

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 ACQUISITION SERVICES
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

January 14, 2005

NOTICE
 TO
 CONTRACT NO. 071B5200095
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF VENDOR		TELEPHONE (571) 382-1093 Don Atwell	
Tier Technologies, Inc. 10780 Parkridge Blvd., 4 th Floor Reston, VA 20191		VENDOR NUMBER/MAIL CODE	
		BUYER/CA (517) 241-1647 Irene Pena <i>Irene Pena</i>	
Contract Compliance Inspector: David Mork Banking Services for MISDU – FIA/OCS			
CