellaneous Costs and Fees

NOTE: All hourly rates quoted must be fully "loaded" to capture all direct and overhead expenses, travel, per diem, and any other travel-related expenses.

Cost Element	Year 1			Year 2			Year 3			12-Mo Warranty Period			Total Hours	Total Cost
	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total		
Requirements Analysis														
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Subtotal		0	$0		0	$0		0	$0				0	$0
Installation and Configuration of Hardware Components and Commodity Software														
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Subtotal		0	$0		0	$0		0	$0				0	$0
Software Modifications Development														
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Subtotal		0	$0		0	$0		0	$0				0	$0
Installation and Configuration of LOB Application														
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Subtotal		0	$0		0	$0		0	$0				0	$0
Integration														
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0

Schedule 3
Bidder's Firm Fixed Price Cost Proposal for Mandatory Project Elements
Service Related and Miscellaneous Costs and Fees

NOTE: All hourly rates quoted must be fully "loaded" to capture all direct and overhead expenses, travel, per diem, and any other travel-related expenses.

Cost Element	Year 1			Year 2			Year 3			12-Mo Warranty Period			Total Hours	Total Cost
	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total		
Position:			$0			$0			$0				0	$0
Subtotal		0	$0		0	$0		0	$0				0	$0
Conversion and Bridging														
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Subtotal		0	$0		0	$0		0	$0				0	$0
Training														
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
VRS Travel														$0
Subtotal		0	$0		0	$0		0	$0				0	$0
Testing														
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Subtotal		0	$0		0	$0		0	$0				0	$0
Document Preparation														
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Subtotal		0	$0		0	$0		0	$0				0	$0
Project Management														
Position:			$0			$0			$0				0	$0

Schedule 3
Bidder's Firm Fixed Price Cost Proposal for Mandatory Project Elements
Service Related and Miscellaneous Costs and Fees

NOTE: All hourly rates quoted must be fully "loaded" to capture all direct and overhead expenses, travel, per diem, and any other travel-related expenses.

Cost Element	Year 1			Year 2			Year 3			12-Mo Warranty Period			Total Hours	Total Cost
	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total		
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Subtotal		0	$0		0	$0		0	$0				0	$0
LOB Application Software Warranty for 12 Months after Final Acceptance (Maintenance and Support)														
Position:												$0	0	$0
Position:												$0	0	$0
Position:												$0	0	$0
Position:												$0	0	$0
Subtotal											0	$0	0	$0
Loading of Imaging Backfile														
Position			$0										0	$0
Position			$0										0	$0
Position			$0										0	$0
Position			$0										0	$0
Subtotal		0	$0										0	$0
Disaster Recovery Plan Services														
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Subtotal		0	$0		0	$0		0	$0				0	$0
On-site Hardware and Commodity Software Maintenance and Support during PPM														
Position:			$0			$0			$0			$0	0	$0
Position:			$0			$0			$0			$0	0	$0
Position:			$0			$0			$0			$0	0	$0
Position:			$0			$0			$0			$0	0	$0
Subtotal		0	$0		0	$0		0	$0		0	$0	0	$0

Schedule 3
Bidder's Firm Fixed Price Cost Proposal for Mandatory Project Elements
Service Related and Miscellaneous Costs and Fees

NOTE: All hourly rates quoted must be fully "loaded" to capture all direct and overhead expenses, travel, per diem, and any other travel-related expenses.

Cost Element	Year 1			Year 2			Year 3			12-Mo Warranty Period			Total Hours	Total Cost
	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total		
Other Support Services														
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Position:			$0			$0			$0				0	$0
Subtotal		0	$0		0	$0		0	$0				0	$0
Services Total		0	$0		0	$0		0	$0				0	$0
Other Costs														
LOB Application License Fee			$0			$0			$0					$0
Source Code			$0			$0			$0					$0
Hot Site Subscription			$0			$0			$0					$0
Performance Bond			$0			$0			$0					$0
GRAND TOTAL			$0			$0			$0					$0

Schedule 4
Option 1 - Data Cleansing Analysis
Bidder's Firm Fixed Price Cost Proposal

NOTE: All hourly rates quoted must be fully "loaded" to capture all reimbursable travel-related expenses.

Cost Element	Year 1 Cost		
	$/hr	Hours	Total
Services			
Position:			$0
Position:			$0
Position:			$0
Position:			$0
Position:			$0
Position:			$0
Position:			$0
Subtotal		0	$0
Additional Hardware (if any)			
			$0
			$0
			$0
			$0
			$0
Subtotal			$0
Additional Commodity Software (if any)			
			$0
			$0
			$0
			$0
			$0
Subtotal			$0
GRAND TOTALS		0	$0

Schedule 5
Option 2 – Post-Implementation Support
Bidder's Firm Fixed Price Cost Proposal

NOTE: All hourly rates quoted must be fully "loaded" to capture all reimbursable travel-related expenses.

Cost Element	1st Year			2nd Year			3rd Year			4th Year			5th Year		
	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total
Post-Acceptance Support															
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Subtotal		0	$0		0	$0		0	$0		0	$0		0	$0
Post-Implementation IT Support															
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Subtotal		0	$0		0	$0		0	$0		0	$0		0	$0
Post Implementation Operations Support															
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Subtotal		0	$0		0	$0		0	$0		0	$0		0	$0
TOTALS		**0**	**$0**		**0**	**$0**		**0**	**$0**		**0**	**$0**		**0**	**$0**
GRAND TOTAL - All Services for Five Years															**$0**
Hourly Rates for Extending ...															
Post-Acceptance Support			$0			$0			$0			$0			$0
Post-Implementation IT Support			$0			$0			$0			$0			$0
Post-Implementation Operations Support			$0			$0			$0			$0			$0

Schedule 6
Option 3 - Transition to VRS-provided Post-Implementation Support
Bidder's Firm Fixed Price Cost Proposal

NOTE: All hourly rates quoted must be fully "loaded" to capture all reimbursable travel-related expenses.

Cost Element	1st Year			2nd Year			3rd Year			4th Year			5th Year		
	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total
Post Acceptance Support															
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
Position:			$0			$0			$0			$0			$0
VRS Travel Expenses			$0			$0			$0			$0			$0
Software Costs:			$0			$0			$0			$0			$0
Other Costs:			$0			$0			$0			$0			$0
			$0			$0			$0			$0			$0
			$0			$0			$0			$0			$0
TOTALS		**0**	**$0**		**0**	**$0**		**0**	**$0**		**0**	**$0**		**0**	**$0**
GRAND TOTAL															**$0**

Schedule 7
Option 4 – Post-Processing Equipment
Bidder's Firm Fixed Price Cost Proposal

NOTE: All hourly rates quoted must be fully "loaded" to capture all reimbursable travel-related expenses.

Cost Element	Year 1 Cost			Year 2 Cost			Year 3 Cost			Total Hours	Total Cost
	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total		
Services											
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Subtotal		0	$0		0	$0		0	$0	0	$0
Additional Hardware											
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
Subtotal			$0			$0			$0		$0
Additional Commodity Software (if any)											
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
Subtotal			$0			$0			$0		$0
GRAND TOTALS		0	$0		0	$0		0	$0	0	$0

Schedule 8a
Option 5 - Member Self-Service - Medium Level of Sophistication
Bidder's Firm Fixed Price Cost Proposal

NOTE: All hourly rates quoted must be fully "loaded" to capture all reimbursable travel-related expenses.

Cost Element	Year 1 Cost			Year 2 Cost			Year 3 Cost			Total Hours	Total Cost
	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total		
Services											
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Subtotal		0	$0		0	$0		0	$0	0	$0
Additional Hardware (if any)											
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
Subtotal			$0			$0			$0		$0
Additional Commodity Software (if any)											
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
Subtotal			$0			$0			$0		$0
GRAND TOTALS		0	$0		0	$0		0	$0	0	$0

Schedule 8b
Option 5 - Member Self-Service - High Level of Sophistication
Bidder's Firm Fixed Price Cost Proposal

NOTE: All hourly rates quoted must be fully "loaded" to capture all reimbursable travel-related expenses.

Cost Element	Year 1 Cost			Year 2 Cost			Year 3 Cost			Total Hours	Total Cost
	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total		
Services											
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Subtotal		0	$0		0	$0		0	$0	0	$0
Additional Hardware (if any)											
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
Subtotal			$0			$0			$0		$0
Additional Commodity Software (if any)											
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
Subtotal			$0			$0			$0		$0
GRAND TOTALS		0	$0		0	$0		0	$0	0	$0

Schedule 9
Option 6 – Executive Information System
Bidder's Firm Fixed Price Cost Proposal

NOTE: All hourly rates quoted must be fully "loaded" to capture all reimbursable travel-related expenses.

Cost Element	Year 1 Cost			Year 2 Cost			Year 3 Cost			Total Hours	Total Cost
	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total		
Services											
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Subtotal		0	$0		0	$0		0	$0	0	$0
Additional Hardware (if any)											
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
Subtotal			$0			$0			$0		$0
Additional Commodity Software (if any)											
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
Subtotal			$0			$0			$0		$0
GRAND TOTALS		0	$0		0	$0		0	$0	0	$0

Schedule 10
Option 7 – Network Management Software
Bidder's Firm Fixed Price Cost Proposal

NOTE: All hourly rates quoted must be fully "loaded" to capture all reimbursable travel-related expenses.

Cost Element	Year 1 Cost			Year 2 Cost			Year 3 Cost			Total Hours	Total Cost
	$/hr	Hours	Total	$/hr	Hours	Total	$/hr	Hours	Total		
Services											
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Position:			$0			$0			$0	0	$0
Subtotal		0	$0		0	$0		0	$0	0	$0
Additional Hardware (if any)											
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
Subtotal			$0			$0			$0		$0
Additional Commodity Software											
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
			$0			$0			$0		$0
Subtotal			$0			$0			$0		$0
GRAND TOTALS		0	$0		0	$0		0	$0	0	$0

Schedule 11

Bidder's Cost Estimate by Contractual Deliverable
Assume Mandatory Project Elements Only – No Options Authorized

No.	Deliverable	%	Cost
1	Acceptance of detailed project plan	5%	$0
2	Interim imaging system operational	5%	$0
3	Infrastructure installed **	N/A	$0
4	Complete more-detailed requirements documented	5%	$0
5	Phase 1 in production	6%	$0
6	Satisfactory completion of 60 day usage for Phase 1	5%	$0
7	Phase 2 in production	10%	$0
8	Satisfactory completion of 60 day usage for Phases 1 and 2	7%	$0
9	Phase 3 in production	14%	$0
10	Satisfactory completion of 60 day usage for Phases 1, 2, and 3	23%	$0
11	Warranty period completed	10%	$0
12	Warranty closure	10%	$0
Total		100%	$0

** Enter total hardware and commodity software cost bid under "Cost" for "Infrastructure installed' deliverable.

Use entries in "%" column to calculate and enter the cost of the remaining 11 contractual deliverables as follows:
((Vendor's total bid) - (Vendor's total hardware and commodity software cost bid)) * % * 100

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Schedule 12

Bidder's Cost Estimate by Project Phase
Assume Mandatory Project Elements and Authorization of Option 1
Listed Are Initial Project Phases Defined in RFP - Bidder Should Add Phases as Appropriate

Project Phase	Cost
Phase 1: Project Startup	$0
Phase 2: Data Cleansing Analysis (assuming option is authorized)	$0
Phase 3: Infrastructure	$0
Phase 4: Imaging Hardware and Software	$0
Phase 5: _____	$0
Phase 6: _____	$0
Phase 7: _____	$0
Phase 8: _____	$0
Phase 9: _____	$0
Phase 10: _____	$0
	$0
	$0
Total	$0

C-2 PROPOSAL EVALUATION

The evaluation and vendor selection process will be based on "best value." This procurement method will be used so as to result in the best buy for VRS in terms of the functions to be performed.

The evaluation committee may request written clarifications of any offer received. However, VRS in its sole discretion may refuse to accept in full or partially the response to a clarification request given by any vendor.

Vendors are cautioned that the evaluators are not required to request clarifications; therefore, all offers should be complete and reflect the most favorable possible terms. VRS may elect to conduct negotiations with one or more vendors and make requests of vendors as may be necessary or proper for best and final offers (BAFOs).

The best and final offers must be received at the address identified in Section A-1.1 at a time and date to be specified by VRS. If a best and final offer is not submitted, the previous submittal will be construed as the best and final offer. BAFO proposals must be prepared in the same number of copies and packaged and submitted according to the same instructions that apply to the initial proposal submission (please refer to Section C-1). Final ranking of responses and award of the contract will be made after VRS reviews all bids and completes its evaluation, including the evaluation of best and final offers, if they are requested. An award will be made to the vendor with the most advantageous offer.

C-2.1 Evaluation Criteria and Weightings

For this project, proposals will be evaluated based on the following criteria:

Table 21. Proposal Evaluation Criteria

CRITERIA
Solution Features
Vendor Qualifications
Vendor Experience
Cost
Vendor References
TOTAL

C-2.2 Evaluation Methodology Summary

Presented herein is an overview of the evaluation methodology.

C-2.2.1 Initial Activities

When the proposals are submitted, they will be evaluated and responses scored. The highest-rated vendors from this assessment will be further evaluated. Customer references and visits to existing customer sites that are running the proposed retirement system software in production may be conducted by VRS staff.

C-2.2.2 Presentations and Product Demonstrations

Selected vendors are also expected to demonstrate their solution and their ability to implement and customize the selected products in a scripted demonstration, based on scenarios to be provided by VRS, to be conducted at a site selected by VRS.

Vendors will be offered alternative dates from which to select to provide the demonstrations. VRS will provide the vendors with actual data and demonstration scripts on which to base their product demonstrations in order to assure an objective comparison among vendors' proposed solutions.

VRS reserves the right not to conduct vendor presentations and product demonstrations.

C-2.2.3 Best and Final Offers

At VRS's discretion, best and final offers (BAFOs) may be solicited.

After best and final offers are received, final evaluations and negotiations will be conducted for an award.

C-2.2.4 Independent Review

An Independent Review is required by statute for any IT project over $500,000. It is the responsibility of the CIO's office to conduct this process, totally independent from the owner of the project. The CIO's office hires an outside consultant to conduct the independent review. The Review project generally happens between the notification of award to the bidder and the contract signature.

C-2.2.5 Negotiations

Negotiation is the last step in selecting the apparent winner. VRS will initiate negotiations with the top-rated vendors. If negotiations with the highest-ranked vendor cannot be concluded to VRS's satisfaction within two weeks, VRS will initiate negotiations with the next lower-ranked vendor. Similarly, if negotiations with the next lower-ranked vendor cannot be concluded to VRS's satisfaction within two weeks, VRS will initiate negotiations with the next lower-ranked vendor. This process will continue until negotiations are successfully concluded to VRS's satisfaction or the solicitation is cancelled.

Upon the successful conclusion of negotiations, the winning vendor will be announced.

PART D STANDARD CONTRACT

STATE OF VERMONT

STANDARD CONTRACT FOR PERSONAL SERVICES

1. Parties: This is a contract for personal services between the State of Vermont _____ (hereafter called "State"), and _____ with _____ principal place of business in _____ (hereafter called "Contractor").

Contractor's form of business organization is _____.

Contractor (is/is not) required by law to have a Business Account Number from the Vermont Department of Taxes. Account Number is (#_____/not required by law).

2. Subject Matter: The subject matter of this contract is personal services generally on the subject of _____. Detailed services to be provided by the Contractor are described in ATTACHMENT A (below).

3. Maximum Amount: In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in ATTACHMENT B, a sum not to exceed $_____.00.

4. Contract Term: The period of Contractor's performance shall begin on _____, 20____, and end on _____, 20___.

5. Prior Approvals: If approval by the Attorney General's Office or the Secretary of Administration is required (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.

-Approval by the Attorney General's Office is/is not required.

-Approval by the Secretary of Administration is/is not required.

6. Amendment: No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, and numbered and signed by the duly authorized representative of the State and Contractor.

7. Cancellation: This contract may be canceled by either party by giving written notice at least ____ days in advance of the proposed cancellation date.

8. Attachments: This contract consists of ____ pages including the following attachments, which are incorporated herein:

Attachment A – Specifications of Work to be Performed

Attachment B – Payment Provisions

Attachment C – "Customary State Contract Provisions" (revision date 2/95).

Contract #_____

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS CONTRACT.

by the STATE OF VERMONT:	by the CONTRACTOR:
Date: _____	Date: _____
Signature: _____	Signature: _____
Name/Title: _____	Name/Title: _____
Agency: _____	Fed ID/S. Sec#_____

STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT A
SPECIFICATIONS OF WORK TO BE PERFORMED

(Insert Attachment A)

STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT B
PAYMENT PROVISIONS

(Insert Attachment B)

STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT C
CUSTOMARY STATE CONTRACT PROVISIONS

1. Entire Agreement: This contract represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.

2. Applicable Law: This contract shall be governed by the laws of the State of Vermont.

3. Appropriations: If this contract extends into more than one fiscal year of the State (July 1 to June 30) and if appropriations are insufficient to support this contract, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriations authority.

4. No Employee Benefits for the Contractor: The Contractor understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, worker's compensation, or other benefits or services available to State employees, nor will the State withhold any State or Federal taxes. The Contractor understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including, but not limited to, income, withholding, sales and use, and rooms and meals, must be filed by the Contractor, and information as to contract income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.

5. Independence, Liability: The Contractor will act in an independent capacity and not as officers or employees of the State. The Contractor shall indemnify, defend, and hold harmless the State and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of the Contractor's acts and/or omissions in the performance of this contract.

Insurance: Before commencing work on this contract, the Contractor must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Contractor to maintain current certificates of insurance on file with the State through the term of the contract.

Worker's Compensation: With respect to all operations performed, the Contractor shall carry worker's compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Contractor shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations

Independent Contractor's Protective

Products and Completed Operations

Personal Injury Liability

Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

$1,000,000 Per Occurrence

$1,000,000 General Aggregate

$1,000,000 Products/Completed Products Aggregate

$50,000 Fire Legal Liability

The policy must cover the loss, damage, theft, or destruction of documents that may occur during the period when Contractor is in possession of the documents, and must provide first dollar coverage (i.e., no deductible) for actual replacement costs (State or Contractor staff time to reconstruct folders). The State has determined that the cost to replace a lost file is $1,000.

Automotive Liability: The Contractor shall carry automotive liability insurance covering all motor vehicles, no matter the ownership status, used in connection with the contract. Limits of coverage shall not be less than $1,000,000 Combined Single Limit.

No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Contractor for the Contractor's operations. These are solely minimums that have been set to protect the interests of the State.

7. Reliance by the State on Representations: All payments by the State under this contract will be made in reliance upon the accuracy of all prior written representations by the Contractor, including but not limited to bills, invoices, progress reports, and other proofs of work.

8. Records Available for Audit: The Contractor will maintain all books, documents, payrolls, papers, accounting records, and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of this contract and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this contract.

9. Fair Employment Practices and Americans with Disabilities Act: The Contractor agrees to comply with the requirements of Title 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Contractor shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Contractor under this contract. Contractor further agrees to include this provision in all subcontracts.

10. Set Off: The State may set off any sums that the Contractor owes the State against any sums due the Contractor under this contract; provided, however, that any set-off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

11. Taxes Due to the State:

a. Contractor understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, and corporate and/or personal income tax on income earned within the State.

b. Contractor certifies under the pains and penalties of perjury that, as of the date the contract is signed, the Contractor is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.

c. Contractor understands that final payment under this contract may be withheld if the Commissioner of Taxes determines that the Contractor is not in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due to the State of Vermont.

d. Contractor also understands the State may set off taxes (and related penalties, interest, and fees) due to the State of Vermont, but only if the Contractor has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Contractor has no further legal recourse to contest the amounts due.

12. Child Support: (Applicable if the Contractor is a natural person, not a corporation or partnership.) Contractor states that, as of the date the contract is signed, he/she:

is not under any obligation to pay child support; or

is under such an obligation and is in good standing with respect to that obligation; or

has agreed to a payment plan with the Office of Child Support Services and is in full compliance with that plan.

Contractor makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Contractor is a resident of Vermont, Contractor makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

13. Subcontractors: Contractor shall not assign or subcontract the performance of this agreement or any portion thereof to any other contractor without prior written approval of the State. Contractor also agrees to include in all subcontract agreements a tax certification in accordance with Paragraph 11 above.

14. No Gifts or Gratuities: Contractor shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this contract.

15. Copies: All written reports will be printed using both sides of the paper.

Notwithstanding any other provision in this contract, the parties understand that this contract is a public record.

PROPOSAL CONFIDENTIALITY AGREEMENT

I, _____ (name), _____ (title), in order to submit a proposal for future data processing services to the Vermont Retirement System (VRS), do hereby acknowledge and agree to the following:

1. Certain information will be made available by VRS to _____ (Bidder name) to enable _____ (Bidder name) to perform services necessary in order to prepare a proposal to VRS for backfile conversion services.

2. Vermont law provides that the contents of VRS member records will not be disclosed without the prior written consent of the individual to whom the record pertains. Information provided to _____ (Bidder name) is confidential and shall not be made available to any individual or organization by _____ (Bidder name) without the prior written approval of VRS.

3. The confidentiality of any and all information that is provided by VRS to me directly or through _____ (Bidder name) will be upheld and protected. All such information will be handled and processed in a manner to preserve its confidentiality and it will not be revealed or divulged to any individual or organization.

4. All information submitted by VRS will remain the property of VRS and will be returned to VRS upon completion or upon request by VRS.

Witness my signature of this the _____ day of _____, 2005.

Name: _____
(Please Print)

Signature: _____

D-1 RFP AMENDMENTS

VRS reserves the right to amend the RFP prior to the date of proposal submission. Amendments will be posted to the Internet at the following address: **www.vermonttreasurer.gov**

D-2 PROPOSAL WITHDRAWAL

A submitted proposal may be withdrawn by the bidder by submitting a written request to the Point of Contact named herein. All such requests must be signed by a person authorized to sign for the bidder.

D-3 CONTRACT

The contract, which VRS intends to use with the successful bidder, is included in this Part D. Prospective bidders are urged to carefully read this contract prior to making their offers. VRS reserves the right to add provisions to the contract to be consistent with the successful bidder's offer and to negotiate with the successful bidder other additions to, deletions from, and/or changes in the language in the Contract, provided that no such addition, deletion, or change in Contract language would, in the sole discretion of VRS, affect the evaluation criteria set forth herein, or give the successful bidder a competitive advantage.

Any exceptions to the agreement must be clearly identified and accompany the bidder's proposal. Bidders are cautioned that any exception submitted that will give the bidder a competitive advantage over another bidder or that will cause a failure to meet a mandatory requirement of the RFP will not be accepted.

Any additional contract language sought by the bidder must be provided with the bid, or such language requests shall be waived by the bidder. Any bidder seeking changes to the State standard form contract, or to add additional language to the contract, must state whether the request is a requirement of their bid, or simply a request for the State's consideration. In the event the State determines that an otherwise apparent winning bidder's requirements are unacceptable, it may handle the bid in the manner it deems most appropriate, including but not limited to rejecting the bid as not complying with this RFP. Bidders should be aware that the State of Vermont rarely accepts amendments to its standard form contract.

Prior to award, the apparent winning bidder will be required to enter into discussions with VRS to resolve any contractual differences before an award is made. These discussions are to be finalized and all exceptions resolved within one (1) week of notification; if not, the bidder's proposal may be rejected and discussions may be initiated with the second highest-scoring bidder.

D-4 INVOICING, PAYMENTS, HOLDBACKS, AND TRACKING THEREOF

Although it is understood that <u>many</u> project deliverables will be submitted to VRS by the selected vendor, only 12 payments will be made under the contract to be awarded. Each payment will be tied to one of the **12 contractual deliverables** as defined by VRS in Section C-1.2. Invoices for the 12 contractual deliverables may be rendered only after each has been <u>completed and formally accepted by VRS</u>.

Payment amounts corresponding to the 12 VRS-defined contractual deliverables will be calculated according to the percentages set forth in Section C-1.2. The sum of the cost of all contractual deliverables will equal the total fixed cost of the project.

There is a significant difference between VRS's receipt of a contractual deliverable and VRS's acceptance of that deliverable. It must be understood that in most cases, VRS will require a minimum of thirty (30) days to provide formal written acceptance of a contractual deliverable. Only upon receipt by the bidder of written acceptance from VRS's project manager may the contractual deliverable be invoiced to VRS. All invoices must include a copy of the signed acceptance(s) by VRS. Payments of invoices by VRS will be made within 30 days of receipt of the invoice for an accepted contractual deliverable.

The successful bidder will provide a monthly, updated spreadsheet indicating what has been billed (and when), what has been paid (and when), what invoices may be in dispute, and the remaining project budget. The format of this tracking spreadsheet and the detail will be reviewed and approved by VRS. Invoice dates, invoice numbers, checks numbers, and check dates must be included.

Each invoice submitted to VRS by the bidder must reflect a 20% holdback amount.

Upon the 60 day acceptance period of the final rollout of the system by VRS's project manager, the bidder will submit an invoice that includes one-half the sum of all holdback amounts (10% of the total project cost), for payment by VRS. Bidders are cautioned that *when* VRS's acceptance of the system will occur cannot be pre-defined. Acceptance will not be forthcoming until the solution is delivered in <u>final form in VRS's perception</u> – that is to say, not until all Requirements Traceability Matrix line items have been accepted AND all authorized change orders have been completed to VRS's satisfaction AND all "punch lists" have been resolved to VRS's satisfaction.

Upon the conclusion of the warranty period (12 months after VRS's acceptance of the final rollout), the bidder will submit an invoice that includes the remainder of all holdback amounts (the last 10% of the total project cost), for payment by VRS.

D-5 CONFIDENTIALITY REQUIREMENTS

The bidder and their staff members who are assigned by the successful bidder to this project will be required to sign confidentiality agreements. A copy of the corporate and employee confidentiality forms have been included in Appendix E-12.

Proposals are subject to the Vermont Access to Public Records law and may be provided to anyone properly requesting same, after contract award. Bidders must **individually annotate** each page being identified as confidential and exempt from disclosure under the Vermont Access to Public Records law. It will **not** be acceptable for the bidder to designate the entire proposal as confidential. Bidders should understand that the State cannot assure records will be exempt from the Access to Public Records law.

D-6 INSURANCE

The following requirements shall be adhered to by Contractor throughout the duration of the Contract, and as may otherwise be specified herein. Contractor shall procure and maintain insurance that shall protect the Contractor and the State from any claims for bodily injury, property damage, and/or personal injury which may arise out of operations under the Contract. Contractor shall procure the insurance policies at the Contractor's own expense and shall furnish the State an insurance certificate of the coverage required in this Section. Contractor is required to obtain and maintain the following types of insurance coverage for the duration of the Contract:

Insurance/Limits of Liability:

- Worker's Compensation - Statutory
- Unemployment Insurance - Statutory
- Commercial General Liability Insurance - The minimum limits of coverage of such insurance will be $500,000 per person and $1,000,000 per occurrence for personal and bodily injury, and $100,000 for property damages.

Indemnification:

Contractor will indemnify and save harmless the three Retirement boards and their trustees, the Vermont Pension Investement Committee and its members, the Vermont Treasurer's Office and VRS, their directors, officers, employees, and agents from and against any and all claims, actions, damages, liabilities, costs, and expenses arising out of Contractor's operation and performance under this Contract, including all claims for bodily and personal injuries, sickness, death and/or damages to property.

All bidders must submit with their proposal (or within 10 calendar days after notification of intent to award) the original or certified true copy of insurance certificate(s). If this information is not provided within this timeframe, the proposal will be rejected. All insurance coverage costs must be exclusive of any legal costs.

New insurance shall be promptly furnished in the event of insolvency, bankruptcy, or failure of any insurance company. The contractor shall notify VRS thirty (30) days in advance of cancellation, termination, or alteration of insurance policies as required by this RFP. A renewal policy or certificate shall be delivered to VRS at least thirty (30) days prior to the expiration date of each expiring policy. If at any time, any of the policies shall be or become unsatisfactory to VRS as to form or substance, or any of the carriers issuing such policies shall be or become unsatisfactory to VRS, the Contractor shall promptly obtain a new and satisfactory policy in replacement. If determined necessary by VRS's Representative/Contract Administrator, the Contractor shall deliver to VRS's Representative upon demand a certified copy of any policy required herein for review.

Insurance certificates must be submitted and accepted by VRS prior to the commencement of work under this RFP and accompanying contract. Failure to obtain insurance satisfactory to VRS will result in the rescission of any Notice of Award to the bidder. Any contract awarded shall be void if this requirement is not met.

PART E APPENDICES

E-1 ADDITIONAL HARDWARE INVENTORY

Printers

Networked Printers

- Xerox Phase 8200 color with duplexer (solid ink)
- HP LaserJet 8150DN with Duplexer
- HP LaserJet 4050N with envelope feeder

Personal/Local Printers

PART A 4 HP LaserJet 4
PART B 2 HP LaserJet 4 Plus
PART C 3 NEC SuperScript 870 (laser)

Check Processing Equipment

- 2 Formax FD2052 pressure sealer/folder machines (1 for backup)
- Formax paper jogger
- 2 Troy MICR 8150 Ex secure local printers (not networked for security), includes a microchip for treasurer's signature (1 for backup)
- Gateway profile 5 PC (2.6GHz processor, 512MB RAM); this PC used only for check-processing and is stored in a locked room with the rest of the check-processing equipment.

E-2 VRS COMPUTER ROOM LAYOUT

Data Center Layout (Pavilion Building – 4th Floor)

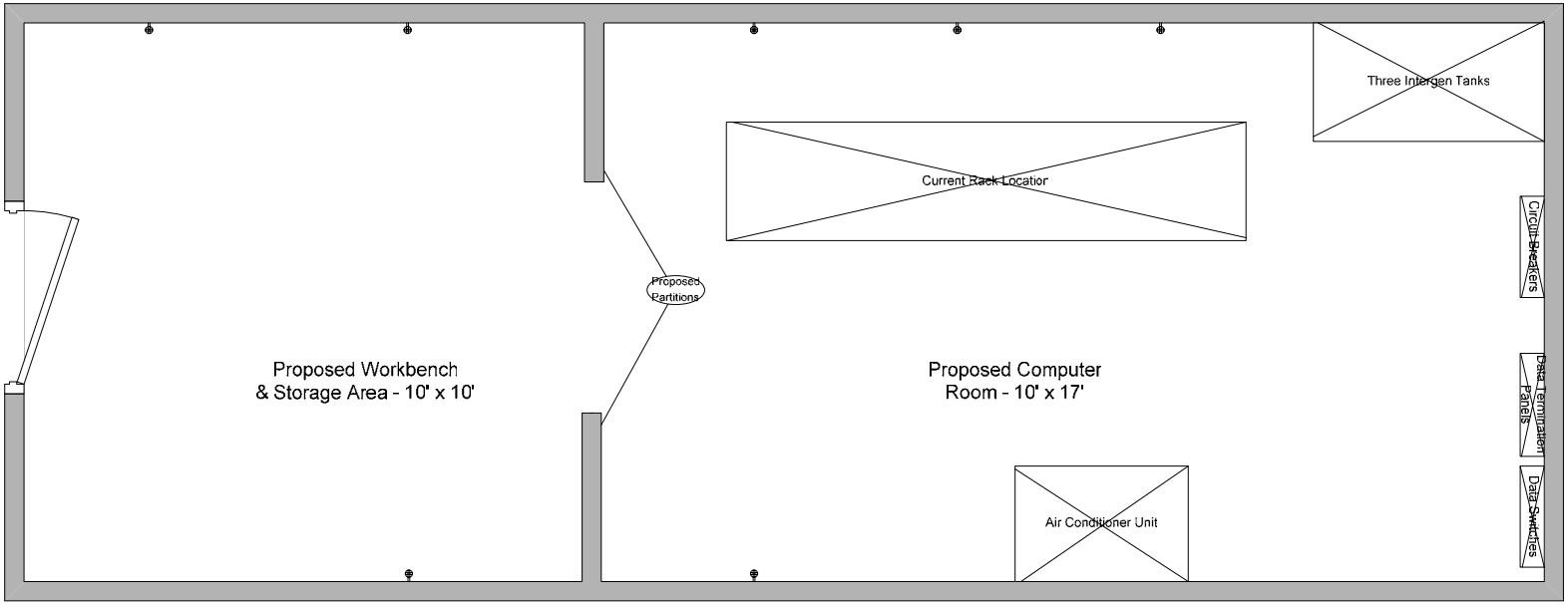

Figure 6. VRS Computer Room Layout

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E-3 OFFSHORE, ON-SITE, AND OFF-SITE SOURCING QUESTIONNAIRE

Vendors must indicate whether or not any services are or will be outsourced under the terms of any agreement with the State of Vermont. Indicate N/A if not applicable.

Proposed Service to be Outsourced	Bid Total or Contract Estimate	Represents what % of total Contract Dollars	Outsourced $	Outsourced Work Location (Country)	Subcontractor
Totals					

If any or all of the services are or will be outsourced offshore, Vendors are required to provide a cost estimate of what the cost would be to provide the same services onshore and/or in Vermont.

Proposed Service to be Outsourced	Bid Total or Contract Estimate if provided Onshore	Bid Total or Contract Estimate if provided in Vermont	Cost Impact ($)	Onshore Work Location	Subcontractor
Totals					

Bidders are to complete and include this page in their cost proposals.

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E-4 RELEVANT VRS WEB PAGES AND URLS

The table provided below lists Web site URLs with data or other information pertinent to the bidders in developing their proposals:

1. The following page provides information about the retirement systems' standards of conduct.

   URL: http://www.vermonttreasurer.gov/documents/retireState/policy/stateInvestGuidelinesC.pdf

2. The following page provides information on the investment policies established by the various retirement systems within the VRS.

   URL: http://www.vermonttreasurer.gov/pension/investGuidelines.html

3. The following page provides access to a copy of the VRS-developed Web site used by municipal employers to submit Defined Contribution data.

   URL: http://www.vermonttreasurer.gov/demo/muniDC/login.asp

4. The following page provides access to a copy of the VRS-developed Web site used by teacher employers to submit Defined Benefit (i.e., W&C) data.

   URL: http://www.vermonttreasurer.gov/demo/teacher/login.asp

5. The instructions below provide information about Vermont tax withholding rules and regulations.

   1. Go to the Vermont web site: http://vermont.gov/
   2. Pick State Agencies and Departments
   3. Pick Tax Department
   4. Click on the business oval on left-hand side of screen
   5. In the box near the bottom of the screen, pick Withholding

   We also would refer bidders to the Tax Department business withholding Web site. There are references there to calculate withholding taxes and how they can be submitted.

6. The following page provides information on holidays observed by the State of Vermont.

   URL: http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=01&Chapter=007&Section=00371

E-5 IMAGE INDEX STRUCTURE

Table 22. Document Indices

INDEX	SIZE
Active Member ID [1]	*11*
Retiree Member ID [1]	*6*
Member SSN [1]	*9*
Member Last Name [1]	*24*
Member DOB [1]	*8*
Plan Name [1]	*24*
Sub Folder	*24*
Form Number [1]	*10*
Virtual Staple [2]	*10*
Scanned Date/Time [3]	*16*
Scan Batch ID	*6*
Scanner Operator ID [4]	*12*
Indexer Operator ID [4]	*12*
Film Roll [5]	*6*
Film Frame [5]	*4*
TOTAL	***176 characters***

Notes:

1 *Using index validation, assignment of one value will auto-populate other fields*

2 *Index value to be left blank.*

3 *Expected to be generated by scanning sub-system, not manually input. It shall be in the form YYYYMMDDHHMMSSdd where:*
YYYY = year
MM = month
DD = day
HH= hour (24-hour clock)
MM = minute
SS second
dd = hundredths of second

4 *Index shall be auto-assigned by system.*

5 *Initially assign as zero – must link electronic image to human-readable image by state statute – must be updated after film is made by delivered system*

E-6 REPORTS, FORMS, AND LETTERS

Samples of reports, forms, and letters from the current LOB applications will be provided to the bidder subject to signing the non-disclosure agreement provided in Appendix D. Please contact Ms. Donna Holden in the manner specified in Section 1.6 of this RFP and include the signed non-disclosure agreement form, a mailing address, and contact person. Ms. Holden will send a CD of sample reports, forms, and letters.

E-7 SCREEN-SHOTS FROM CURRENT LOB APPLICATIONS

Samples of screen-shots from the current LOB applications will be provided to the bidder subject to signing the non-disclosure agreement provided in Appendix D. Please contact Ms. Donna Holden in the manner specified in Section 1.6 of this RFP and include the signed non-disclosure agreement form, a mailing address, and contact person. Ms. Holden will send a CD of sample screen-shots.

E-8 EMPLOYER REPORTING INFORMATION

Table 23. VRS Employer Reporting Information

PLAN	# EMPLOYERS	# EMPLOYEES	FREQUENCY OF REPORTING	MODE OF REPORTING	REMITTANCE FREQUENCY	METHOD OF REMITTANCE
Teachers -DB	300	12,000	Quarterly	Web	Biweekly, monthly or quarterly	Check and lockbox coupon
State-DB	1	8,000	Bi-weekly	Electronic file	Biweekly	State Payroll funds transfer
State-DC	1	400	Bi-weekly	Electronic file	Biweekly	State Payroll funds transfer
State-DB Towns & Colleges	12	200	Annually	Paper	Quarterly	Check
Municipal -DB	400	7,000	Quarterly	Web and paper	Biweekly, monthly or quarterly	Check and lockbox coupon
Municipal -DC	100	550	Bi-weekly	Web and paper, or electronic file upload from Web	Biweekly	Check and lockbox coupon, or ACH

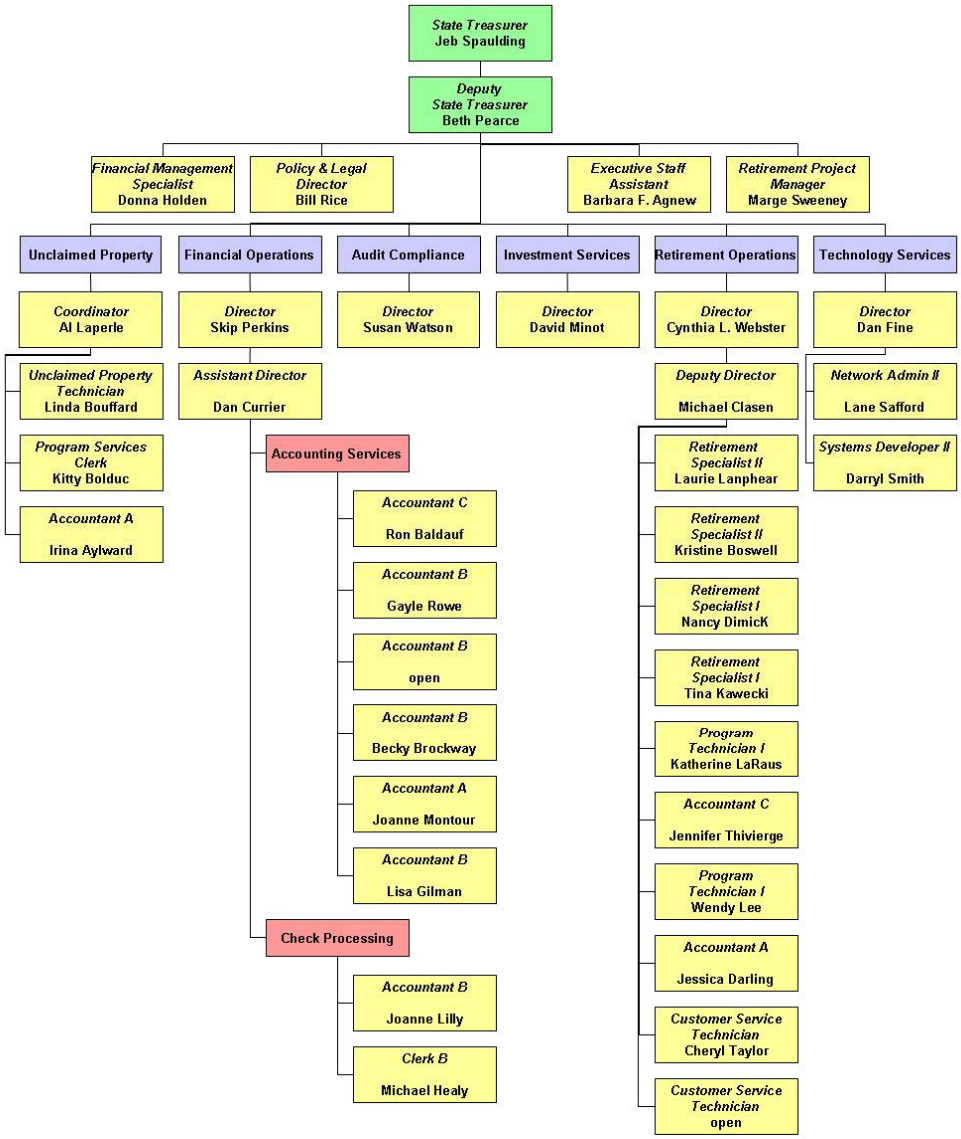
E-9 "AS IS" FLOW DIAGRAMS

The "As Is" flow diagrams illustrate the business processes currently in place at VRS. The bidder may use these to better understand what roles currently exist and how business functions are currently completed. Please contact Ms. Donna Holden in the manner specified in Section 1.6 of this RFP and include a mailing address and contact person. Ms. Holden will send a CD of the "As Is" flow diagrams.

E-10 FIELD DESCRIPTIONS

The field descriptions for a variety of tables and databases used under the legacy LOB system are available on CD for distribution to bidders. Please contact Ms. Donna Holden in the manner specified in Section 1.6 of this RFP and include a mailing address and contact person. Ms. Holden will send a CD of the field descriptions.

E-11 STATE TREASURER'S OFFICE ORGANIZATIONAL CHART



E-12 PROJECT CONFIDENTIALITY FORMS

Corporate Confidentiality Agreement

THIS CONFIDENTIALITY AGREEMENT ("AGREEMENT") IS ENTERED INTO BY AND BETWEEN THE VERMONT, TREASURER'S OFFICE **("STATE") AND** (_____INSERT NAME OF THE CONTRACTOR) **("CONTRACTOR"), AS OF** (_____INSERT DATE) **("EFFECTIVE DATE").**

Preliminary Statement. State and Contractor have entered into the Contract to which this Confidentiality Agreement is an attachment pursuant to which Contractor provides to State certain services ("Services") which may require the use and/or disclosure of health, financial and other personal information relating to individuals. For the avoidance of any doubt, "Services" includes all work performed by the Contractor for or on behalf of State. This Agreement supplements and is made a part of the Contract.

The parties enter into this Agreement to comply with standards promulgated under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), including the Standards for the Privacy of Individually Identifiable Health Information, at 45 CFR Parts 160 and 164 ("Privacy Rule"), the Security Standards, at 45 CFR Parts 160 and 164 ("Security Rule") and the Vermont Access to Public Records law 1 V.S.A. §315 et. seq. ("Personal Documents law").

Agreement. In consideration of the foregoing, and in consideration of the desire of State to continue receiving Services, and of Contractor to continue providing Services, the parties agree as follows:

1. Definitions. All capitalized terms in this Agreement have the meanings identified in this Agreement, 45 CFR Part 160, or 45 CFR Part 164. The term "Individual" includes a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g). All references to PHI mean Protected Health Information and financial and other personal information relating to individuals. All references to Electronic PHI mean Electronic Protected Health Information and financial and other personal information relating to individuals.

2. Permitted and Required Uses/Disclosures of PHI.

2.1 Except as limited in this Agreement, Contractor may use or disclose PHI to perform the Services, provided that any use or disclosure would not violate the minimum necessary policies and procedures of State. Contractor shall not use or disclose PHI in any manner that would constitute a violation of the Privacy Rule if used or disclosed by State in that manner, or constitute a release of personal documents or information covered by 1 V.S.A. §317(c)(7). Contractor may not use or disclose PHI other than as permitted or required by this Agreement or as Required by Law.

2.2 Contractor may make PHI available to its employees who need access to provide Services (provided that Contractor makes such employees aware of the use and disclosure restrictions in this Agreement and binds them to comply with such restrictions). Contractor may only disclose PHI for the purposes authorized by this Agreement: (a) to its agents (including subcontractors), in accordance with Sections 6 and 14; or (b) as otherwise permitted by Section 3.

3. **Business Activities**. Contractor may use PHI received in its capacity as a "Contractor" to State, if necessary, for its proper management and administration or to carry out its legal responsibilities. In addition, Contractor may disclose PHI received in its capacity as "Contractor" to State, for its proper management and administration or to carry out its legal responsibilities, if a disclosure is Required by Law, or: (a) Contractor obtains reasonable written assurances (via a written contract) from the person to whom the information is to be disclosed that the PHI shall remain confidential and be used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person; and (b) the person promptly notifies Contractor (who in turn will promptly notify State) in writing of any instances of which it is aware in which the confidentiality of the PHI has been breached. All uses and disclosures of PHI for the purposes identified above must be of the minimum amount of PHI necessary to accomplish such purposes.

4. **Safeguards**. Contractor shall implement and use appropriate safeguards to prevent the use or disclosure of PHI, other than as provided for by this Agreement. Contractor shall identify in writing, upon request from State, all of the safeguards that it uses to prevent impermissible uses or disclosures of PHI.

5. **Reporting**. Contractor shall report in writing to State any use or disclosure of PHI in violation of this Agreement by Contractor or its agents (including subcontractors). Contractor shall provide such written report promptly after it becomes aware of any such use or disclosure. Contractor shall provide State with the information necessary for State to investigate any such use or disclosure. Contractor may use PHI to report violations of law to appropriate federal and authorities, consistent with 45 CFR 164.502(j)(1).

6. **Agreements by Third Parties**. Contractor shall ensure that any agent, including a subcontractor, to whom it provides PHI received from, or created or received by Contractor on behalf of, State, agrees in a written contract to the same restrictions and conditions that apply through this Agreement to Contractor, with respect to such PHI. By way of example, the written contract must include those restrictions and conditions set forth in Section 12. Contractor must enter into the written contract before any use or disclosure of PHI by such agent, and such written contract must identify State as a direct and intended third party beneficiary, with the right to enforce any breach of the contract concerning the use or disclosure of PHI. Contractor shall provide a copy of the written contract to State upon request. Contractor may not make any disclosure of PHI to any agent without the prior written consent of State.

7. **Access to PHI**. Contractor shall provide access to PHI in a Designated Record Set to State or, as directed by State, to an Individual, to meet the requirements under 45 CFR 164.524. Contractor shall provide such access in the time and manner reasonably designated by State. Contractor shall promptly forward to State for handling any request for access to PHI that Contractor directly receives from an Individual.

8. **Amendment of PHI**. Contractor shall make any amendments to PHI in a Designated Record Set that State directs or agrees to pursuant to 45 CFR 164.526, whether at the request of State or an Individual. Contractor shall make such amendments in the time and manner reasonably designated by State. Contractor shall promptly forward to State for handling any request for amendment to PHI that Contractor directly receives from an Individual.

9. **Accounting of Disclosures**. Contractor shall document disclosures of PHI and all information related to such disclosures as would be required for State to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528. Contractor shall provide such information to State, or as directed by State, to an Individual, to permit State to respond to an

accounting request. Contractor shall provide such information in the time and manner reasonably designated by State. Contractor shall promptly forward to State for handling any accounting request that Contractor directly receives from an Individual.

10. **Books and Records**. Subject to the attorney-client and other applicable legal privileges, Contractor shall make its internal practices, books, and records (including policies and procedures and PHI) relating to the use and disclosure of PHI received from, or created or received by Contractor on behalf of, State available to the Secretary in the time and manner designated by the Secretary. Contractor shall make the same information available to State (without regard to the attorney-client or other applicable legal privileges), upon request, in the time and manner reasonably designated by State, so that State may determine whether Contractor is in compliance with this Agreement.

11. **Termination.**

11.1 This Agreement commences on the Effective Date and shall remain in effect until terminated by State, or until all of the PHI provided by State to Contractor, or created or received by Contractor on behalf of State, is destroyed or returned to State, subject to Section 15.12.

11.2 If Contractor breaches any material term of this Agreement, State may either: (a) provide an opportunity for Contractor to cure the breach, and State may terminate each Services Agreement, without liability or penalty, if Contractor does not cure the breach within the time specified by State; or (b) immediately terminate each Services Agreement, without liability or penalty, if State believes that cure is not reasonably possible; or (c) if neither termination nor cure are feasible, State shall report the breach to the appropriate authorities. State has the right to seek to cure any breach by Contractor and this right, regardless of whether State cures such breach, does not lessen any right or remedy available to State at law, in equity, or under this Agreement or any Services Agreement, nor does it lessen Contractor's responsibility for such breach or its duty to cure such breach.

12. **Return/Destruction of PHI**.

12.1 Contractor shall, in connection with the expiration or termination of a Services Agreement, return or destroy all PHI received from State, or created or received by Contractor on behalf of State, and pertaining to that Services Agreement, that Contractor still maintains in any form or medium (including electronic), within thirty (30) days after such expiration or termination. Contractor shall not retain any copies of such PHI. Contractor shall certify for State, in writing, when all PHI has been returned or destroyed, and that Contractor does not continue to maintain any PHI, with such certification to be provided during such thirty (30) day period.

12.2 Contractor shall provide to State notification of any conditions that Contractor believes make the return or destruction of PHI infeasible. If State agrees that return or destruction is infeasible, Contractor shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Contractor maintains such PHI.

13. **Notice/Training**. Contractor understands that: (a) there may be civil or criminal penalties for misuse or misappropriation of PHI; and (b) violations of this Agreement may result in notification by State to law enforcement officials and regulatory, accreditation, and licensure organizations. If requested by State, Contractor shall participate in information security awareness training regarding the use, confidentiality, and security of PHI.

14. <u>Security Rule Obligations</u>. The following provisions of this Section 14 apply to the extent that Contractor creates, receives, maintains or transmits Electronic PHI on behalf of State.

14.1 Contractor shall implement and use administrative, physical, and technical safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of the Electronic PHI that it creates, receives, maintains or transmits on behalf of State. Contractor shall identify in writing, upon request from State, all of the safeguards that it uses to protect such Electronic PHI.

14.2 Contractor shall ensure that any agent, including a subcontractor, to whom it provides Electronic PHI agrees in a written contract to implement and use administrative, physical, and technical safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of the Electronic PHI. Contractor must enter into the written contract before any use or disclosure of Electronic PHI by such agent, and such written contract must identify State as a direct and intended third party beneficiary, with the right to enforce any breach of the contract concerning the use or disclosure of Electronic PHI. Contractor shall provide a copy of the written contract to State upon request. Contractor may not make any disclosure of Electronic PHI to any agent without the prior written consent of State.

14.3 Contractor shall report in writing to State any Security Incident pertaining to such Electronic PHI (whether involving Contractor or an agent, including a subcontractor). Contractor shall provide such written report promptly after it becomes aware of any such Security Incident. Contractor shall provide State with the information necessary for State to investigate any such Security Incident.

14.4 Contractor shall comply with any reasonable policies and procedures State implements to obtain compliance under the Security Rule.

15. <u>Miscellaneous</u>.

15.1 Notwithstanding anything to the contrary in any Services Agreement, in no event shall any provision limiting Contractor's liability to State, including, but not limited to, provisions creating a cap on damages, excluding certain types of damages, limiting available remedies, or shortening a statute of limitations, present in any Services Agreement, apply with respect to any breach by Contractor of any term of this Agreement.

15.2 In the event of any conflict or inconsistency between the terms of this Agreement and the terms of any Services Agreement, the terms of this Agreement shall govern, with respect to its subject matter. Otherwise, the terms of each Services Agreement continue in effect.

15.3 Any reference to "promptly" in this Agreement shall mean no more than seven (7) business days after the circumstance or event at issue has transpired. A reference in this Agreement to a section in the Privacy Rule or Security Rule means the section as in effect or as amended or renumbered.

15.4 Contractor shall mitigate, to the extent practicable, any harmful effect that is known to it of a use or disclosure of PHI in violation of any provision of this Agreement.

15.5 Contractor shall cooperate with State to amend this Agreement from time to time as is necessary for State to comply with the Privacy Rule, the Security Rule, any other standards promulgated under HIPAA, or the Vermont Access to Public Records law.

15.6 Any ambiguity in this Agreement shall be resolved to permit State to comply with the Privacy Rule, Security Rule, any other standards promulgated under HIPAA or Vermont Access to Public Records law.

15.7 In addition to applicable law, the parties shall rely on applicable federal law (e.g., HIPAA, the Privacy Rule and Security Rule) and applicable state law (e.g. the Vermont Access to Public Records law) in construing the meaning and effect of this Agreement.

15.8 This Agreement may be amended or modified, and any right under this Agreement may be waived, only by a writing signed by an authorized representative of each party.

15.9 Nothing express or implied in this Agreement is intended to confer, upon any person other than the parties hereto, any rights, remedies, obligations or liabilities whatsoever. Notwithstanding the foregoing, the State in this Agreement is the Vermont State Treasurer's Office**.**

15.10 As between Contractor and State, State owns all PHI provided by State to Contractor, or created or received by Contractor on behalf of State.

15.11 Contractor shall abide by the terms and conditions of this Agreement with respect to all PHI it receives from State, or creates or receives on behalf of State, even if some of that information relates to specific Services for which Contractor may not be a "Contractor" of State under the Privacy Rule.

15.12 The provisions of this Agreement that by their terms encompass continuing rights or responsibilities shall survive the expiration or termination of this Agreement. For example: (a) the provisions of this Agreement shall continue to apply if State determines that it would be infeasible for Contractor to return or destroy PHI, as provided in Section 12.2; and (b) the obligation of Contractor to provide an accounting of disclosures, as set forth in Section 9, survives the expiration or termination of this Agreement, with respect to accounting requests (if any) made after such expiration or termination.

15.13 This Agreement constitutes the entire agreement of the parties with respect to its subject matter, superseding all prior oral and written agreements between the parties in such respect.

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS AGREEMENT.

by the STATE OF VERMONT: by the CONTRACTOR:

Date: _____ Date: _____

Signature of

Signature: _____ Authorized Agent: _____

Name/Title: _____ Name/Title: _____

Agency: _____ Fed ID/S. _____

Employee Confidentiality Agreement

DISCLOSURE OF CONFIDENTIAL INFORMATION

As an employee of _____, you may come in contact with or be required to handle confidential information concerning the health, finances and other personal information relating to individuals. You should know that your employer and the Vermont State Treasurer's Office have entered into a Confidentiality Agreement, whereby your employer has agreed to protect the confidentiality of information concerning the health, finances and other personal information relating to individuals. All information handled by you on behalf of the Vermont State Treasurer's Office should be considered by you to be confidential and no information may be divulged by you, except in accordance with the Confidentiality Agreement.

A copy of the Confidentiality Agreement between _____ and the Vermont State Treasurer's Office is attached for your reference. Read this document carefully as it outlines the agreement concerning confidentiality between your employer and the State. If you do not fully understand your responsibilities, you should consult with your employer.

Please sign this letter to indicate you have read and understand your responsibility to maintain the confidentiality of the information that you will be handling on behalf of the State Treasurer's Office.

Name: _____
(Please Print)

Signature: _____

Date: _____

PART F ADDENDA

F-1 ADDENDUM OF 7/27/2005

No changes have been made to the contents of this RFP as it was initially released on 7/12/2005 except for the addition of this addendum. The following should be considered part of the RFP and are to be incorporated into your response.

The mandatory bidders' conference will be held in the
Pavilion Auditorium at 109 State Street, Montpelier, Vermont.

Addendum items:

1. Section B-2.5 Hardware, first paragraph.

This paragraph currently reads as follows:

> The bidder is to provide specifications for an ideal hardware operating environment appropriately sized for the functionality required as well as the current and future load (e.g., concurrent users, database growth, etc.) envisioned by VRS, as identified in this RFP. The bidder is to provide a complete description of the hardware components required to support the proposed solution, including multiple database instances (as described in Section B-2.3 Application Architecture). The bidder is to price the acquisition of the hardware as an option available to VRS under this procurement (see Option N - Hardware Procurement).

It is changed to read as follows:

> The bidder is to provide specifications for an ideal hardware operating environment appropriately sized for the functionality required as well as the current and future load (e.g., concurrent users, database growth, etc.) envisioned by VRS, as identified in this RFP. The bidder is to provide a complete description of the hardware components required to support the proposed solution, including multiple database instances (as described in Section B-2.3 Application Architecture). The bidder is to price such hardware in its proposal.

2. Section B-3.1.13.1 Requirements Traceability Matrix, second paragragh after Table 12: Requirements Traceability Matrix Columns.

This paragraph currently reads as follows:

> In cases where a function described in the RFP is not “carried” forward, the bidder will note this by providing a written explanation in the comments column (14) for that function. Further, if there are any new functions that have evolved during the requirements analysis, the bidder will add them as appropriate entries at the end of the matrix.

It is changed to read as follows:

> The successful bidder will be required to revise, update, and complete the RTM once the project begins. In cases where a function described in the RFP is not "carried" forward, the bidder will note this by providing a written explanation in the comments column (14) for that function. Further, if there are any new functions that have evolved during the requirements analysis, the bidder will add them as appropriate entries at the end of the matrix.

3. Requirements Traceability Matrix (RTM) is being release with this addendum. It is a separate Microsoft Excel workbook and is contained in the LOB RFP zip file and in the Addendum zip file. It is a restatement of the RFP requirements in matrix format. See section B-3.1.13.1 for more information.

4. PDF Table Headings: The RFP in PDF format released on 7/12/2005 had some table heading formatted so that their heading titles were difficult to read and copy. This has been fixed in the 7/27/2005 version by changing the shading and text color.

5. Footer for the first page of Section B-1.1.26 (page 113) had incorrect footer information. Disregard footer.

6. Section B-1.3.1.2.3 Loading of Imaging Backfile, Day-Forward Imaging first paragraph.

This paragraph currently reads as follows:

> Great care must be taken in the handling of incoming member correspondence during and subsequent to the implementation of the Electronic File Cabinet. VRS will have been using the backfile bidder-supplied interim imaging/scanning system to scan and index all "new" member-related documents received or created after backfile conversion starts. They will be somewhat familiar with the concepts of scanning and indexing, but only as the techniques exist in the interim system. VRS personnel will have to be parallel-trained on the LOB imaging system, and as soon as the images are ported to that system, they will have to start using the new, unfamiliar scanning and indexing tools to manage their day-forward documents.

It is changed to read as follows:

> Great care must be taken in the handling of incoming member correspondence during and subsequent to the implementation of the Electronic File Cabinet. VRS will have been using the backfile bidder-supplied interim imaging/scanning system to scan and index all "new" member-related documents received or created after backfile conversion starts. VRS will be somewhat familiar with the concepts of scanning and indexing, but only as the techniques exist in the interim system. The scanning software used in the interim system is Kofax Ascent Capture 6.1 and the scanner is a Kodak i40. VRS personnel will have to be parallel-trained on the LOB imaging system, and as soon as the images are ported to that system, they will have to start using the new, unfamiliar scanning and indexing tools to manage their day-forward documents.

7. Replace the entire Appendix E-5 Image Index Structure with the following pages:

E-5 IMAGE INDEX STRUCTURE

As indicated in the body of the RFP, the table below lists the indicies to be assigned to each of the documents in the image archive.

Table 22. Document Indices for the LOB Imaging Solution

INDEX	SIZE
Unique Member ID [1]	*11*
Member SSN [1]	*9*
Member Last Name [1]	*25*
Member First Name [1]	*25*
Member DOB [1]	*8*
Plan Name [1]	*15*
Sub Folder [7]	*50*
Document Name [7]	*100*
Form Number [7]	*10*
Virtual Staple [2]	*10*
Business Date [5]	*8*
Scanned Date/Time [3]	*16*
Scan Batch ID	*10*
Scanner Operator ID [4]	*30*
Indexer Operator ID [4]	*30*
Film Roll [5]	*10*
Film Frame [5]	*10*
TOTAL	***377 characters***

INDEX	SIZE

Notes:

1 *Using index validation, assignment of one value, typically SSN, will auto-populate other fields*

2 *Index value to be left blank.*

3 *Expected to be generated by scanning sub-system, not manually input. It shall be in the form YYYYMMDDHHMMSSdd where:*
YYYY = year
MM = month
DD = day
HH= hour (24-hour clock)
MM = minute
SS second
dd = hundredths of second

4 *Index shall be auto-assigned by system.*

5 *Initially assign as zero – must link electronic image to human-readable image by state statute – must be updated after film is made by delivered system*

6 *Index shall be in the form YYYYMMDD where:*
YYYY = year
MM = month
DD = day

7 *The drop-down list of permissible document names is limited by selection of sub-folder and that form number is auto-populated by selection of document name.*

In Section B-1.3.1.2.3 we specified that the successful vendor is responsible for the creation of a utility to import the indices and images created during the backfile creation process and the subsequent day-forward scanning operations into the imaging archive of the LOB solution.

The Backfile vendor provides the images and their associated indices to VRS on a CD. The images are in single-page TIF format. The indices are contained in a single, pipe-delimited file, one index line per image file. With respect to the requirement that the required import utility provide the ability to construct multi-page documents from multiple, single-page TIFs, note that indices 6-8 of the Index.txt file can be used to guide the construction of the required multi-page files. The contents of the file are as presented in the table below:

Table 22.1 - Contents of Index.txt File Delivered on CD

NUMBER	INDEX FIELD NAME	INDEX DEFINITION	FORMAT
0	*Box Number*	*Box number for storage*	*String*
1	*Batch Number*	*Scanning batch*	*String*
2	*Scan Operator ID*		*String*
3	*Scan Date/Time*	*Date/Time stamp of scan*	*Date*
4	*Scan Page Count*		*Integer*
5	*MemberFile Count*		*Integer*
6	*Image File Name*	*Image object name*	*String*
7	*Page Number*	*Sequential page number for each document type of a sub-folder*	*Integer*
8	*Link Unique ID*	*Unique identifier for object for batch and page identification*	*String*
9-15	*FNIS Conversion-Related*		

NUMBER	INDEX FIELD NAME	INDEX DEFINITION	FORMAT
16	Active Member ID	Active member ID	String
17	Member SSN	Member social security number	String
18	Member Last Name	Member last name	String
19	Member First Name	Member first name	String
20	Member DOB	Member date of birth	String
21	Plan Name	Name of plan to which member belongs	String
22	Plan Folder	Name of plan folder (Active, Retired, etc.) to which member belongs	String
23	Status	0 for backfile-converted, 1 for day-forward generated	String
24	Retired Member ID	Retiree ID (if assigned)	String
25	DOL Status		String
26	Sub-Folder Type	Sub-folder as defined by VRS list of approved sub-folder names	String
27	Document Name	Document name as a subset of sub-folder	String
28	Form Number	Form number as assigned to select Document Names	String
29	FNIS Status		String
30	Rescan Reason		String

Because of the nature of the backfile conversion and the interim imaging solution, the index structure in the SQL database of the interim solution, Docs-on-Line (DOL), as shown below, is not an exact match with the structure specified above for the final solution. Nonetheless, those indicies not found in the index.txt file described above, e.g., Microfilm Roll Number and Frame Number, can be extracted from the DOL index database. In addition, we point out that VRS may have modified various index values (e.g., assigned a virtual staple or corrected a Document Name) during their use of the images between the time of their scanning and the import into the LOB archive.

Table 22.2 - Contents of DOL SQL-Server Index Database

NUMBER	INDEX FIELD NAME	INDEX DEFINITION	TYPE	SIZE
1	Object ID	Unique numeric identifier	VarChar	50
2	Object Class		VarChar	25
3	ObjectName	Image object name	VarChar	100
4	System Date		DateTime	
5	Object Full Path	Image object path	VarChar	255
6	DOL Notes		VarChar	5000
7	File Size	Size of image	Integer	
8	Online		Bit	
9	DocType		VarChar	50
10	Check In		DateTime	
11	Link Unique ID	Unique identifier for object for batch and page identification	VarChar	50

NUMBER	INDEX FIELD NAME	INDEX DEFINITION	TYPE	SIZE
12	Box Number	Box number for storage	VarChar	10
13	Batch Number		VarChar	10
14	Scan Operator ID		VarChar	30
15	Scan DateTime	Date Time of scan	DateTime	
16	Scan Page Count	Number of pages scanned for object	Integer	String
17	Member File Count		Integer	
18	QA Operator ID		VarChar	30
19	Export Date Time		DateTime	
20	Net Number of Pages		Integer	
21	Gross Number of Pages		Integer	
22	Number Barcodes Read		Integer	
23	OMR Reads		Integer	
24	Keystroke Count		Integer	
25	Active ID	Active member ID	VarChar	11
26	Retired ID	Retiree ID (if assigned)	VarChar	11
27	FNIS Conversion-Related			
28	SSN	Social security number	VarChar	9
29	Last Name	Last name of member	VarChar	25
30	First Name	Member first name	VarChar	25
31	DOB	Member date of birth	VarChar	8
32	Plan Name	Valid Plan Type (State, Municipal, Teachers, per table from VRS)	VarChar	15
33	Plan Folder	Valid Folder Type (per VRS List - Retired, Active)	VarChar	15
34	Status	O for backfile-converted, 1 for day-forward	VarChar	10
35	Sub Folder Type	Sub Folder as defined by VRS list	VarChar	50
36	Document Name	Specific document name tied to sub-folder type	VarChar	100
37	Form Number	Form number for specific document types	VarCHar	10
38	FNIS Status		Char	1
39	DOL Status		VarCHar	15
40	DOL Status Updated		DateTime	
41	Roll	Microfilm roll number	VarChar	10
42	Frame	Microfilm frame number	VarChar	10
43	Page Number	Sequential page number ID for each document type for a sub folder	Integer	
44	Rescan Reason		VarChar	25
45	Virtual Staple		VarChar	10

F-2 ADDENDUM OF 8/19/2005

No changes have been made to the contents of this RFP as it was initially released on 7/12/2005 except for the addition of the 7/27/2005 and 8/19/2005 addenda. The following should be considered part of the RFP and are to be incorporated into your response.

The following are the preliminary answers to the questions received by the August 3, 2005 2:00 PM deadline. These answers are not binding. Final publication of answers of these questions as well as those from the August 22, 2005 bidders' conference will be posted on August 29.

1. Number of source databases?

Answer: See Table 7 and Appendix E-10 of the RFP.

2. Approximate number of records in each source database?

Answer: See Table 7 and Appendix E-10 of the RFP.

3. Approximate number of tables in each source database?

Answer: See Table 7 and Appendix E-10 of the RFP.

4. Approximate number of fields per table?

Answer: See Table 7 and Appendix E-10 of the RFP.

5. Approximate size of each source database (e.g., MB/GB/TB)?

Answer: See Table 7 and Appendix E-10 of the RFP.

6. An entity relationship diagram (ERD) of each source?

Answer: No ERDs are available.

7. Source database type and version (e.g., Oracle 9i, etc.)?

Answer: Source database types are mainframe files, either VSAM, sequential or tape. Some secondary databases are in Microsoft Access, mainframe Focus and Focus for Windows. Refer to Table 6 in the RFP for additional information.

8. The RFP says no data can be removed for analysis or processing. However, would the state allow us to set up our own hardware on site and then remote access into it, for the analysis and processing. There would be significant cost savings to the state if we don't have to be on-site to handle the data conversion.

Answer: As the bidder can surely appreciate, VRS's overriding concern here is with controlling dissemination of sensitive member data (e.g., names, Social Security numbers, etc.). While we anticipate requiring the bidder to sign a confidentiality agreement and an acknowledgment of the sensitivity of this personal information, doing so does not actually secure that data but simply makes the bidder more

sensitive to the issue. This applies whether the data is burned to a CD and sent to the bidder for analysis, or retrieved remotely via some sort of gateway into our system. We would welcome suggestions of how, for the purposes of data analysis and conversion, the bidder might separate the name, SSN, date of birth and other limited personal data (to be cooperatively agreed to by VRS and winning bidder) from transactions information at VRS. An associative value could be recorded at VRS with the member name, SSN and DOB while the transactions information is sent to the bidder for analysis. The bidder could create its own table containing "contrived" data for each of the retracted values. On the final conversion, the associative value could be used to repopulate the actual name, SSN, DOB, etc. This is an example of one set of steps that might work. We welcome other suggestions that satisfy the bidder's analysis and conversion requirements while genuinely protecting the sensitive information VRS maintains.

9. In the VRS RFP in section A-2.3 Single Source of Support are mentioned requirements about multiple or alternate proposals. Is it acceptable for two different prime contractors to propose the same Commercially Off the Shelf Software Package?

Answer: Our preference is to not be put in a position where we are required to evaluate both Vendor X's proposal that includes COTS package ABC and Vendor Y's proposal that includes COTS package ABC. We would like to evaluate only the single best proposal using COTS package ABC.

10. As it pertains to the VRS RFP, what is the annual operating budget for the State of Vermont Office of the State Treasurer?

Answer: This RFP was developed through joint planning by the Office of the State Treasurer and the State's Department of Information and Innovation. The project as a whole has been incorporated in the State's five-year information technology plan and has been reviewed by the Retirement Boards, the Secretary of Administration, and the Legislature. Sufficient funding has been appropriated or is expected to be appropriated in future years based on commitments by the various bodies. There is no established final budget for this project at this time. Appropriations are ongoing and future budget authorizations will incorporate funding for the services requested and subsequently proposed and negotiated on the basis of this RFP.

11. What is your anticipated budget for this project? Has it been approved?

Answer: Please refer to question 10 above.

12. You have described a wholesale replacement of your business systems with an integrated collection of COTS products. What led you to this approach over a custom solution tailored to your specific business processes?

Answer: While each retirement system has some set of operating characteristics that are genuinely unique to it, our assessment is that most processes are comparable from fund to fund and that there is a sufficient number of mature, developed and installed solutions available from established vendors. In light of this, we perceive the risks involved in a "ground up" development effort to hold more risk than VRS is willing to bear.

13. How flexible is VRS in terms of organizational change? How does VRS plan to adapt current business processes to meet those imposed by a product-based solution?

Answer: We anticipate that some customization of an existing solution will be necessary. We understand that for some processes VRS may need to change the method it uses to complete a particular business function, provided the underlying requirements are satisfied. We look to the vendor to work with us to

identify those requirements that are satisfied by the proposed solution, albeit in a manner possibly different from current practice or with a different organizational staffing model – within the constraints of current staff size.

14. Please describe VRS's experience with Business Process Management platforms to optimize (orchestrate) total business integration, as contrasted with automated "electronic paper" workflow and more antiquated BPR. What factors would steer you towards or away from a BPM-based solution?

Answer: The vendor should clearly demonstrate in its proposal its ability to meet our requirements as stated in the RFP. VRS has no experience with business process management platforms but wants non-intrusive, automated work management. Note that VRS's staff size is 12 – not hundreds of staff.

15. You mention that you require the solution to be engineered to meet or exceed all functional and performance requirements for 10 years after the end of the warranty period. Please describe your criteria for measuring and certifying this.

Answer: Please refer to question 129 below.

16. Did any outside firm assist with the preparation of this RFP? Would you please identify which firm and indicate your ranking of their performance? Is this firm eligible to bid on this procurement in whole or part?

Answer: VRS engaged L.R. Wechsler, Ltd. to assist with the RFP development effort. L.R. Wechsler, Ltd. is not eligible to submit a proposal for this RFP.

17. Did any outside firm assist with the preparation of the current business process detail? Would you please identify which firm and indicate your ranking of their performance. Is this firm eligible to bid on this procurement in whole or part?

Answer: The material provided in the RFP was developed with the assistance of two consulting firms; Maximus, Inc. through an earlier project in 2004 and by L. R. Wechsler, Ltd. for the RFP development. Both received direction and input from VRS staff and management. We believe the material provided in the RFP satisfactorily represents the current business process. L. R. Wechsler, Ltd., having been involved in the development the RFP, is not eligible to submit a proposal for the RFP. Maximus, Inc., assisting with the work earlier in 2004, may submit a proposal.

18. You have Citrix in your current environment. Will Citrix need to be preserved in the future solution, for security or other reasons?

Answer: Citrix is not part of the current retirement system. VRS only uses a Citrix client (not a server) to connect to an external application - the State's accounting system (VISION, PeopleSoft Financials 7.5). A VISION upgrade to make it Web-based will soon eliminate the need for the Citrix client.

19. You say that the system will meet performance requirements set forth in Section B-2.8.1 of the RFP, related to on-line response time and batch processing time, until 5 years after the end of the warranty period of the last module to go into production. What formal measurement processes are in place to certify this on an on-going basis? What opportunities will the awarded bidder have within this 5 year period to pro-actively tune performance within the stated parameters?

Answer: Please refer to question 129 below.

20. What are VRS's preferences regarding technological architectures? Open-source is mentioned in the RFP as an option. .NET frameworks are popular now, as are Java frameworks. Please rank order of preference, if any. VRS.

Answer: At this time the State does not have a ranking. The State wishes to consider both options. Please provide separate estimates for each approach, if possible.

21. VRS may request a live demo or product demonstration (A-1.4). Will VRS require this demo to be a working prototype of the proposed, integrated solution? Or, will the demonstration be of individual products?

Answer: We envision the demonstration to be of a product beyond the prototype stage – a product currently installed and operational at a number of public pension fund sites. We are looking for a demonstration of an integrated solution and not separate, discrete products.

22. It appears that VRS expects that vendors will respond with a fixed price which accommodates all "to be" needs of VRS for the foreseeable future. How does VRS plan to adjust for changes to business needs between the time of contract award and the time of implementation?

Answer: We feel we have been thorough in capturing the business requirements. Changes in business requirements occurring after contract award will be discussed with the winning bidder and may, if necessary be handled by appropriate change orders. See the change methodology discussion in B-3.1.13.6 and B.3.1.13.7.

23. What schedule timelines has VRS established with respect to an over-all date for "go live" production with all components?

Answer: Please refer to question 102 below.

24. What budgetary timelines, or funding cycles, must be considered as constraints in planning this project?

Answer: Please refer to question 10 above.

25. It appears that VRS has made great efforts to describe their desired "to be" state of pension administration. While we applaud this level of detail, we are concerned that VRS will be unhappy with the outcome of this project because you have not taken into account the likely need for changes to both pension administration customizations and the underlying business processes. Our experience is that your fundamental business will change as new regulatory & compliance issues arise, members demand new and different services, etc. What budgetary provision has been made to accommodate the need for business process change management? What schedule provision?

Answer: We cannot predict what changes will be required in the future to accommodate situations such as those described. Understanding this, we have requested that bidders provide pricing for out-year support that would accommodate such changes. Further, we would expect a robust, proven solution to reflect trends in the public pension retirement community – and as such to incorporate such trends. Please refer to question 22 above.

26. How much historical information does VRS have in the current system? Are there other sources to get service information that VRS is going to want to convert and merge into the new system?

Answer: The VRS legacy system maintains service accumulations by plan for each DB member. History exists as June 30 snapshots of each active database, going back to 1976. Any service history before fiscal 1976 (the inception of the legacy system) is recorded in the field 'Prior Service.' Employer reports at the report period level are not kept as history, except for the State system, with detail back to July 1996. A history file stores the final record from the active database for all active members who have withdrawn or retired. History of deceased retiree records has not been kept. VRS has most of its historical data in electronic form in the source databases and ancillary subsystems. Annual history detail prior to 1976 has been manually entered into the history file for state employee (VSERS) members between 1948 and 1976. Teacher history detail prior to 1976 has not been restored. The Municipal (VMERS) system was established in fiscal 1976.

27. How many different plan sponsors does VRS have, and what is the breakdown between electronic interfaces versus hard copy reports in terms of how data are received? How clean are the data files, and how many exceptions are typically generated today?

Answer 27a: VRS interprets plan sponsors to mean employers. Please reference Appendix E-8, Employer Reporting Information. For Municipal DB (Web reporting system just deployed), Web reporting will be 95%, paper reporting 5%. For Municipal DC, Web reporting is 75%, paper 25%. For Teachers DB, Web reporting is 100%.

Answer 28b: Web data, having been edited and balanced by the Web entry system, has been very clean. Less than 5% of the reports contain exceptions. Also, refer to our response to questions 80 and 86 and the RFP appendices for employer reporting information and volume.

28. How does VRS compute service? Is it based on a time elapsed model, units worked, the existence of contribution and/or pensionable salary records, or something else? Of particular interest is the case of teachers, who have non-standard employment schedules.

Answer: State System - Service is computed and based on weekly employment for one fiscal year (July 1st through June 30th), which equals one year of service credit. Municipal System – Service is computed and based on fulltime employment (24 or 30 hours per week) for one fiscal year, which equals one year of service credit. Teacher System – Service is computed and based on 175 days of fulltime employment in one school year, which equals one year of service credit.

29. Please describe any incentive programs being offered that allow people to purchase service credit. (Such programs may create the need to fill in all historical service gaps).

Answer: See section B-1.1.7 Purchase of Service.

30. Will all questions posed as of the August 3 submittal deadline be issued and posted as an addendum before the Bidders' Conference on August 22?

Answer: Preliminary answers to bidders' questions will be provided at the mandatory bidders' conference on August 22 and as addendum prior to the conference.

31. During the VRS facility walk through on August 22, will bidders be allowed to ask questions directly to VRS functional staff?

Answer: No. They must be asked at the bidders' conference where VRS staff will be present and prepared to answer such queries in a controlled environment.

32. Would VRS please clarify what they would consider of greater importance: the cost of the project implementation versus the services integration (and performance) of the project implementation?

Answer: We consider both the cost of the solution and the effective, efficient and professional manner in which the solution is implemented to be equally important to the successful completion of the project. We will not select a low-priced bid from a vendor who has a questionable implementation track record.

33. What will be the involvement of LR Wechsler, Ltd. over the term of the LOB Pension Solution project?

Answer: Under the direction of the VRS project manager, LR Wechsler, Ltd. will assist in the oversight project management and quality assurance responsibilities for the project.

34. In Section B 2.5.2, p. 203 of VRS RFP, there is reference to VRS obtaining a certain percentage cost of ongoing licensing and services, and obtaining ownership of source code.

    a) Could VRS further expand what is meant by the 20% of software licensing and 25% of services costs respectively? It is somewhat confusing on how a bidder would arrive at pricing for these requirements.

    Answer: VRS wants the bidder to <u>agree</u> that the bidder will charge no more than 20% of software licensing or 25% of services costs respectively of the cost that the bidder charges any client at that period. No specific cost is expected.

    b) Does this ownership of source code apply to third-party customizations of packaged software as well?

    Answer: Yes.

35. Section A-3.2 -- Page 28– Number 36 mentions that the LOB Source code must be delivered to VRS. Section B-2.6.1 indicated that all source code is to be escrowed. Is VRS expecting a source code license or a license that escrows the source code?

Answer: VRS expects a source code license and the source code for the LOB application to be delivered. In any case all software is to be escrowed in case the authoring firm is to go out of business.

36. Section A- 4.2.1.2 (B-1.1.10) – It appears upon reading this portion of the RFP that the check printing is performed on a separate machine using separate/different software and non-networked printers. Can VRS provide a brief description as to how they view the check printing processes to be performed with the new solution (i.e. recurring checks, one-time checks, etc.). For example, will VISIONS continue to be used to print checks as described in RFP Section B-1.1.10.2?

Answer: VRS expects that all check production – both one time checks and recurring checks – to be completed by functionality available in the installed solution and not through VISION.

37. Section A-4.2.1.13 – Tax Reporting Software – Does VRS plan to continue using this software? If the proposed new solution accommodates the IRS reporting and printing needs of VRS, will VRS discontinue the use of this product?

Answer: VRS expects that 1099 production, modifications, reprints, filing, and other 1099-related functionality will be conducted through the proposed solution. VRS intends to discontinue use of the

previously used software once similar functionality has been demonstrated to work in the proposed solution and VRS has established the solution as the production system.

38. Section A-4.2.2 – PeopleSoft applications -- What are VRS' plans with reference to the PeopleSoft application? i.e. - Future versions, moving to Oracle, etc.

Answer: The PeopleSoft applications described in the RFP are managed by other departments in state government and are outside of VRS jurisdiction.

39. Section B-1.2.4 – Health, Dental and Life – Requirement number 5 – Can VRS expand on its opinion as to which portion of HIPAA the new solution would need to comply? For example, is VRS exchanging any information with any entities that would require HIPAA compliance?

Answer: Medical records are the only information exchanged by VRS that could be subject to HIPAA compliance if exchanged electronically. It is not VRS's intention to transmit medical records electronically in the new solution.

40. Section B-1.2.12 Imaging and Workflow, Page 153 - Will Web-submitted forms need to be converted to TIFF image format and indexed into the imaging system as documents.

Answer: Yes.

41. Section B-1.3.1.1.3 Automated Capture of Outgoing Correspondence, Page 180 - Should non-scanned documents that are added to the imaging system be stored in their original format (doc, xls, etc.) or be converted to a TIFF format for long term storage?

Answer: VRS expects that captured correspondence will be converted to TIFF format.

42. Section B-1.3.1.1.3 Automated Capture of Outgoing Correspondence, Page 180 - If any non-scanned documents are stored in their native format, do you wish to allow users to check out the document, modify, and check-in a revision of the original?

Answer: No, the document should be maintained in the system as a TIFF image. No modification should be allowed.

43. Section B-1.3.1.1.4 Fax Server, Page 180 - How many fax pages are expected to be sent and received on a daily basis?

Answer: Up to 50 pages sent and received.

44. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 181 – Can you provide an estimate of the number of page viewings that will be made each day?

Answer: We estimate this at 2,500 to 5,000.

45. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 182 – Is it a requirement that the documents be stored in the repository as single-page TIFF files or would the storage of multi-page TIFF files be acceptable?

Answer: We refer you back to our discussion of this topic on page 182 of the RFP – "VRS prefers that this be done through the use of multi-page TIFF files but is open to alternatives."

46. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 182 – Would it be acceptable to continue with the current vendor for microfilm production?

Answer: We have not made any predetermination as to the future vendor for microfilm production.

47. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 183 - How many pages of COLD/ERM will be backfile stored into the imaging system?

Answer: Possibly none. We are anticipating that volumes will allow us to store images in individual member's "folders." However, we are open to alternatives.

48. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 183 - How many pages of COLD/ERM will be applied daily, weekly or monthly?

Answer: See response to number 47.

49. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 183 - Will the COLD/ERM documents stored need to be retrieved via the LOB application?

Answer: If COLD/ERM is used, the documents must be viewed through a single query and single viewer as required by the RFP.

50. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 183 – Can you provide information regarding the sources that will generate the print output for COLD/ERM input?

Answer: VRS understands that in engineering the new LOB solution, some documents that are now filed (imaged) may be stored in LOB databases instead. Examples of bulk documents that are currently filed/imaged are: certificates of membership, annual statements, COLA and health insurance increase notices (all LOB generated), 1099R forms (generated in-house by 1099 Pro), annual benefit projection statements (data files provided by actuary), and bulk ad-hoc letters (from in-house Access or Excel/Word mail merges). VRS has no particular strategy for document archiving, and will rely on bidder to propose one. We point out that it will be the vendor solution that generates the print stream.

51. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 186 - The image export capabilities requires an export into a variety of formats. Are you looking to export a document in its native format, or convert native formats into new formats such as PDF, JPG, etc.?

Answer: The latter-- convert into new formats. .

52. Section B-2.6.2 LOB Application, Page 208 - For browser compatibility, will VRS accept Firefox compatibility in place of Netscape?

Answer: VRS acknowledges that Firefox has become a more popular browser than Netscape. Therefore, the requirement is changed to provide compatibility with Netscape, Internet Explorer, and Firefox.

53. Section B-2.5.6 Imaging System, Page 205 – The RFP states, "LAN: An Ethernet 100/1000-base Category 5e Cabling network, 3Com backbone". Is it VRS' intent that the bidder include pricing to install the cabling and, if so, can VRS provide additional physical details, such as room sizes, office layout and so forth to help bidders estimate the work effort?

Answer: Vendor is not responsible for cabling.

54. Section B -3.1.3 Training - The RFP states that "providing training facilities as necessary" – Does this mean the VRS offices are not a consideration for training sites? Should these facilities be considered for all training to be provided to VRS or particular training? If it is particular training, please provide more specifics such as which training and the number of potential attendees.

Answer: It is VRS's intent to provide facilities for LOB training of up to a maximum of 8 concurrent users, but VRS needs to explore what options are available. For technical training, it is entirely possible that training will need to be conducted at a site other than the one in Montpelier, and we would expect the vendor to coordinate this.

55. Section B – 3.1.3 Last paragraph - The RFP states: "During the course of the project, the bidder will be expected to deliver and support all products and services described in the RFP – not just those steps described in its standard system development and deployment process." Can VRS further clarify this statement?

Answer: The breadth of products and services specified under the RFP may be wider than those typically provided under implementations the bidder may previously have completed. The winning bidder will be contractually obligated to provide all services and products specified in the RFP regardless of whether they are services or products the bidder previously provided or "typically" provides. Said another way, although VRS respects the vendors' development and implementation methodology, in a number of areas we may be asking for more or different solutions; thus, we are cautioning vendors as to their responsibility in this regard.

56. Section B – 3.1.13.2 Statements of Work - Please confirm that it is feasible to have approximately 60 SOWs based upon the statement that there will be no more than 10 SOWs addressing activities within a phase assuming there are 6 phases.

Answer: The statement should not be read as requiring 10 SOWs per phase. Clearly, 60 SOWs for a project the duration expected of this one would be excessive. A number closer to 10-15 would seem more reasonable from a project management standpoint.

57. Section B – 3.1.13.7 Vendor Analysis Tasks, last paragraph - Please provide examples of what VRS determines a "major" new requirement to be.

Answer: Examples of "major" new requirements would include the following:

- developing a capability to report wage and contribution data via voice recognition or AVR;
- adding health insurance claims tracking and processing to the LOB;
- developing flow-through processing (e.g., application for and disbursement) of refunds against defined contribution accounts.

58. Section B – 3.4.1 Data Conversion and Bridging, 2nd paragraph - The RFP states that the bidder will not be permitted to "take or transmit any real data off-site for testing, cleansing, or any other processing." Does this mean the data cannot be transmitted to the bidder's office? Please clarify exactly what this means.

Answer: Please refer to question 8 above.

59. Section B – 3.4.2 Integration of Employer Wage and Contribution Data, last paragraph - The RFP states the solution must consist of "employer training". Section B- 3.5.3 Employer Education, Training and Support states that 'VRS will be responsible for the education and training of the employers.' Is it expected that the bidder will provide all employer training? If yes, is it expected that the employers will be trained at one location or is the bidder expected to travel to various locations throughout the state? For budgeting purposes, how many locations would a bidder be expected to travel? Will the bidder or VRS be expected to make all logistical arrangements with the "off-site" location for technical setup? It appears there could be 700-800 employers. Is a hard copy manual required for each employer and is this to be at bidder's expense? Or, is the bidder to provide 'train the trainer' type training to VRS?

Answer: VRS will provide the training to employers on the Wage and Contribution reporting process following training provided to VRS by the vendor. VRS will duplicate all required material or make it available via the Web.

60. Section B – 3.5.2 Technical Staff Training, 2nd paragraph - For budgeting purposes, in the event technical training must occur off-site, what is the number of VRS technical staff to be trained?

Answer: Two to four.

61. Section B – 3.6.1 Unit and Internal Testing, 2nd paragraph - The RFP states that "the bidder testing team is to be 100% independent of the development team." Please define what VRS' interpretation of the "development" team is. In addition, the RFP states that the "independent bidder testing team must be present and available to support the VRS test team during both UAT and LCT. " Is the expectation that the independent test team be on-site in Montpelier during UAT and LCT?

Answer: "Development team" refers to personnel responsible for designing and coding the functionality. All or a portion of the independent test team should be present to support the testing process.

62. Section B-3.8 Hot Site Backup, Page 127 - Is the hot site required to have a fully functional imaging and workflow system with current document images and workflow processes?

Answer: Yes.

63. Section B-4.5 Option 5 – Member Services, Page 295 - This section specifies forms in MS Word or Adobe Acrobat format with barcode for user download. This section continues to describe a requirement where the form is "…completed on the Web, will initiate an e-mail or hardcopy correspondence…". This implies electronic submission of the data on a form. Section B-1.3.1.1.10 (page 182) states "…we require the solution to support the eventual capture and processing of electronics forms..." At this time, are you requiring an ability to "complete on the Web" or simply assurance that an electronic forms capability can be added in the future? If forms will be completed on the Web, are all forms to be completed on the Web listed in Section B-4.5?

Answer: If VRS chooses to exercise Option 5, capturing and processing of e-forms would be part of the solution. If VRS does not choose to exercise Option 5, then assurance that the LOB supports the eventual use of e-forms would be required. The RFP states that the forms list includes, but is not limited to the forms identified.

64. RFP Page 302 – Third bullet from the bottom. Could VRS please clarify this position? Our Company, along with offering Pension System Solutions, is also a reseller of imaging and

workflow software and in some cases may also resell hardware and commodity software. How, if at all, does this arrangement effect this affirmation requirement?

Answer: This speaks to relationships between more than one company. This does not preclude a vendor with a wide array of services and products from bidding on this RFP, provided that vendor is not receiving additional soft or hard dollar compensation from another hardware or software vendor for selling that vendor's products to Vermont under the LOB contract.

65. With respect to the pension payroll system, would the VRS be willing to use an outsourced, proprietary system in lieu of an in-sourced solution?

Answer: No.

66. Who is the current actuary?

Answer: Buck Consulting: An ACS Company.

67. Has the VRS explored administrative solutions in the past? If so, what were some of the key issues that presented difficulty?

Answer: We believe the Business Functional Requirements section adequately conveys the requirements of the new system.

68. Would we be able to interview members of the retirement staff to hear each member's perspective about the new administration system and understand the State's needs?

Answer: It is expected that some subset of staff will be involved in the requirements definition and confirmation process that the successful bidder is required to complete.

69. How many VRS staff will be 100% dedicated to the project, and how many more will be part time dedicated? Please list each VRS project team member by their position or title, and the time they will be dedicated to the project.

Answer: VRS has estimated that the VRS project manager will be 100%, the Deputy Director of Retirement will be 40%, and the Director of Information Technology will be 50% dedicated to the project. Members of the Retirement Division staff will be made available during the requirements definition and the user acceptance test. The bidder has been requested to identify its expectation of VRS enrollment in the project as described in Section B-3.3.

70. Several objectives are listed on page 20 of the RFP. Please clarify, or expand upon, the following objectives:

- "improved service levels to members"
- "improved system workflow"
- "increased work efficiency"

Answer: Please refer to question 67 above.

71. In the final paragraph on page 29 of the RFP, is the reference to active and retired members in regards to defined benefit plan participants only?

Answer: Yes. Ongoing administrative services (e.g., once participant is enrolled) are limited to processing bi-weekly and quarterly payroll reports associated with the defined contribution plan.

72. Is there a standard set of procedures for determining QDRO calculations? Does the State wish to automate all QDRO calculations (in addition to the enhancements to QDRO tracking)?

Answer: No. Calculations are based on member data and characteristics first; then the QDRO terms are applied.

73. On page 257 of the RFP it states that the bidder will not be permitted to take or transmit any real data off-site. Would the VRS consider providing the data files with "mocked up" SSN's or other personal data?

Answer: Please refer to question 8 above.

74. How are records for vested terminated participants maintained?

Answer: In the same manner as active members.

75. How many transfers are there? Is the data available to support the automation of the transfer process?

Answer: There are approximately 200 transfers per year. Not all of the data is currently available in our system to process the transfer. Some manual review of document images is required.

76. How would the new system be expected to communicate with those third-party administrators of the 403(a) and 457 DC plans, which cover only a few members?

Answer: Please see Section B-1.2.24 of the RFP for requirements related to the DC plans. Currently there are no requirements for the new system to "communicate" with the 457 plan other than the ability to track which members are enrolled in the 457 plan. VRS also uses its Web site to transmit biweekly report files via SSL. However, VRS is open to suggestions for expanded communication with the third party administrator's system, if the vendor solution has built-in capability.

77. How does the State research deaths of retirees?

Answer: VRS conducts social security death audits by a third party on a quarterly basis. This is our primary resource. In addition, VRS staff conducts routine obituary research using local publications.

78. For areas/items that require a modification to our current platform, would members of VRS be available to provide input to help "customize" our solution to meet their needs?

Answer: Please refer to question 68 above.

79. Do you have any existing technology investment (hardware, software, platforms, resources and skill sets) that we should take into account while proposing the technical architecture?

Answer: Please refer to Section A-4.2 Legacy Technical Environment for a list of the existing hardware.

80. Are there any limitations in the historical member data (e.g., missing data, "keypunching" requirements, etc.)? If so, what is the VRS staff's preferred method for loading this data onto the new system?

Answer: We believe the quality and depth of data maintained at VRS is comparable to that found at most public pension funds. The data has been used successfully, with some manual intervention, to produce member statements, determine eligibility, and calculate estimates and benefits. The successful bidder will be responsible for determining, with cooperation and input from VRS staff, what challenges the data poses for conversion. Also, please refer to question 26 above.

81. What level of interaction is required between bidder and TPA of the Defined Contribution Plan(s)?

Answer: The level of communication (human to human) between the successful bidder and the TPA will be managed through VRS.

82. Will the TPA be available to discuss process and administrative procedures currently in place?

Answer: Please refer to question 81 above.

83. Could you clarify the role of the bidder in the Defined Contribution process? Is the bidder expected to monitor the TPA activities to ensure compliance?

Answer: Refer to “as is” and “to be” requirements. The answer to the second question is “no.”

84. Are there any functions that the TPA is currently providing that will become the responsibility of the bidder?

Answer: No.

85. Who currently provides the various Defined Contribution Plan notifications/election forms to participants?

Answer: Initial election and enrollments and payroll processing are processed by VRS. Subsequent participant service (e.g., withdrawals, statements, etc.) is conducted or provided by the TPA.

86. What are the expectations regarding the correcting of data from the legacy systems?

Answer: VRS expects the vendor to develop a thorough data conversion plan including contingencies for verifying data during the conversion process. Data cleansing is an option and is described in section B-4.1 Option 1.

87. Are there large amounts of missing data in the legacy systems?

Answer: Please refer to question 80 above.

88. How accurate is the data that is contained in the legacy systems?

Answer: Please refer to question 80 above.

89. Will we have the assistance of VRS staff during the data cleansing stage for discovery questions?

Answer: Yes, we expect that the vendor will need to consult with VRS to better understand the data tables and values. Please refer to question 80 above. Vendors should provide their estimate of and the type of support they will need – based on their experience in similar projects

90. Can a letter of credit from an investment grade bank be substituted for the performance bond?

Answer: No.

91. Can the bond amount be staggered or graduated to match the fee structure of the cost proposal?

Answer: No.

92. Can the bond requirement be replaced with an escrow account where 80% of project fees are held until project completion?

Answer: No.

93. A-2.5, P23, B-2.5.1, p204, B-2.8.2, p217 Please clarify the apparent conflict between the different lengths of time mentioned.

Answer: Please refer to question 129 below.

94. B-2.1, p198 Please explain in detailed fashion what capacity is available on the State's modern IBM mainframe. Also, please explain in detail at what costs or rates this capacity is available for as well as any costs or rates for adding capacity if needed.

Answer: DII is running an IBM z800 0A1 mainframe which contains five PUs. This machine is currently configured with one PU online, on which we are running three LPARs. Two are running z/OS 1.4 and the other is running z/VM 4.4. Under z/VM we can run a virtually unlimited number of Virtual Machines. A Virtual Machine is capable of running an instance of an operating system, such as LINUX or CMS, in an environment that mimics a stand-alone hardware-supported machine. The overall processor is running on average at 50% capacity with short peaks reaching 90%. Currently, the VM LPAR has 1 GB of memory with additional memory of 2 that can be configured to that LPAR if required. With respect to "costs or rates for adding capacity," we cannot effectively provide this without knowing what needs to be expanded and by how much for the bidder's solution to operate within our performance expectations. We request the bidder indicate what expansion is required in their proposal.

95. B-2.1, p198 What version and revision levels does the State use currently for each of it's preferred options? (e.g., zVM/Linux, Websphere, etc.)

Answer: z/VM 4.4; z/OS 1.4; SuSE LINUX SLES 9 (Version 2.6 of the LINUX kernel), under z/VM; Websphere http 5.3.0, under z/OS with no application server.

96. B-2.1,p198 Please provide information on the current backup hardware devices and software, including the version numbers. Is there spare backup capacity that can be leveraged for the proposed solution? (ie., how much excess capacity exists? Is it possible to extend existing backup solution?)

Answer: DII uses EMC to EMC asynchronous mirroring of all DASD devices for all operating systems. DII has 1.5 terabytes total EMC capacity, with approximately 1/3 excess capacity. It is possible to extend this capacity by another terabyte.

97. B-3.6.8, p277 Is there a need by VRS to own or have use of performance testing tools beyond the two execution points mentioned in the RFP?

Answer: No.

98. B-3.4.2, p260, B-3.6.11, p279 Please clarify if the first two bullet points of B-3.6.11 are still requirements if the vendor has kept the current system as B- 3.4.2 has stated is a preferred option.

Answer: The first two bullets still apply. The vendor is required to provide training to VRS on the employer reporting system regardless of which approach is taken.

100. B-3.8, p279 What is the architecture, including OS version and release levels, and available capacity of the State's (DII's) existing hotsite?

Answer: IBM 9672 RB6 mainframe; OS/390 version 1.3 running in 31 bit mode; EMC DASD.

101. B-3.10.1, p285 Please explain what type of users and what activities they perform for the 10 Concurrent External Users identified for the Reporting Environment.

Answer: (page 283) External users may be employees of other departments. They may have read-only access to view data or run reports, or may perform functions such as data entry. External users may also be VRS employees operating remotely. In that case, they may perform most of the system's functions. External users may also be vendors performing diagnostic or other work on the system. There are no external users in the current LOB. The role of external users in the new LOB has not been precisely defined at this point.

102. General What are VRS' ballpark expectations for an estimated total project duration?

Answer: We anticipate the length of time from the kick-off meeting until the end of the 60-day acceptance period for the last project phase will span from 2½ to 3 years.

103. General What are the existing development, maintenance, and performance monitoring tools used by DII? Please include name of tool, version, and revision numbers.

Answer: Under LINUX, DII is running native performance and monitoring tools. Under z/VM, DII is running VMPRF, Real Time Manager, and Smart-key monitoring tools.

104. A-2.2, page 18, Interfaces. Does the VRS require that the LOB application interface to the current Employer Reporting System? If the LOB software has an employer reporting system module, is the VRS open to using that module?

Answer: Please refer to section B-3.4.2.

105. Section A-2.2, page 18, Can VRS provide a list of all systems/applications that the LOB must interface with? (A-4.2.2 does not provide).

Answer: We refer the bidder back to the RFP. We believe the range of interfaces has been adequately described.

106. A-3.2, page 22, Deliverables. The VRS requires over 40 deliverables and documentation which is a cost factor. Is the VRS open to vendors proposing alternate deliverables if the material can still be covered and the goal is still met?

Answer: VRS seeks a solution, which we would define as a package of products and services (i.e., software, hardware, training, procedures, documentation, etc.) that satisfies the requirements identified in the RFP. We consider all elements to be necessary and important.

107. A.3.2.15, page 24, VRS is requesting design specifications to be documented with use case methods and to include deployment diagrams and activity diagrams. Does the State consider this a mandatory requirement or would they accept design specifications documented with FAST methods?

Answer: Yes, please clearly and thoroughly describe your methodology in your proposal.

108. A.4.2.1, page 30, What version control software do you currently use?

Answer: Servers: HP Proliant Version Control in Smart Start. Clients: Microsoft WSUS Ver. 2.

109. B-1.2, page 122, Did the VRS provide a list for items 21 & 22 in the RFP? If so, can the VRS please indicate where?

Answer: Please see sections B-1.2.21 and B-1.2.22 in the RFP.

110. B-1.2, page 131, Did the VRS provide a separate page of notes in the RFP for item 1? If so, can the VRS please indicate where?

Answer: This was an oversight on our part. Please disregard the referenced note.

111. B-1.2, page 132, Can the VRS please define standardization as used in item 26?

Answer: An example would be any component in the Microsoft Office suite.

112. B-1.2, page 141, Can the VRS please clarify where in the RFP to locate 3.1.7 for the list referred to in item 28?

Answer: Please refer to section B-1.1.7.

113. B.1.3.1.1.10, page 182, Should the vendor include electronic forms as a feature of the proposed Imaging and Workflow solution, or should this capability be an option, or future capability only?

Answer: If reference is to Web, then refer to option or future capability and see section B-4.5 Option 5. If reference is to electronic documents in general being available to the imaging system, the answer is "yes."

114. B.1.3.1.1.10, page 186, Is the requirement for Microfilm Backup a requirement for the successful vendor to propose a process/solution for the film capture, indexing and quality assurance of all "new" electronic documents, or is there a currently acceptable process? Also, there is reference to "eventually" microfilming imaged documents. Is there an elapsed time frame for image to microfilm for this process to be completed?

Answer: The current process is part of the current interim imaging solution that is to be replaced by the new process/solution. . A one-month lag between imaging and microfilm backup will be acceptable.

115. B.2.1, page 196, You've indicated your preferences in open source products. In J2EE space do you require WebSphere as the J2EE application server or will you consider an open source alternative?

Answer: DII would prefer WebSphere.

116. B.2.1, page 196, The core of the State's modern mainframe environment is Linux running on zVM. Please, confirm that the bidder can deploy a J2EE application server for the LOB on this platform. Please, confirm that the bidder can deploy a database server software for the LOB on this platform.

Answer: Yes, the successful bidder can deploy a J2EE application on this platform. Any database that is supported under LINUX can be deployed on this platform.

117. B.2.1, page 196, What brand and version of Linux do you currently run on zVM? How is Linux on zVM currently organized? Do you use LPAR? Who is responsible for zVM or LPAR configuration, and who will it be when configuring partitions for the LOB software installs on zVM?

Answer: The State is currently running SuSE LINUX SLES 9 (Version 2.6 of the LINUX kernel), under z/VM 1.4. There is one LPAR for z/VM on the main PU; there is not an IFL. The DII systems staff is responsible for the configuration.

118. B.2.1, page 196, You've stated: "Each zVM/Linux machine is accessible via the Web" Would you provide more details about the existing Web servers connected to zVM/Linux machines?

Answer: These are standard TCP/IP connections with Apache. Appropriate firewalls will be established.

119. B.2.1 & 2.6.4, page 196 & 210, What system software tools are currently used by zVM Linux machines?

Answer: Yast.

120. B.2.1 & B.2.8.9, page 196 & 210, Do you have any intrusion detection systems running on the Windows Servers or mainframe? If so, which ones?

Answer: None at this time.

121. B 2.5.7.1, page 206, Do you require external storage to keep the LOB data or can the data be stored on the DASD?

Answer: Although VRS is open to bidder recommendations regarding storage and external storage should be considered an option, the expectation is for LOB data to be kept. Data backups to tape will also most likely occur locally.

122. B.3.4, page 257, The RFP states that, "The bidder will not be permitted to take or transmit any real data off-site for testing, cleansing or any other processing." Please clarify. Does this mean

that all data conversion and system testing with live data must be done utilizing servers that are housed at VRS? If so, would VRS allow the contractor to install servers on-site and remotely access them from other contractor offices?

Answer: Please refer to question 8 above.

123. B.3.4, page 256, Will VRS be able to provide accurate and complete legacy system data descriptions including table and file layouts?

Answer: Yes; see table 7 and Appendix E-10 of the RFP.

124. B-3.4.3, page 258, The RFP states VRS's requirements for document conversion. What is the estimated volume of the historical documents? What percentage of those documents are already stored in electronic forms (imaging systems, flat file documents, etc.)?

Answer: Please refer to section B-1.3.1.2.3, Appendix E-5, and answer to question 26.

125. B.3.4.4, page 259, In regards to the conversion of member account refunds detailed on page 259 (Section B.3.4.4); are all of the data elements described within the bulleted list available in the automated legacy system? If not, and if manual data entry is involved, what is the estimated number of member refunds that would need to be manually entered/manually corrected in the new solution? Also, is there adequate automated data available in the legacy system to use as base data to "re-create" other data elements?

Answer: Yes, the legacy history files contain all but the last bulleted item for virtually all DB refunds, except for any made prior to fiscal 1976. The actuarial interest rates for each plan and time period are kept at VRS and will be made available as a data table.

126. B-1.3.1.1.10, page 186 , The VRS requires microfilm backup. Where should the costs for this microfilming go in the cost sheets?

Answer: The cost spreadsheet for services, "Schedule 3 - Services - Mandatory.xls", has been updated with an additional row for microfilm backup under "Other Costs" and posted to the Web site. "Schedule 3 – Service-Related and Miscellaneous Costs and Fees" section of C-1.2 Cost Proposal should include an additional bullet as follows:

- "The cost of providing microfilm backup for the retirement solution (may be a single entry or spread across the three years of the project)."

127. Option 4, page 295, What is the percentage of items that will need to be duplexed (double sided)?

Answer: There are no documents currently duplexed, but anticipate duplexing to be a valuable option for new LOB. Percentage is not known at this point.

128. Option 4, page 295, What are the approximate volumes of each print type i.e., how many pages for each annual statement, IRS form, Monthly advise?

Answer: Currently one page per document for each type.

129. On page 21 of the RFP, it is stated that "[t]he bidder is responsible for ensuring that the solution will meet or exceed all functional and performance requirements set forth in this RFP for ten (10)

years after the end of the warranty period defined herein." However, on page 202, it is stated that bidders must guarantee that the system will meet performance requirements related to on-time response time and batch processing time until five (5) years after the end of the warranty period of the last module or phase to go into production. May we ask for clarification of the length of the guaranty period?

Answer: To clarify VRS' position with respect to time horizons and the support and performance required therein, the following answer is provided:

- With respect to system capacity and meeting response time requirements, VRS expects the solution to meet these for a period of time that extends to five (5) years after the end of the warranty period. During this time period it will be the responsibility of the successful vendor to provide the aforementioned performance at no additional cost to VRS. The requirements can be met by system tuning, software enhancement, hardware enhancement or replacement, and /or a combination thereof. The correction of the deficiency must be accomplished within 15 calendar days of VRS notifying the successful bidder of the situation.

- With respect to ability of the system to support functionality, enhancement, and other business changes, VRS expects the successful bidder's solution to meet these requirements, albeit with some application enhancements and changes, for a period that extends to ten (10) years after the end of the warranty period.

130. Is VRS mandating an in-house solution managed and operated by VRS at VRS facilities or would VRS consider outsourcing or co-sourcing facilities, hardware and maintenance of applications / hardware with a vendor.

Answer: VRS seeks a solution managed and operated at VRS by VRS.

131. What modules of the Peoplesoft product is the State of Vermont using?

Answer: Please refer to the RFP, Section A-4.2.2.

132. Can VRS use the existing Peoplesoft licenses?

Answer: VRS considers a review of licenses outside of RFP process to be premature and has not been considered.

133. On page 209 of the RFP, it is stated that each bidder must identify all commodity software currently in use at VRS that could be used "as is," all commodity software products currently in use at VRS that would require upgrading, and all new commodity software that VRS would have to acquire to support the bidder's proposed solution. Will it be possible for bidders to receive a comprehensive inventory of commodity software presently used at VRS?

Answer: Please refer to Table 4. Desktop PC-based Licensed Applications.

134. On page 295 of the RFP, bidders are instructed to include a provision "to provide, install, and configure folding and sealing equipment compatible with the printing equipment proposed for the automatic preparation of annual statements and other written communications for mailing to recipients. The proposed equipment must accommodate envelope inserts and include folding, inserting, sealing, and sorting capabilities if this is required by the bidder's solution." Two questions arise in connection with this requirement:

a. The statements currently furnished to participants by VRS are multi-page documents with die-cut covers stitched onto interior pages. Are bidders to assume that statements to be provided in future years will be prepared in the same format?

Answer: No.

b. Later on page 295, specifications are provided to bidders for "Option 5 – Member Self Service." Conspicuous in its absence from this section is any discussion of member self-service in obtaining the type of information provided in the systems' annual benefit statements. Would it be acceptable to VRS to include an on-line statement feature in the pricing of the Member Self-Service Option?

Answer: Yes.

135. B-2.1 refers to a Web site for DII Web standards that states that the DII Web standards are being revised. When will these standards be available?

Answer: DII is intending to post the standards to their Web site within the next 2-3 weeks. A draft of the standards will be posted on the Treasurer's Web site along with the answers to the bidders' conference.

F-3 ADDENDUM OF 8/29/2005

No changes have been made to the original contents of the RFP as it was released on 7/12/2005 except for the addition of the July 27, August 19, and August 29 addenda. These addenda should be considered part of the RFP and are to be incorporated into your response.

Addendum items:

A. Requirements Traceability Matrix

Footers for the Requirements Traceability Matrix released on 7/27/2005 have copyright information. Please disregard the copyright information.

B. Questions and Answers:

The following are answers to the questions received either in writing by August 3, 2005 or at the mandatory bidders' conference held on August 22, 2005. These replace the preliminary answers released in the August 19, 2005 addenda.

1. Number of source databases?

Answer: See Table 7 and Appendix E-10 of the RFP.

2. Approximate number of records in each source database?

Answer: See Table 7 and Appendix E-10 of the RFP.

3. Approximate number of tables in each source database?

Answer: See Table 7 and Appendix E-10 of the RFP.

4. Approximate number of fields per table?

Answer: See Table 7 and Appendix E-10 of the RFP.

5. Approximate size of each source database (e.g., MB/GB/TB)?

Answer: See Table 7 and Appendix E-10 of the RFP.

6. An entity relationship diagram (ERD) of each source?

Answer: No ERDs are available.

7. Source database type and version (e.g., Oracle 9i, etc.)?

Answer: Source database types are mainframe files, either VSAM, sequential or tape. Some secondary databases are in Microsoft Access, mainframe Focus and Focus for Windows. Refer to Table 6 in the RFP for additional information.

8. The RFP says no data can be removed for analysis or processing. However, would the state allow us to set up our own hardware on site and then remote access into it, for the analysis and processing. There would be significant cost savings to the state if we don't have to be on-site to handle the data conversion.

Answer: VRS's overriding concern is the protection of sensitive member data (e.g., names, Social Security numbers, etc). The use of a direct secure connection (e.g. VPN , SSL, or private T1 line) will not be ruled out. We welcome suggestions that satisfy the bidder's analysis and conversion requirements while genuinely protecting the sensitive information VRS maintains. If you propose to use VRS data offsite, VRS requires that your proposal describe, in detail, how you will protect <u>all</u> VRS data at <u>all</u> times. For example, you must describe how you will encrypt the data and ensure that the data will not be viewed, lost, and/or modified while in transit. While at your facility, you must detail your security infrastructure and procedures to guarantee that no VRS data will be misused or stolen. VRS reserves the right to add to the contractual language penalties and/or remuneration in the event of theft or misuse of VRS data.

9. In the VRS RFP in section A-2.3 Single Source of Support are mentioned requirements about multiple or alternate proposals. Is it acceptable for two different prime contractors to propose the same Commercially Off the Shelf Software Package?

Answer: Our preference is to not be put in a position where we are required to evaluate both Vendor X's proposal that includes COTS package ABC and Vendor Y's proposal that includes COTS package ABC. We would like to evaluate only the single best proposal using COTS package ABC.

10. As it pertains to the VRS RFP, what is the annual operating budget for the State of Vermont Office of the State Treasurer?

Answer: This RFP was developed through joint planning by the Office of the State Treasurer and the State's Department of Information and Innovation. The project as a whole has been incorporated in the State's five-year information technology plan and has been reviewed by the Retirement Boards, the Secretary of Administration, and the Legislature. Sufficient funding has been appropriated or is expected to be appropriated in future years based on commitments by the various bodies. There is no established final budget for this project at this time. Appropriations are ongoing and future budget authorizations will incorporate funding for the services requested and subsequently proposed and negotiated on the basis of this RFP.

11. What is your anticipated budget for this project? Has it been approved?

Answer: Please refer to question 10 above.

12. You have described a wholesale replacement of your business systems with an integrated collection of COTS products. What led you to this approach over a custom solution tailored to your specific business processes?

Answer: While each retirement system has some set of operating characteristics that are genuinely unique to it, our assessment is that most processes are comparable from fund to fund and that there is a sufficient number of mature, developed and installed solutions available from established vendors. In light of this, we perceive the risks involved in a "ground up" development effort to hold more risk than VRS is willing to bear.

13. How flexible is VRS in terms of organizational change? How does VRS plan to adapt current business processes to meet those imposed by a product-based solution?

Answer: We anticipate that some customization of an existing solution will be necessary. We understand that for some processes VRS may need to change the method it uses to complete a particular business function, provided the underlying requirements are satisfied. We look to the vendor to work with us to identify those requirements that are satisfied by the proposed solution, albeit in a manner possibly different from current practice or with a different organizational staffing model – within the constraints of current staff size.

14. Please describe VRS's experience with Business Process Management platforms to optimize (orchestrate) total business integration, as contrasted with automated "electronic paper" workflow and more antiquated BPR. What factors would steer you towards or away from a BPM-based solution?

Answer: The vendor should clearly demonstrate in its proposal its ability to meet our requirements as stated in the RFP. VRS has no experience with business process management platforms but wants non-intrusive, automated work management. Note that VRS's staff size is 12 – not hundreds of staff.

15. You mention that you require the solution to be engineered to meet or exceed all functional and performance requirements for 10 years after the end of the warranty period. Please describe your criteria for measuring and certifying this.

Answer: Please refer to question 129 below.

16. Did any outside firm assist with the preparation of this RFP? Would you please identify which firm and indicate your ranking of their performance? Is this firm eligible to bid on this procurement in whole or part?

Answer: VRS engaged L.R. Wechsler, Ltd. to assist with the RFP development effort. L.R. Wechsler, Ltd. is not eligible to submit a proposal for this RFP.

17. Did any outside firm assist with the preparation of the current business process detail? Would you please identify which firm and indicate your ranking of their performance. Is this firm eligible to bid on this procurement in whole or part?

Answer: The material provided in the RFP was developed with the assistance of two consulting firms; Maximus, Inc. through an earlier project in 2004 and by L. R. Wechsler, Ltd. for the RFP development. Both received direction and input from VRS staff and management. We believe the material provided in the RFP satisfactorily represents the current business process. L. R. Wechsler, Ltd., having been involved in the development the RFP, is not eligible to submit a proposal for the RFP. Maximus, Inc., assisting with the work earlier in 2004, may submit a proposal.

18. You have Citrix in your current environment. Will Citrix need to be preserved in the future solution, for security or other reasons?

Answer: Citrix is not part of the current retirement system. VRS only uses a Citrix client (not a server) to connect to an external application - the State's accounting system (VISION, PeopleSoft Financials 7.5). A VISION upgrade to make it Web-based will soon eliminate the need for the Citrix client.

19. You say that the system will meet performance requirements set forth in Section B-2.8.1 of the RFP, related to on-line response time and batch processing time, until 5 years after the end of the warranty period of the last module to go into production. What formal measurement processes are in place to certify this on an on-going basis? What opportunities will the awarded bidder have within this 5 year period to pro-actively tune performance within the stated parameters?

Answer: Please refer to question 129 below.

20. What are VRS's preferences regarding technological architectures? Open-source is mentioned in the RFP as an option. .NET frameworks are popular now, as are Java frameworks. Please rank order of preference, if any.

Answer: At this time the VRS does not have a ranking. VRS is open to considering both options. Please provide separate estimates for each approach, if possible. Also, refer to the discussion of the State of Vermont's direction in section B-2.1. "The bidder must provide justification whenever propriety tools are proposed over open-source tools."

21. VRS may request a live demo or product demonstration (A-1.4). Will VRS require this demo to be a working prototype of the proposed, integrated solution? Or, will the demonstration be of individual products?

Answer: We envision the demonstration to be of a product beyond the prototype stage – a product currently installed and operational at a number of public pension fund sites. We are looking for a demonstration of an integrated solution and not separate, discrete products.

22. It appears that VRS expects that vendors will respond with a fixed price which accommodates all "to be" needs of VRS for the foreseeable future. How does VRS plan to adjust for changes to business needs between the time of contract award and the time of implementation?

Answer: We feel we have been thorough in capturing the business requirements. Changes in business requirements occurring after contract award will be discussed with the winning bidder and may, if necessary be handled by appropriate change orders. See the change methodology discussion in B-3.1.13.6 and B.3.1.13.7.

23. What schedule timelines has VRS established with respect to an over-all date for "go live" production with all components?

Answer: Please refer to question 102 below.

24. What budgetary timelines, or funding cycles, must be considered as constraints in planning this project?

Answer: Please refer to question 10 above.

25. It appears that VRS has made great efforts to describe their desired "to be" state of pension administration. While we applaud this level of detail, we are concerned that VRS will be unhappy with the outcome of this project because you have not taken into account the likely need for changes to both pension administration customizations and the underlying business processes. Our experience is that your fundamental business will change as new regulatory & compliance issues arise, members demand new and different services, etc. What budgetary provision has been

made to accommodate the need for business process change management? What schedule provision?

Answer: We cannot predict what changes will be required in the future to accommodate situations such as those described. Understanding this, we have requested that bidders provide pricing for out-year support that would accommodate such changes. Further, we would expect a robust, proven solution to reflect trends in the public pension retirement community – and as such to incorporate such trends. Please refer to question 22 above.

26. How much historical information does VRS have in the current system? Are there other sources to get service information that VRS is going to want to convert and merge into the new system?

Answer: The VRS legacy system maintains service accumulations by plan for each DB member. History exists as June 30 snapshots of each active database, going back to 1976. Any service history before fiscal 1976 (the inception of the legacy system) is recorded in the field 'Prior Service.' Employer reports at the report period level are not kept as history, except for the State system, with detail back to July 1996. A history file stores the final record from the active database for all active members who have withdrawn or retired. History of deceased retiree records has not been kept. VRS has most of its historical data in electronic form in the source databases and ancillary subsystems. Annual history detail prior to 1976 has been manually entered into the history file for state employee (VSERS) members between 1948 and 1976. Teacher history detail prior to 1976 has not been restored. The Municipal (VMERS) system was established in fiscal 1976.

27. How many different plan sponsors does VRS have, and what is the breakdown between electronic interfaces versus hard copy reports in terms of how data are received? How clean are the data files, and how many exceptions are typically generated today?

Answer 27a: VRS interprets plan sponsors to mean employers. Please reference Appendix E-8, Employer Reporting Information. For Municipal DB (Web reporting system just deployed), Web reporting will be 95%, paper reporting 5%. For Municipal DC, Web reporting is 75%, paper 25%. For Teachers DB, Web reporting is 100%.

Answer 28b: Web data, having been edited and balanced by the Web entry system, has been very clean. Less than 5% of the reports contain exceptions. Also, refer to our response to questions 80 and 86 and the RFP appendices for employer reporting information and volume.

28. How does VRS compute service? Is it based on a time elapsed model, units worked, the existence of contribution and/or pensionable salary records, or something else? Of particular interest is the case of teachers, who have non-standard employment schedules.

Answer: State System - Service is computed and based on weekly employment for one fiscal year (July 1st through June 30th), which equals one year of service credit. Municipal System – Service is computed and based on fulltime employment (24 or 30 hours per week) for one fiscal year, which equals one year of service credit. Teacher System – Service is computed and based on 175 days of fulltime employment in one school year, which equals one year of service credit.

29. Please describe any incentive programs being offered that allow people to purchase service credit. (Such programs may create the need to fill in all historical service gaps).

Answer: See section B-1.1.7 Purchase of Service.

30. Will all questions posed as of the August 3 submittal deadline be issued and posted as an addendum before the Bidders' Conference on August 22?

Answer: Preliminary answers to bidders' questions will be provided at the mandatory bidders' conference on August 22 and as addendum prior to the conference.

31. During the VRS facility walk through on August 22, will bidders be allowed to ask questions directly to VRS functional staff?

Answer: No. They must be asked at the bidders' conference where VRS staff will be present and prepared to answer such queries in a controlled environment.

32. Would VRS please clarify what they would consider of greater importance: the cost of the project implementation versus the services integration (and performance) of the project implementation?

Answer: We consider both the cost of the solution and the effective, efficient and professional manner in which the solution is implemented to be equally important to the successful completion of the project. We will not select a low-priced bid from a vendor who has a questionable implementation track record.

33. What will be the involvement of LR Wechsler, Ltd. over the term of the LOB Pension Solution project?

Answer: Under the direction of the VRS project manager, LR Wechsler, Ltd. will assist in the oversight project management and quality assurance responsibilities for the project.

34. In Section B 2.5.2, p. 203 of VRS RFP, there is reference to VRS obtaining a certain percentage cost of ongoing licensing and services, and obtaining ownership of source code.

    c) Could VRS further expand what is meant by the 20% of software licensing and 25% of services costs respectively? It is somewhat confusing on how a bidder would arrive at pricing for these requirements.

    Answer: VRS wants the bidder to <u>agree</u> that the bidder will charge no more than 20% of software licensing or 25% of services costs respectively of the cost that the bidder charges any client at that period. No specific cost is expected.

    d) Does this ownership of source code apply to third-party customizations of packaged software as well?

    Answer: Yes.

35. Section A-3.2 -- Page 28– Number 36 mentions that the LOB Source code must be delivered to VRS. Section B-2.6.1 indicated that all source code is to be escrowed. Is VRS expecting a source code license or a license that escrows the source code?

Answer: VRS expects a source code license and the source code for the LOB application to be delivered. In any case all software is to be escrowed in case the authoring firm is to go out of business.

36. Section A- 4.2.1.2 (B-1.1.10) – It appears upon reading this portion of the RFP that the check printing is performed on a separate machine using separate/different software and non-networked printers. Can VRS provide a brief description as to how they view the check printing processes to

be performed with the new solution (i.e. recurring checks, one-time checks, etc.). For example, will VISIONS continue to be used to print checks as described in RFP Section B-1.1.10.2?

Answer: VRS expects that all check production – both one time checks and recurring checks – to be completed by functionality available in the installed solution and not through VISION.

37. Section A-4.2.1.13 – Tax Reporting Software – Does VRS plan to continue using this software? If the proposed new solution accommodates the IRS reporting and printing needs of VRS, will VRS discontinue the use of this product?

Answer: VRS expects that 1099 production, modifications, reprints, filing, and other 1099-related functionality will be conducted through the proposed solution. VRS intends to discontinue use of the previously used software once similar functionality has been demonstrated to work in the proposed solution and VRS has established the solution as the production system.

38. Section A-4.2.2 – PeopleSoft applications -- What are VRS' plans with reference to the PeopleSoft application? i.e. - Future versions, moving to Oracle, etc.

Answer: The PeopleSoft applications described in the RFP are managed by other departments in state government and are outside of VRS jurisdiction.

39. Section B-1.2.4 – Health, Dental and Life – Requirement number 5 – Can VRS expand on its opinion as to which portion of HIPAA the new solution would need to comply? For example, is VRS exchanging any information with any entities that would require HIPAA compliance?

Answer: Medical records are the only information exchanged by VRS that could be subject to HIPAA compliance if exchanged electronically. It is not VRS's intention to transmit medical records electronically in the new solution.

40. Section B-1.2.12 Imaging and Workflow, Page 153 - Will Web-submitted forms need to be converted to TIFF image format and indexed into the imaging system as documents.

Answer: Yes.

41. Section B-1.3.1.1.3 Automated Capture of Outgoing Correspondence, Page 180 - Should non-scanned documents that are added to the imaging system be stored in their original format (doc, xls, etc.) or be converted to a TIFF format for long term storage?

Answer: VRS expects that captured correspondence will be converted to TIFF format.

42. Section B-1.3.1.1.3 Automated Capture of Outgoing Correspondence, Page 180 - If any non-scanned documents are stored in their native format, do you wish to allow users to check out the document, modify, and check-in a revision of the original?

Answer: No, the document should be maintained in the system as a TIFF image. No modification should be allowed.

43. Section B-1.3.1.1.4 Fax Server, Page 180 - How many fax pages are expected to be sent and received on a daily basis?

Answer: Up to 50 pages sent and received.

44. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 181 – Can you provide an estimate of the number of page viewings that will be made each day?

Answer: We estimate this at 2,500 to 5,000.

45. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 182 – Is it a requirement that the documents be stored in the repository as single-page TIFF files or would the storage of multi-page TIFF files be acceptable?

Answer: We refer you back to our discussion of this topic on page 182 of the RFP – "VRS prefers that this be done through the use of multi-page TIFF files but is open to alternatives."

46. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 182 – Would it be acceptable to continue with the current vendor for microfilm production?

Answer: We have not made any predetermination as to the future vendor for microfilm production.

47. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 183 - How many pages of COLD/ERM will be backfile stored into the imaging system?

Answer: Possibly none. We are anticipating that volumes will allow us to store images in individual member's "folders." However, we are open to alternatives.

48. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 183 - How many pages of COLD/ERM will be applied daily, weekly or monthly?

Answer: See response to number 47.

49. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 183 - Will the COLD/ERM documents stored need to be retrieved via the LOB application?

Answer: If COLD/ERM is used, the documents must be viewed through a single query and single viewer as required by the RFP.

50. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 183 – Can you provide information regarding the sources that will generate the print output for COLD/ERM input?

Answer: VRS understands that in engineering the new LOB solution, some documents that are now filed (imaged) may be stored in LOB databases instead. Examples of bulk documents that are currently filed/imaged are: certificates of membership, annual statements, COLA and health insurance increase notices (all LOB generated), 1099R forms (generated in-house by 1099 Pro), annual benefit projection statements (data files provided by actuary), and bulk ad-hoc letters (from in-house Access or Excel/Word mail merges). VRS has no particular strategy for document archiving, and will rely on bidder to propose one. We point out that it will be the vendor solution that generates the print stream.

51. Section B-1.3.1.1.10 Minimum Functional Capabilities, Page 186 - The image export capabilities requires an export into a variety of formats. Are you looking to export a document in its native format, or convert native formats into new formats such as PDF, JPG, etc.?

Answer: The latter-- convert into new formats. .

52. Section B-2.6.2 LOB Application, Page 208 - For browser compatibility, will VRS accept Firefox compatibility in place of Netscape?

Answer: VRS acknowledges that Firefox has become a more popular browser than Netscape. Therefore, the requirement is changed to provide compatibility with Netscape, Internet Explorer, and Firefox.

53. Section B-2.5.6 Imaging System, Page 205 – The RFP states, "LAN: An Ethernet 100/1000-base Category 5e Cabling network, 3Com backbone". Is it VRS' intent that the bidder include pricing to install the cabling and, if so, can VRS provide additional physical details, such as room sizes, office layout and so forth to help bidders estimate the work effort?

Answer: Vendor is not responsible for cabling.

54. Section B -3.1.3 Training - The RFP states that "providing training facilities as necessary" – Does this mean the VRS offices are not a consideration for training sites? Should these facilities be considered for all training to be provided to VRS or particular training? If it is particular training, please provide more specifics such as which training and the number of potential attendees.

Answer: It is VRS's intent to provide facilities for LOB training of up to a maximum of 8 concurrent users, but VRS needs to explore what options are available. For technical training, it is entirely possible that training will need to be conducted at a site other than the one in Montpelier, and we would expect the vendor to coordinate this.

55. Section B – 3.1.3 Last paragraph - The RFP states: "During the course of the project, the bidder will be expected to deliver and support all products and services described in the RFP – not just those steps described in its standard system development and deployment process." Can VRS further clarify this statement?

Answer: The breadth of products and services specified under the RFP may be wider than those typically provided under implementations the bidder may previously have completed. The winning bidder will be contractually obligated to provide all services and products specified in the RFP regardless of whether they are services or products the bidder previously provided or "typically" provides. Said another way, although VRS respects the vendors' development and implementation methodology, in a number of areas we may be asking for more or different solutions; thus, we are cautioning vendors as to their responsibility in this regard.

56. Section B – 3.1.13.2 Statements of Work - Please confirm that it is feasible to have approximately 60 SOWs based upon the statement that there will be no more than 10 SOWs addressing activities within a phase assuming there are 6 phases.

Answer: The statement should not be read as requiring 10 SOWs per phase. Clearly, 60 SOWs for a project the duration expected of this one would be excessive. A number closer to 10-15 would seem more reasonable from a project management standpoint.

57. Section B – 3.1.13.7 Vendor Analysis Tasks, last paragraph - Please provide examples of what VRS determines a "major" new requirement to be.

Answer: Examples of "major" new requirements would include the following:

- developing a capability to report wage and contribution data via voice recognition or AVR;
- adding health insurance claims tracking and processing to the LOB;

- developing flow-through processing (e.g., application for and disbursement) of refunds against defined contribution accounts.

58. Section B – 3.4.1 Data Conversion and Bridging, 2nd paragraph - The RFP states that the bidder will not be permitted to "take or transmit any real data off-site for testing, cleansing, or any other processing." Does this mean the data cannot be transmitted to the bidder's office? Please clarify exactly what this means.

Answer: Please refer to question 8 above.

59. Section B – 3.4.2 Integration of Employer Wage and Contribution Data, last paragraph - The RFP states the solution must consist of "employer training". Section B- 3.5.3 Employer Education, Training and Support states that 'VRS will be responsible for the education and training of the employers.' Is it expected that the bidder will provide all employer training? If yes, is it expected that the employers will be trained at one location or is the bidder expected to travel to various locations throughout the state? For budgeting purposes, how many locations would a bidder be expected to travel? Will the bidder or VRS be expected to make all logistical arrangements with the "off-site" location for technical setup? It appears there could be 700-800 employers. Is a hard copy manual required for each employer and is this to be at bidder's expense? Or, is the bidder to provide 'train the trainer' type training to VRS?

Answer: VRS will provide the training to employers on the Wage and Contribution reporting process following training provided to VRS by the vendor. VRS will duplicate all required material or make it available via the Web.

60. Section B – 3.5.2 Technical Staff Training, 2nd paragraph - For budgeting purposes, in the event technical training must occur off-site, what is the number of VRS technical staff to be trained?

Answer: Two to four.

61. Section B – 3.6.1 Unit and Internal Testing, 2nd paragraph - The RFP states that "the bidder testing team is to be 100% independent of the development team." Please define what VRS' interpretation of the "development" team is. In addition, the RFP states that the "independent bidder testing team must be present and available to support the VRS test team during both UAT and LCT. " Is the expectation that the independent test team be on-site in Montpelier during UAT and LCT?

Answer: "Development team" refers to personnel responsible for designing and coding the functionality. All or a portion of the independent test team should be present to support the testing process.

62. Section B-3.8 Hot Site Backup, Page 127 - Is the hot site required to have a fully functional imaging and workflow system with current document images and workflow processes?

Answer: Yes.

63. Section B-4.5 Option 5 – Member Services, Page 295 - This section specifies forms in MS Word or Adobe Acrobat format with barcode for user download. This section continues to describe a requirement where the form is "…completed on the Web, will initiate an e-mail or hardcopy correspondence…". This implies electronic submission of the data on a form. Section B-1.3.1.1.10 (page 182) states "…we require the solution to support the eventual capture and processing of electronics forms..." At this time, are you requiring an ability to "complete on the

Web" or simply assurance that an electronic forms capability can be added in the future? If forms will be completed on the Web, are all forms to be completed on the Web listed in Section B-4.5?

Answer: If VRS chooses to exercise Option 5, capturing and processing of e-forms would be part of the solution. If VRS does not choose to exercise Option 5, then assurance that the LOB supports the eventual use of e-forms would be required. The RFP states that the forms list includes, but is not limited to the forms identified.

64. RFP Page 302 – Third bullet from the bottom. Could VRS please clarify this position? Our Company, along with offering Pension System Solutions, is also a reseller of imaging and workflow software and in some cases may also resell hardware and commodity software. How, if at all, does this arrangement effect this affirmation requirement?

Answer: This speaks to relationships between more than one company. This does not preclude a vendor with a wide array of services and products from bidding on this RFP, provided that vendor is not receiving additional soft or hard dollar compensation from another hardware or software vendor for selling that vendor's products to Vermont under the LOB contract.

65. With respect to the pension payroll system, would the VRS be willing to use an outsourced, proprietary system in lieu of an in-sourced solution?

Answer: No.

66. Who is the current actuary?

Answer: Buck Consulting: An ACS Company.

67. Has the VRS explored administrative solutions in the past? If so, what were some of the key issues that presented difficulty?

Answer: We believe the Business Functional Requirements section adequately conveys the requirements of the new system.

68. Would we be able to interview members of the retirement staff to hear each member's perspective about the new administration system and understand the State's needs?

Answer: It is expected that some subset of staff will be involved in the requirements definition and confirmation process that the successful bidder is required to complete.

69. How many VRS staff will be 100% dedicated to the project, and how many more will be part time dedicated? Please list each VRS project team member by their position or title, and the time they will be dedicated to the project.

Answer: VRS has estimated that the VRS project manager will be 100%, the Deputy Director of Retirement will be 40%, and the Director of Information Technology will be 50% dedicated to the project. Members of the Retirement Division staff will be made available during the requirements definition and the user acceptance test. The bidder has been requested to identify its expectation of VRS enrollment in the project as described in Section B-3.3.

70. Several objectives are listed on page 20 of the RFP. Please clarify, or expand upon, the following objectives:

- "improved service levels to members"
- "improved system workflow"
- "increased work efficiency"

Answer: Please refer to question 67 above.

71. In the final paragraph on page 29 of the RFP, is the reference to active and retired members in regards to defined benefit plan participants only?

Answer: Yes. Ongoing administrative services (e.g., once participant is enrolled) are limited to processing bi-weekly and quarterly payroll reports associated with the defined contribution plan.

72. Is there a standard set of procedures for determining QDRO calculations? Does the State wish to automate all QDRO calculations (in addition to the enhancements to QDRO tracking)?

Answer: No. Calculations are based on member data and characteristics first; then the QDRO terms are applied.

73. On page 257 of the RFP it states that the bidder will not be permitted to take or transmit any real data off-site. Would the VRS consider providing the data files with “mocked up” SSN’s or other personal data?

Answer: Please refer to question 8 above.

74. How are records for vested terminated participants maintained?

Answer: In the same manner as active members.

75. How many transfers are there? Is the data available to support the automation of the transfer process?

Answer: There are approximately 200 transfers per year. Not all of the data is currently available in our system to process the transfer. Some manual review of document images is required.

76. How would the new system be expected to communicate with those third-party administrators of the 403(a) and 457 DC plans, which cover only a few members?

Answer: Please see Section B-1.2.24 of the RFP for requirements related to the DC plans. Currently there are no requirements for the new system to “communicate” with the 457 plan other than the ability to track which members are enrolled in the 457 plan. VRS also uses its Web site to transmit biweekly report files via SSL. However, VRS is open to suggestions for expanded communication with the third party administrator’s system, if the vendor solution has built-in capability.

77. How does the State research deaths of retirees?

Answer: VRS conducts social security death audits by a third party on a quarterly basis. This is our primary resource. In addition, VRS staff conducts routine obituary research using local publications.

78. For areas/items that require a modification to our current platform, would members of VRS be available to provide input to help "customize" our solution to meet their needs?

Answer: Please refer to question 68 above.

79. Do you have any existing technology investment (hardware, software, platforms, resources and skill sets) that we should take into account while proposing the technical architecture?

Answer: Please refer to Section A-4.2 Legacy Technical Environment for a list of the existing hardware.

80. Are there any limitations in the historical member data (e.g., missing data, "keypunching" requirements, etc.)? If so, what is the VRS staff's preferred method for loading this data onto the new system?

Answer: We believe the quality and depth of data maintained at VRS is comparable to that found at most public pension funds. The data has been used successfully, with some manual intervention, to produce member statements, determine eligibility, and calculate estimates and benefits. The successful bidder will be responsible for determining, with cooperation and input from VRS staff, what challenges the data poses for conversion. Also, please refer to question 26 above.

81. What level of interaction is required between bidder and TPA of the Defined Contribution Plan(s)?

Answer: The level of communication (human to human) between the successful bidder and the TPA will be managed through VRS.

82. Will the TPA be available to discuss process and administrative procedures currently in place?

Answer: Please refer to question 81 above.

83. Could you clarify the role of the bidder in the Defined Contribution process? Is the bidder expected to monitor the TPA activities to ensure compliance?

Answer: Refer to “as is” and “to be” requirements. The answer to the second question is “no.”

84. Are there any functions that the TPA is currently providing that will become the responsibility of the bidder?

Answer: No.

85. Who currently provides the various Defined Contribution Plan notifications/election forms to participants?

Answer: Initial election and enrollments and payroll processing are processed by VRS. Subsequent participant service (e.g., withdrawals, statements, etc.) is conducted or provided by the TPA.

86. What are the expectations regarding the correcting of data from the legacy systems?

Answer: VRS expects the vendor to develop a thorough data conversion plan including contingencies for verifying data during the conversion process. Data cleansing is an option and is described in section B-4.1 Option 1.

87. Are there large amounts of missing data in the legacy systems?

Answer: Please refer to question 80 above.

88. How accurate is the data that is contained in the legacy systems?

Answer: Please refer to question 80 above.

89. Will we have the assistance of VRS staff during the data cleansing stage for discovery questions?

Answer: Yes, we expect that the vendor will need to consult with VRS to better understand the data tables and values. Please refer to question 80 above. Vendors should provide their estimate of and the type of support they will need – based on their experience in similar projects

90. Can a letter of credit from an investment grade bank be substituted for the performance bond?

Answer: No.

91. Can the bond amount be staggered or graduated to match the fee structure of the cost proposal?

Answer: No.

92. Can the bond requirement be replaced with an escrow account where 80% of project fees are held until project completion?

Answer: No.

93. A-2.5, P23, B-2.5.1, p204, B-2.8.2, p217 Please clarify the apparent conflict between the different lengths of time mentioned.

Answer: Please refer to question 129 below.

94. B-2.1, p198 Please explain in detailed fashion what capacity is available on the State's modern IBM mainframe. Also, please explain in detail at what costs or rates this capacity is available for as well as any costs or rates for adding capacity if needed.

Answer: DII is running an IBM z800 0A1 mainframe that contains five PUs. This machine is currently configured with one PU online, on which we are running three LPARs. Two are running z/OS 1.4 and the other is running z/VM 4.4. Under z/VM we can run a virtually unlimited number of Virtual Machines. A Virtual Machine is capable of running an instance of an operating system, such as LINUX or CMS, in an environment that mimics a stand-alone hardware-supported machine. The overall processor is running on average at 50% capacity with short peaks reaching 90%. Currently, the VM LPAR has 1 GB of memory with additional memory of 2 that can be configured to that LPAR if required. With respect to "costs or rates for adding capacity," we cannot effectively provide this without knowing what needs to be expanded and by how much for the bidder's solution to operate within our performance expectations. We request the bidder indicate what expansion is required in their proposal.

95. B-2.1, p198 What version and revision levels does the State use currently for each of it's preferred options? (e.g., zVM/Linux, Websphere, etc.)

Answer: z/VM 4.4; z/OS 1.4; SuSE LINUX SLES 9 (Version 2.6 of the LINUX kernel), under z/VM; Websphere http 5.3.0, under z/OS with no application server.

96. B-2.1,p198 Please provide information on the current backup hardware devices and software, including the version numbers. Is there spare backup capacity that can be leveraged for the proposed solution? (ie., how much excess capacity exists? Is it possible to extend existing backup solution?)

Answer: DII uses EMC to EMC asynchronous mirroring of all DASD devices for all operating systems. DII has 1.5 terabytes total EMC capacity, with approximately 1/3 excess capacity. It is possible to extend this capacity by another terabyte.

97. B-3.6.8, p277 Is there a need by VRS to own or have use of performance testing tools beyond the two execution points mentioned in the RFP?

Answer: No.

98. B-3.4.2, p260, B-3.6.11, p279 Please clarify if the first two bullet points of B-3.6.11 are still requirements if the vendor has kept the current system as B- 3.4.2 has stated is a preferred option.

Answer: The first two bullets still apply. The vendor is required to provide training to VRS on the employer reporting system regardless of which approach is taken.

100. B-3.8, p279 What is the architecture, including OS version and release levels, and available capacity of the State's (DII's) existing hotsite?

Answer: IBM 9672 RB6 mainframe; OS/390 version 1.3 running in 31 bit mode; EMC DASD.

101. B-3.10.1, p285 Please explain what type of users and what activities they perform for the 10 Concurrent External Users identified for the Reporting Environment.

Answer: (page 283) External users may be employees of other departments. They may have read-only access to view data or run reports, or may perform functions such as data entry. External users may also be VRS employees operating remotely. In that case, they may perform most of the system's functions. External users may also be vendors performing diagnostic or other work on the system. There are no external users in the current LOB. The role of external users in the new LOB has not been precisely defined at this point.

102. General What are VRS' ballpark expectations for an estimated total project duration?

Answer: We anticipate the length of time from the kick-off meeting until the end of the 60-day acceptance period for the last project phase will span from 2½ to 3 years.

103. General What are the existing development, maintenance, and performance monitoring tools used by DII? Please include name of tool, version, and revision numbers.

Answer: Under LINUX, DII is running native performance and monitoring tools. Under z/VM, DII is running VMPRF, Real Time Manager, and Smart-key monitoring tools.

104. A-2.2, page 18, Interfaces. Does the VRS require that the LOB application interface to the current Employer Reporting System? If the LOB software has an employer reporting system module, is the VRS open to using that module?

Answer: Please refer to section B-3.4.2.

105. Section A-2.2, page 18, Can VRS provide a list of all systems/applications that the LOB must interface with? (A-4.2.2 does not provide).

Answer: We refer the bidder back to the RFP. We believe the range of interfaces has been adequately described.

106. A-3.2, page 22, Deliverables. The VRS requires over 40 deliverables and documentation which is a cost factor. Is the VRS open to vendors proposing alternate deliverables if the material can still be covered and the goal is still met?

Answer: VRS seeks a solution, which we would define as a package of products and services (i.e., software, hardware, training, procedures, documentation, etc.) that satisfies the requirements identified in the RFP. We consider all elements to be necessary and important.

107. A.3.2.15, page 24, VRS is requesting design specifications to be documented with use case methods and to include deployment diagrams and activity diagrams. Does the State consider this a mandatory requirement or would they accept design specifications documented with FAST methods?

Answer: Yes, please clearly and thoroughly describe your methodology in your proposal.

108. A.4.2.1, page 30, What version control software do you currently use?

Answer: Servers: HP Proliant Version Control in Smart Start. Clients: Microsoft WSUS Ver. 2.

109. B-1.2, page 122, Did the VRS provide a list for items 21 & 22 in the RFP? If so, can the VRS please indicate where?

Answer: Please see sections B-1.2.21 and B-1.2.22 in the RFP.

110. B-1.2, page 131, Did the VRS provide a separate page of notes in the RFP for item 1? If so, can the VRS please indicate where?

Answer: This was an oversight on our part. Please disregard the referenced note.

111. B-1.2, page 132, Can the VRS please define standardization as used in item 26?

Answer: An example would be any component in the Microsoft Office suite.

112. B-1.2, page 141, Can the VRS please clarify where in the RFP to locate 3.1.7 for the list referred to in item 28?

Answer: Please refer to section B-1.1.7.

113. B.1.3.1.1.10, page 182, Should the vendor include electronic forms as a feature of the proposed Imaging and Workflow solution, or should this capability be an option, or future capability only?

Answer: If reference is to Web, then refer to option or future capability and see section B-4.5 Option 5. If reference is to electronic documents in general being available to the imaging system, the answer is "yes."

114. B.1.3.1.1.10, page 186, Is the requirement for Microfilm Backup a requirement for the successful vendor to propose a process/solution for the film capture, indexing and quality assurance of all "new" electronic documents, or is there a currently acceptable process? Also, there is reference to "eventually" microfilming imaged documents. Is there an elapsed time frame for image to microfilm for this process to be completed?

Answer: The current process is part of the current interim imaging solution that is to be replaced by the new process/solution. . A one-month lag between imaging and microfilm backup will be acceptable.

115. B.2.1, page 196, You've indicated your preferences in open source products. In J2EE space do you require WebSphere as the J2EE application server or will you consider an open source alternative?

Answer: If VM/Linux/J2EE/DB2 is proposed for the mainframe, WebSphere is required. Otherwise, VRS is open to any proven, mainstream, current technology solution.

116. B.2.1, page 196, The core of the State's modern mainframe environment is Linux running on zVM. Please, confirm that the bidder can deploy a J2EE application server for the LOB on this platform. Please, confirm that the bidder can deploy a database server software for the LOB on this platform.

Answer: Yes, the successful bidder can deploy a J2EE application on this platform. Any database that is supported under LINUX can be deployed on this platform.

117. B.2.1, page 196, What brand and version of Linux do you currently run on zVM? How is Linux on zVM currently organized? Do you use LPAR? Who is responsible for zVM or LPAR configuration, and who will it be when configuring partitions for the LOB software installs on zVM?

Answer: The State is currently running SuSE LINUX SLES 9 (Version 2.6 of the LINUX kernel), under z/VM 1.4. There is one LPAR for z/VM on the main PU; there is not an IFL. The DII systems staff is responsible for the configuration.

118. B.2.1, page 196, You've stated: "Each zVM/Linux machine is accessible via the Web" Would you provide more details about the existing Web servers connected to zVM/Linux machines?

Answer: These are standard TCP/IP connections with Apache. Appropriate firewalls will be established.

119. B.2.1 & 2.6.4, page 196 & 210, What system software tools are currently used by zVM Linux machines?

Answer: Yast.

120. B.2.1 & B.2.8.9, page 196 & 210, Do you have any intrusion detection systems running on the Windows Servers or mainframe? If so, which ones?

Answer: None at this time.

121. B 2.5.7.1, page 206, Do you require external storage to keep the LOB data or can the data be stored on the DASD?

Answer: Although VRS is open to bidder recommendations regarding storage and external storage should be considered an option, the expectation is for LOB data to be kept. Data backups to tape will also most likely occur locally.

122. B.3.4, page 257, The RFP states that, "The bidder will not be permitted to take or transmit any real data off-site for testing, cleansing or any other processing." Please clarify. Does this mean that all data conversion and system testing with live data must be done utilizing servers that are housed at VRS? If so, would VRS allow the contractor to install servers on-site and remotely access them from other contractor offices?

Answer: Please refer to question 8 above.

123. B.3.4, page 256, Will VRS be able to provide accurate and complete legacy system data descriptions including table and file layouts?

Answer: Yes; see table 7 and Appendix E-10 of the RFP.

124. B-3.4.3, page 258, The RFP states VRS's requirements for document conversion. What is the estimated volume of the historical documents? What percentage of those documents are already stored in electronic forms (imaging systems, flat file documents, etc.)?

Answer: Please refer to section B-1.3.1.2.3, Appendix E-5, and answer to question 26.

125. B.3.4.4, page 259, In regards to the conversion of member account refunds detailed on page 259 (Section B.3.4.4); are all of the data elements described within the bulleted list available in the automated legacy system? If not, and if manual data entry is involved, what is the estimated number of member refunds that would need to be manually entered/manually corrected in the new solution? Also, is there adequate automated data available in the legacy system to use as base data to "re-create" other data elements?

Answer: Yes, the legacy history files contain all but the last bulleted item for virtually all DB refunds, except for any made prior to fiscal 1976. The actuarial interest rates for each plan and time period are kept at VRS and will be made available as a data table.

126. B-1.3.1.1.10, page 186 , The VRS requires microfilm backup. Where should the costs for this microfilming go in the cost sheets?

Answer: The cost spreadsheet for services, "Schedule 3 - Services - Mandatory.xls", has been updated with an additional row for microfilm backup under "Other Costs" and posted to the Web site. "Schedule 3 – Service-Related and Miscellaneous Costs and Fees" section of C-1.2 Cost Proposal should include an additional bullet as follows:

- "The cost of providing microfilm backup for the retirement solution (may be a single entry or spread across the three years of the project)."

127. Option 4, page 295, What is the percentage of items that will need to be duplexed (double sided)?

Answer: There are no documents currently duplexed, but anticipate duplexing to be a valuable option for new LOB. Percentage is not known at this point.

128. Option 4, page 295, What are the approximate volumes of each print type i.e., how many pages for each annual statement, IRS form, Monthly advise?

Answer: Currently one page per document for each type.

129. On page 21 of the RFP, it is stated that "[t]he bidder is responsible for ensuring that the solution will meet or exceed all functional and performance requirements set forth in this RFP for ten (10) years after the end of the warranty period defined herein." However, on page 202, it is stated that bidders must guarantee that the system will meet performance requirements related to on-time response time and batch processing time until five (5) years after the end of the warranty period of the last module or phase to go into production. May we ask for clarification of the length of the guaranty period?

Answer: To clarify VRS' position with respect to time horizons and the support and performance required therein, the following answer is provided:

- With respect to system capacity and meeting response time requirements, VRS expects the solution to meet these for a period of time that extends to five (5) years after the end of the warranty period. During this time period it will be the responsibility of the successful vendor to provide the aforementioned performance at no additional cost to VRS. The requirements can be met by system tuning, software enhancement, hardware enhancement or replacement, and /or a combination thereof. The correction of the deficiency must be accomplished within 15 calendar days of VRS notifying the successful bidder of the situation.

- With respect to ability of the system to support functionality, enhancement, and other business changes, VRS expects the successful bidder's solution to meet these requirements, albeit with some application enhancements and changes, for a period that extends to ten (10) years after the end of the warranty period.

130. Is VRS mandating an in-house solution managed and operated by VRS at VRS facilities or would VRS consider outsourcing or co-sourcing facilities, hardware and maintenance of applications / hardware with a vendor.

Answer: VRS seeks a solution managed and operated at VRS by VRS.

131. What modules of the Peoplesoft product is the State of Vermont using?

Answer: Please refer to the RFP, Section A-4.2.2.

132. Can VRS use the existing Peoplesoft licenses?

Answer: VRS considers a review of licenses outside of RFP process to be premature and has not been considered.

133. On page 209 of the RFP, it is stated that each bidder must identify all commodity software currently in use at VRS that could be used "as is," all commodity software products currently in use at VRS that would require upgrading, and all new commodity software that VRS would have to acquire to support the bidder's proposed solution. Will it be possible for bidders to receive a comprehensive inventory of commodity software presently used at VRS?

Answer: Please refer to Table 4. Desktop PC-based Licensed Applications.

134. On page 295 of the RFP, bidders are instructed to include a provision "to provide, install, and configure folding and sealing equipment compatible with the printing equipment proposed for the automatic preparation of annual statements and other written communications for mailing to recipients. The proposed equipment must accommodate envelope inserts and include folding, inserting, sealing, and sorting capabilities if this is required by the bidder's solution." Two questions arise in connection with this requirement:

a. The statements currently furnished to participants by VRS are multi-page documents with die-cut covers stitched onto interior pages. Are bidders to assume that statements to be provided in future years will be prepared in the same format?

Answer: No.

b. Later on page 295, specifications are provided to bidders for "Option 5 – Member Self Service." Conspicuous in its absence from this section is any discussion of member self-service in obtaining the type of information provided in the systems' annual benefit statements. Would it be acceptable to VRS to include an on-line statement feature in the pricing of the Member Self-Service Option?

Answer: Yes, in addition to, but not in place of printed/mailed statements.

135. Mention is made of a Data Cleansing/Conversion Audit Report as a deliverable in the RFP; however, it is not defined anywhere; can more detail be provided?

Answer: Please see the description below:

Data Cleansing/Conversion – Audit Report

In addition to planning and executing the data cleansing/conversion efforts, the bidder must also create a Data Cleansing/Conversion Audit Report. This report must be in a format and at a level of detail that is appropriate for VRS Executive Management, IT staff, users, and the internal or external auditor to review and approve. This report should contain an overall summary of the effort that was undertaken along with a brief, but complete listing of all the types of data cleansing/conversion fixes that were made – both those that were manual and automated.

For <u>each</u> type of data cleansing fix, the bidder should explain at a minimum the following:

- The problem the data was causing
- The benefit of having fixed this data problem
- The type of fix that was applied (manual, automated, etc.)
- The number of occurrences
- The number of records fixed
- The number of records unable to be fixed
- A list of all records fixed and copies of all "before" and "after" data.

For each phase of the project, the data cleansing/conversion audit report should first be delivered in draft form for VRS review and then based on feedback provided, it should be updated by the bidder into a formal project deliverable.

136. Who are on VRS' various Boards and what employees of the state should not be contacted?

Answer: Please refer to section A-1.1 and B-3.10.7 that provide information about the rules of conduct governing contact in relation to this RFP. A request to provide a list of the members of the Retirement Boards, Treasurer's Office staff and DII senior staff was made at the bidders' conference. Please be advised that this list does not contain every state employee who might have involvement in this RFP/potential contract and with whom contact might trigger the provision of section A-1.1. If you have questions concerning contacting an individual that might compromise your proposal, please contact Donna Holden as specified in section A-1.1.

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM BOARD

- Warren Whitney, Chair
- Robert Hooper
- William Harkness
- Janice Abair
- Jeb Spaulding, Vice Chair Vermont State Treasurer
- Linda McIntire, Commissioner of Human Resources
- James Reardon, Commissioner of Finance and Management
- Richard Johannesen
- Catherine Simpson
- Wayne Calderara

VERMONT STATE TEACHERS' RETIREMENT SYSTEM BOARD

- Joe Mackey, Chair
- Jon Harris, Vice Chair
- Jay Kaplan
- Jeb Spaulding, Vermont State Treasurer
- Thomas J. Candon representing Commissioner of Banking, Insurance, Securities & Health Plan Administration
- Vaughn Altemus representing Commissioner of Department of Education

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

- Steve Jeffrey, Chair
- W. John "Jack" Mitchell, II
- Dave Lewis
- Jeb Spaulding, Vermont State Treasurer
- Marie Duquette

DEPARTMENT OF INFORMATION AND INNOVATION

- Denise Fehr, Commissioner
- Chris Campbell, Deputy Commissioner
- Rick Conklin, Project Management Officer
- Harry Bell
- Jack Storti

TREASURER'S OFFICE STAFF

- Agnew, Barbara
- Aylward, Irina
- Baldauf, Ronald

- Bolduc, Kitty
- Boswell, Kristine
- Bouffard, Linda
- Brockway, Becky
- Chiren, Monica
- Clasen, Michael
- Currier, Dan
- Dimick, Nancy
- Fine, Daniel
- Gilman, Lisa
- Healy, Michael
- Kawecki, Tina
- Lanphear, Laurie
- Laperle, Albert
- Laraus, Katherine
- Lee, Wendy
- Lilly, Joanne
- Minot, David
- Montour, Joanne
- Pearce, Elizabeth Deputy Treasurer
- Perkins Jr., Leon
- Rice, William
- Rowe, Gayle
- Safford, Lane
- Spaulding, Jeb Treasurer
- Sweeney, Margaret
- Taylor, Cheryl
- Thivierge, Jennifer
- Watson, Susan
- Webster, Cynthia

137. What are the dimensions of the computer room; what is the construction of the room vis a vis raised floor, etc.?

Answer: The physical room is 27' x 10'. Approximately 17' x 10' is the computer room, to house the Treasurer's Office network, including VRS servers and equipment. The remaining area is reserved for shelf storage. The room is already equipped with air conditioning, a fire retardant (Intergen) system, power, and data terminations. Refer to Appendix E-2. There is no raised floor at this time, although one may be proposed. Bidders are required to provide air conditioning and power requirements that VRS must meet to accommodate equipment needs.

138. Can VRS provide attributes of the staff (IT, retirement, management, etc.) with whom bidders will have to interface?

Answer: VRS' staff can be characterized as follows: The eleven (we currently have one vacancy) staff members of the Retirement Division, including the Director and Deputy Director, collectively have 83 years of experience with state government, 56 of which are with the Treasurer's Office. Educational backgrounds include Bachelor Degrees in Psychology, Communications, Business Administration and a variety of course work in accounting, computer science, business management, and professional clerical training.

The specific experience and educational background for members of the three units within the Retirement Division are as follows:

Member Services Unit – Staff collectively have 46 years of experience with state government, 30 of which are with the Treasurer's Office. Educational background includes a Bachelor's Degree in Psychology and a variety of course work in accounting, computer science, and business management.

Employer Services Unit – Staff collectively have 17 years of experience with state government, 16.5 of which are with the Treasurer's Office. Educational background includes a Bachelor's Degree in Psychology and a variety of course work in accounting, business and professional clerical training.

Accounting Unit – Current staff person has 8 years of experience with state government, all of which are with the Treasurer's Office. Educational background includes a Bachelor's Degree in Business Administration.

The specific experience and educational background for members of the Information Technology Division are as follows:

IT Director: 30 years experience systems development – programming, systems analysis and design. COBOL, Mainframe Focus, Focus for Windows, some Access. Developed and maintained legacy retirement system since its inception in 1976.

Network Administrator. 8 years as network administrator for the Treasurer's Office. Thorough knowledge of Microsoft Windows server and client environments. Considerable Linux experience. Familiarity with IBM mainframe environment.

Vacant systems developer position. Position provided Web development and maintenance, SQL Server and Access database development and maintenance. This position is being upgraded to provide management level support to the IT division.

Project Manager – 30 years of extensive development, implementation and management experience on a variety of IT systems and software applications in the public sector.

139. Will VRS consider an alternate to TIFF format for images such as PDF?

Answer: No.

140. Describe outputs expected from the new system.

Answer: At a minimum, the current outputs are to be provided. VRS understands that in a new solution the outputs may be the same (reports), may be in different (perhaps combined) reports, may be in exception reports, may be on-line queries (as appropriate), etc.

141. Would VRS be willing to publish a list of those vendors attending the bidders' conference for the benefit of those vendors willing to team with others?

Answer: No.

142. Can VRS describe the critical integration points?

Answer: The critical integration points include all wage and contribution reporting activities (i.e., from the State H/R system as well as municipal and school reporting), integration with the state financial system, etc. In fact integration with all stakeholders is critical and none are more or less important than others. Again, with a new solution, the mode and mechanism is expected to be better, more efficient, more automated, and less manual or manpower intensive.

143. How will VRS deal with upgrades to external interfaces?

Answer: There are currently no plans other than version or release upgrades. If radical changes (i.e., different packages or different formats) are required, then a change order process will be considered.

144. How much re-engineering is considered and expected?

Answer: Having recently embraced a new business model, VRS does not want to embrace large, radical change. Note VRS is only 12 in staff size. The new business model has been described in the RFP and attachments. However, we do expect the successful vendor to provide us with tools (member-oriented, web-based, VRS management oriented, etc.) to enable us to do more, do it better, and do it more rapidly.

145. Does VRS have staff that can help with extracting data from legacy systems and provide it to vendors for data cleansing and data conversion?

Answer: Yes, staff familiar with the data is available.

146. Re Section 2.4 and question 135 above, does VRS have web standards that will have to be adhered to?

Answer: DII will either publish them on their web site or make them available in draft form on VRS' web site by August 29.

147. How can vendors connect mass storage (SAN) to the state's mainframe?

Answer: Methods of connecting to, and utilizing, the mainframe depend on the architecture of your system. If your system is mainframe-based (e.g., proposes a mainframe DB2 database), DII's main datacenter EMC DASD is connected to a partner EMC unit in the DII hot site specifically designed for D/R purposes (see the answer to question 96). However, the mainframe storage is not configured to handle PC server based stored (e.g., MS SQL-Server databases) and further exploration with the successful vendor about options to connect a SAN solution through the mainframe as opposed to an independent SAN solution would be required.

148. How much mass storage is available for the new pension application on the state's mainframe?

Answer: Please refer to question 96 above.

149. A follow on question to the response provided to question 107 above: Is the use of "use cases" a mandatory requirement for VRS?

Answer: No, the use of "use cases" is not mandatory. VRS is open to methodologies other than those based on Use Cases, provided the bidder clearly describes the methodology and the benefits it provides over a Use Case-oriented approach.

150. What are VRS' plans for the disposition of original documents?

Answer: After we are satisfied that all images are correct and correctly indexed, paper will be destroyed and we will rely on images. Images will also be backed up on microfilm in accordance with the State Archivist's directions.

151. What are VRS' critical criteria for selection?

Answer: Successful previous implementation of similar solutions that provide for an integrated, complete, line-of-business solution that are feature and function rich; they should provide the best value to the State.

152. What model of self-service is VRS expecting? Internet, PC's, kiosks, etc.

Answer: Please note that member self-service is an optional item. Please refer to section B-4.5. VRS expects the solution to be member Web-enabled via the Internet using PC's. Kiosks are not available at the present time.

153. Does VRS expect any plan design changes?

Answer: At the present time none are being planned; however, based upon input from various stakeholders (i.e., the Legislature, the Boards, etc.) plan design cannot be ruled out. This is one reason for the requirements in the RFP related to having a date-effective, parameter driven solution that will allow for implementing changes by VRS staff.

154. What are VRS expectations with respect to vendors' experience in the public retirement environment?

Answer: As discussed in the RFP on page 305 (C-1.1, subsection 2.2.1 Client References), bidders must submit three current or former clients with an analysis of the degree of similarity to VRS's. VRS is seeking solutions from firms with applicable experience in providing similar, robust, integrated solutions to retirement systems similar to VRS.

155. When is the Concept of Operations (COO) document to be delivered to VRS?

Answer: No later than 60 days after contract award.

156. How much functionality is expected in the initial imaging solution? Front or back end imaging? Any workflow?

Answer: As described in the RFP, a minimal (i.e., Electronic Filing Cabinet) capability is required; backend imaging is desired; no workflow is expected until the first phase of the LOB rollout is affected.

157. Re page 162 and the following extract "Identification of the legacy processes that each user previously performed and how such processes map to the new processes. The purpose is for users to understand what they used to do vs. what they will do in the future. Use of legacy tools mapped to new LOB tools is also to be included." , does additional documentation of existing processes exist and can it be made available?

Answer: Existing documentation does not exist beyond that which has been provided in the RFP. However, as a point of clarification, we envision the successful bidder creating a mapping from the legacy

system/tools and how they are used to the new solution/tools, i.e., in the legacy benefits are estimated using spreadsheet 23G and 27B-2; in the new system, screens A, AA, GG and GG-1 are used.

This is meant to help staff understand the new way of conducting business against a backdrop of how they historically completed tasks.

158. Please clarify the apparent contradiction between Section B-3.3 (p. 254) and Section C-1.1 (p. 309) related to staff members who are subject to the key person clause.

Answer: Section B-3.3 states:

"Key personnel must be identified in the staffing plan. At a minimum, key personnel to be identified include the project manager (see discussion below), the lead functional analyst, and any staff member assigned to this contract for at least 50% of their time for the project's duration. No key personnel member 50% dedicated to the VRS's project may be reassigned or otherwise removed early from this project without the explicit written approval of the VRS's project manager. In particular, bidders must agree that the bidder's project manager will not be removed/reassigned until after VRS's final acceptance of the full system, i.e., until the final phase of the project is under warranty. If the contractor removes any key personnel member from the contract without State approval for any reason other than that described below, the contractor agrees to provide 500 hours of equivalent skill level of additional services applicable to change orders or post warranty support to the State at no charge as a penalty for the early removal of each key personnel member. The penalty will not apply in cases where the key personnel member leaves the contractor's employ, becomes unable to perform job duties due to injury or illness, or the State requests that the key personnel member be replaced. The VRS reserves the right to approve, in advance and in writing, bidder requests for key personnel replacement."

And Section C-1.1 states:

"Bidders shall also include the résumés of all key employees (project manager, lead analyst, and at least five other key staff), and any other proposed staff members who are identified by name in the proposal. Those résumés must describe in detail the employee's experience in similar efforts as well as past education and training.

Section B-3.3 is correct.

159. What is the purpose of the work process manual after initial rollout?

Answer: It is to be used as a reference manual.

160. A number of areas need to be clarified with respect to system response time, processing, etc. As a result the following sections are revised to reflect VRS' position on this topic..

Section A-4.2.2 – p. 46

Entry subsystems exist on the mainframe (Focus) and on the network (Access, Focus) to provide input to the nightly mainframe batch process. It is VRS's expectation that there be no batch processing conducted in the LOB system (see Section B-2.8.4 - Availability Requirements and limitations thereof).

Section B-1 – p. 49

Additionally, all edits and updates described are to be on-line real time and not "sequential" overnight jobs executed on successive nights. In no cases will the aforementioned sequential job processing executed on successive nights be acceptable to VRS.

Section B-1.2.2 – p. 129

94.	Ability for the system to handle all three (3) of the following correspondence generation options: 4. Ability for end-users to generate their own correspondence and print it themselves (locally). 5. Ability for end-users to generate their own correspondence, have it sent to centralized system for consolidation, mail assembly and distribution. 6. Ability to generate correspondence in bulk mode.					

Section B-1.2.10 – p. 147

30.	Ability to update the COLA processing job should someone become eligible after the normal job execution for all or a subset of members.					

Section B-1.2.11 – p. 151

27.	Ability to have the system be parameterized so that the member statement job can re-run for a specific retirement system, employer, members within an employer, or a specific member.					

Section B-1.2.11 – p.151

34.	Ability to permit the generation of individual Form 1099-Rs on an "as-needed" basis, as well as through the scheduling of a job for mass production of all Form 1099-Rs required by VRS.					

Section B-1.2.17 – p.164

1.	Ability to provide several industry-standard methods of submitting employee wage, service, and contribution information, such as FTP and the Internet, as well as conventional bulk processing of delivered media.					

Section B-1.2.20 – p. 168

14.	Ability to direct a message to the system console or job scheduler or event scheduler; in the event a routine attempts to update a locked account, indicating the account was not updated due to the lock, the date the lock was effective, and the user ID of the person who locked the account; additionally, all such updating programs must provide a report, sorted by locking user-id, which includes the attempted update, the source of the data, and the fact that the account was locked.					

Section B-1.2.20 – p. 169

19.	Ability to ensure that in no event will a routine that attempts to update a locked account terminate abnormally for that reason.					

Section B-1.2.20 – p. 170

38.	Ability to provide an "account locking" capability such that an appropriately authorized user will be able to lock a benefit recipient's account from any update; if a user attempts to modify data in a locked account, display a message indicating the account is locked, by which user ID, and as of what date.					

Section B-1.2.22 – p. 173

51.	Ability to support the processing/posting of General Ledger transactions.					

Section B-2.4.5 – p. 198-199

As an integral part of the new solution, the bidder will be required to provide an "account locking" capability. Via this capability, an appropriately authorized user will be able to lock a benefit recipient's account from any update. When an account is thus locked, the data relating to it will be available for inquiry only – i.e., no updates will be allowed until the lock is removed. The account will remain locked until the same user ID that locked it unlocks it, the only exception being that the System Administrator will have the authority to unlock any locked account. All locked accounts will be "stamped" with the date, time, and user ID of the person who locked it. If a user attempts to modify data in a locked account, a message will display indicating the account is locked, by which user ID, and as of what date.

However, the required locking capability will <u>not</u> apply to images. Thus it will be possible to add new document images to a locked account.

In the event a routine attempts to update a locked account, a message will be directed to the system console or job scheduler or event scheduler or report indicating the account that was not updated due to the lock, the date the lock was effective, and the user ID of the person who locked the account. Additionally, all such updating programs must provide a report which includes the attempted update, the source of the data, and the fact that the account was locked.

The bidder will be responsible for assuring that <u>in no event will a routine</u> that attempts to update a locked account <u>terminate abnormally</u> for that reason. Further, such a routine must invariably succeed in updating all accounts that were not locked, regardless of the number of locked accounts it encounters. All program execution should notify both operations and user personnel that a locked account has been encountered and what data has not been updated.

The bidder will provide an automated means of processing the locked account after the lock is removed. VRS's objective is that such "suspended" data will <u>not</u> have to be re-entered. Rather, it will be "suspended" until the lock is removed. Additionally, the bidder must provide a capability for users to remove such data that was "locked out" at any time prior to update.

Section B-2.4.7- p.201

- Such modification along with all updates to data fields shall be date/time stamped along with an identifier of what logical user ID performed the modification. Program updates are to be identified by the date and the program identified. Again, the system must have sufficient security and internal controls, as well as appropriate segregation of duties, to allow certain changes to be made only by certain appropriate staff.

Section B-2.5.1 – p. 202

The bidder will guaranty that the system will meet performance requirements, as set forth in Section B-2.8.1 - System Sizing and Performance Requirements, related to on-line response time and processing time until five (5) years after the end of the warranty period of the last module or phase to go into production.

Section B-2.6.2 – p. 208

- Confirm that all modifications of data on the database shall be date/time stamped along with an identifier of what physical terminal device or PC and what logical user ID performed the modification and/or what program modified the database.

Section B-2.8.1 – p. 215

- Processing, as specified in Section B-2.8.4 Availability Requirements.

Section B-2.8.4 – p. 216

The solution must provide for a system uptime of 99.5% between the hours of 6:00 AM and 11:00 PM for all major functions proposed, Monday through Saturday, excluding scheduled downtime or VRS-initiated downtime. The bidder must specify how availability is measured, under what conditions this guarantee will not be met, and the remedies available to VRS if it is not met.

It is VRS's position that, given system capabilities currently available to bidders, traditional "batch" processing should not be required within the LOB application to complete the necessary business processes and that all processes should be capable of being completed "online." For the purposes of our analysis, we define a "batch" process as any process that when run requires system resources such that performance for online inquiry and other day-to-day processes becomes unacceptable. With that in mind, an illustrative list of processes we would define as "batch" includes:

- Month-end benefit payroll
- Wage and contribution reporting
- Wage and contribution editing
- Wage and contribution posting
- Interest calculation and posting
- Service accrual and posting
- Production of year-end member statement
- Actuarial extract
- Annual fiscal year and calendar year closing processes

To the extent the bidder's system employs batch processes, as defined earlier, the bidder must identify all such instances. For each and every such instance the bidder must indicate the expected impact of the process on system performance and indicate why such processes have not been implemented to be online functions. Bidders should note that a solution in which batch processes degrade or restrict on-line response times will not be viewed favorably.

Section B-3.6.9 – p. 276

- Successful UAT of all processes

Section C-1.2 – p. 323

19	N	Performance Warranty	Warranty related to system performance (response time, bulk update cycles, etc.) as agreed to in the contract.	Violations to be resolved within 30 days of notification to vendor by client at no cost to client; see C above.	N/A

161. B-2.1 refers to a Web site for DII Web standards that states that the DII Web standards are being revised. When will these standards be available?

Answer: DII's Web standards as of 8/29/2005 have not received final approval. A draft of the Web standards has been included here, but bidders should be advised that the following is subject to change.

POLICY TITLE: **Web Look and Feel Standards**

POLICY STATEMENT: It is the policy of the State of Vermont to ensure that people with hearing, visual and other disabilities have equal access to public information that has been made available by State agencies or departments on the World Wide Web. It is the direct responsibility of agencies and departments to be knowledgeable of the guidelines for achieving universal accessibility. These principles shall be incorporated in designing and creating any official State of Vermont web-based public information resource.

Introduction

These standards for the look and feel of Vermont state web pages are designed to make State of Vermont websites more accessible, user-friendly and compliant with generally accepted web standards on a world-wide basis.

1.1 Definitions

1.1.1 Non-graphic font - The font applied to text characters on a web page, as opposed to characters that are part of a graphic element.

1.1.2 Standard – In this document the word standard is used to mean "required element of the state look and feel policy implementation."

1.1.3 Home Page – The page that appears when the base domain name is entered into a web browser.

1.2 Web Site Design Standards:

1.2.1 Font – Every state web page will be presented in sans-serif font. One of the sans-serif fonts, Arial, Helvetica or Verdana, comes standard with most operating systems. These fonts will be the standard for all normal text on state Web pages.

1.2.2 Font Size of Non-Graphic Text – Every state web site will use a size 3 (12 point) font for headers and titles and a size 2 (10 point) font for body text.

1.2.3 Color Scheme – Every state web site will present body text in a black font on a white background. As government communication tools all state webs sites must be easily readable by the largest percentage of the population possible. Usability studies indicate that for body text, users can most easily read black text against a white background. This will be the standard for all state Web pages.

1.2.4 Page Design – The home page of every state site should display all navigation without vertical scrolling being necessary. In some situations this may not be possible but every effort should be made to achieve this goal. This does not apply to any pages other than the home page.

1.2.5 Banner – The top 70 pixels of every page will be taken up by the site banner. The banner will include the "Moon over the Mountains" logo, the title of the site and the Vermont.gov link to the portal site. Specifications for each of these are available below. The background of the banner area will be left to the discretion of the sponsoring organization and may be either a background color or graphic.

1.2.5.1 **Vermont State Logo** – Every state site will have the "Moon over the Mountains" logo placed on the left-hand side of the banner. This logo will link back to the home page of the current site. Two standard versions of the logo will be created for web use one for light and one for dark backgrounds. These graphics will be 50 pixels tall. The logo should be centered vertically in the banner and approximately 10 pixels from the left edge of the banner.

1.2.5.2 **Title** – The title of every state web site will consist of two parts, the name of the site and the agency or department that oversees the organization producing the site. (For example, Office of Child Support, Agency of Human Services or Vermont Emergency Management, Department of Public Safety or for top level sites Agency of Administration, State of Vermont.) The site title will be in 24 point font (approximately 25 pixels tall) and the agency or department name will be 10 point font (approximately 12 pixels tall). The agency or department name will share a baseline with the "Moon over the Mountains" logo. The Site name will appear approximately 5 pixels above this. Both lines will be left justified. The font size of the site name may be adjusted downward if the name is unusually long and must wrap.

1.2.5.3 **Vermont.gov Link –** Every state web site will include a link to the Vermont.gov Web portal in the lower right corner of the banner. The link will appear approximately 5 pixels from the bottom of the banner and 15 pixels from the right edge.

1.2.6 Top Navigation – A 20 pixel tall bar will appear directly below the banner on every state web site. The default color for the bar will be grey (#CCCCCC hex or 204/204/204 RGB). There will be a required link at the far left of this bar to the portal site. The search box shall appear at the far right. The remainder of the bar will be available for site specific links.

An example of the top navigation bar

1.2.7 **Left-hand navigation** – According to usability studies, Internet users are accustomed to navigating through a site using links located on the left side of the screen. This will be the standard for every state web site. The left navigation will be a standard 150 pixels wide. The text used in this area, whether text or graphic based, will be presented in the standard non-graphic fonts.

A sample left hand navigation

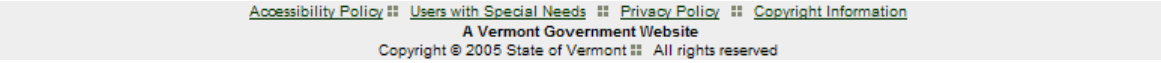
1.2.7.1 **Agency Logos** – Official agency logos may be displayed on all site pages in the left-hand navigation bar at the bottom. These may not be displayed anywhere else on the site except in the body section where appropriate.

The four official agency logos

1.2.8 **Right-hand Navigation** – Right-hand navigation is not required on state web sites. If used the navigation will appear on the rightmost 150 pixels of the web page. The font for right-hand navigation must be the standard non-graphic font and at least 8 point (8 pixels tall).

1.2.9 **Footer** – The footer for every state web site will be of a standard format to give users surety that they are dealing with an official Vermont State Government website. The footer will occupy 50 pixels at the bottom of every state web site. The footer will include links to the state Accessibility Policy, Privacy Policy and Copyright Information. There will also be text reading, “A Vermont Government Website” and “Copyright 2003 State of Vermont.” The footer may also include a “Contact” and a “Home” link for the site it appears on if one is desired.

The footer bar



1.2.10 **Standard Page Components**

1.2.10.1 **Home Page Link** – The "Moon over the Mountains" logo and site title in the banner will both link back to the site's home page.

1.2.10.2 **Agency Information** – For consistency every site will have an "about" section that describes the function of the agency and its services.

1.2.10.3 **Contact Information** – Every site must contain contact information including but not limited to: emails, phone numbers and street addresses for the agency. The site must also contain contact information for users having accessibility problems.

1.2.10.4 **Naming Conventions** – Common links across state websites should be referred to in a consistent basis. This list will be amended as the need arises.

1.2.10.4.1 **Site Map** – page showing logical flowchart of the site

1.2.10.4.2 **Frequently Asked Questions (FAQ)** – A list of common questions and answers particular to the organization.

1.2.10.4.3 **Home Page** – The first page viewed when browsing to the base URL of a site.

1.2.11 **Page Formatting**

1.2.11.1 **Page Width** – Agency web pages must be viewable without horizontal scrolling on an 800 X 600-pixel screen display. Pages that stretch horizontally to better display in higher resolutions are strongly encouraged. If a page is not designed to stretch to a larger screen size then the page must be coded to center itself on higher resolution displays.

1.2.11.2 **Page Areas** –

1.2.11.2.1 **Banner** – The page banner will occupy the top 70 pixels of each web page.

1.2.11.2.2 **Top Navigation** – The top navigation will occupy 26 pixels directly beneath the banner.

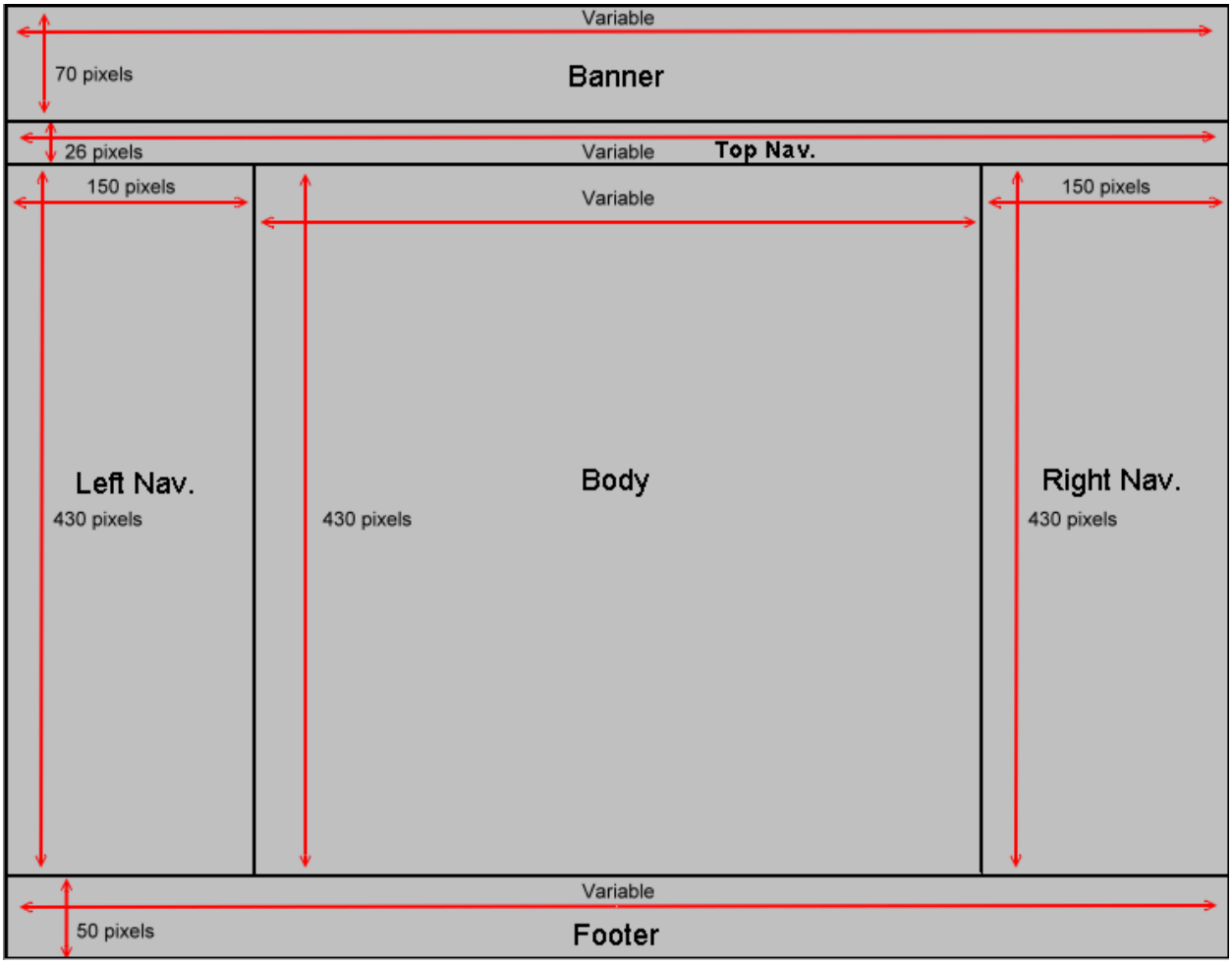
1.2.11.2.3 **Left Navigation** – The left navigation will appear directly below the top navigation and occupy the left most 150 pixels of the Web page. Note: The left navigation is ideally limited to items that will appear above the fold on a 800x600 display.

1.2.11.2.4 **Right Navigation** – The right navigation appears directly below the top navigation and occupies the right most 150 pixels of the Web page. Note: The right navigation is an optional element.

1.2.11.2.5 **Body** – The body occupies that space below the top navigation and between the left and right navigation areas (or right side of page if right navigation is not used). Ideally this area will expand to fill the display of any monitor with resolution set higher than 800x600 pixels.

1.2.11.2.6 **Footer** – The footer occupies the bottom 50 pixels of the web page. Note: Ideally this area will be visible without scrolling on the home page of every state Web site.

Standard layout for a State of Vermont Web site



1.2.12 **Frames** – Frames shall not be used on state web sites. Screen readers are unable to read them intelligibly. W3C guidelines on frames and alternatives to frames are available from (http://www.w3.org/TR/WCAG10-HTML-TECHS/#edef-NOFRAMES).

1.2.13 **Meta Tags** – Meta Tags are crucial to state sites appearing in search engine results. These tags identify the contents of a web page. The Department of Information and Innovation meta data builder is available online at, http://www.dii.state.vt.us/web_central/metatagbuilder.html. Meta tags that should appear on every state web site include:

1.2.14 ***author*** – The full name of the agency / division / office responsible for either the creation of the document or the information contained within the document.

1.2.15 ***description*** – A brief narrative sentence that summarizes the content and purpose of the information on the web page.

1.2.16 ***keywords*** – These are words or phrases that refer to the contents of the page in question.

1.2.17 ***subjects*** – When used properly these terms assist in automatically classifying the web page into a Yahoo-like directory for additional access by the user.

1.2.18 ***pubDate*** – This is the date the publication is placed on the web. This allows searching of documents by date of origination.

1.2.19 ***resourceType*** – This tag describes what type of information the web page provides, such as directories, instructions, laws and regulations, etc.

1.2.20 ***govType*** – This tag describes the level of governmental entity of the producer of the information on the page.

1.2.21 ***format*** – This tag describes what type of page is being accessed (html, Word file, Excel spreadsheet, picture, animation, audio file, etc.).

1.2.22 ***language*** – The language in which the page is presented

1.2.23 ***robots*** – This refers to the automated spiders that search engines use to accumulate web site information.

1.2.24 ***revist-after*** – This refers to how often a robot would visit the site.

F-4 ADDENDUM OF 9/7/2005

No changes have been made to the original contents of the RFP as it was released on 7/12/2005 except for the addition of the July 27, August 19, August 29 and this addendum. These addenda should be considered part of the RFP and are to be incorporated into your response.

1. Section C-1.1 Technical Proposal Format, Proposal Letter statement, page 302.

This paragraph currently reads as follows:

> *"We have read the State's Request for Proposals (RFP) for Retirement Backfile Conversion Services and Interim Imaging System, and fully understand its intent. We certify that we have adequate personnel, equipment, and facilities to provide the State's requested services that we have indicated we can meet. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Office of the State Treasurer."*

It is changed to read as follows:

> *"We have read the State's Request for Proposals (RFP) for a New Pension Administration System, and fully understand its intent. We certify that we have adequate personnel, equipment, and facilities to provide the State's requested services that we have indicated we can meet. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Office of the State Treasurer."*

2. Section D Proposal Confidentiality Agreement, page 352.

Number 1 current reads as follows:

1. Certain information will be made available by VRS to _____ (Bidder name) to enable _____ (Bidder name) to perform services necessary in order to prepare a proposal to VRS for backfile conversion services.

It is changed to read as follows:

1. Certain information will be made available by VRS to _____ (Bidder name) to enable _____ (Bidder name) to perform services necessary in order to prepare a proposal to VRS for a new pension administration system.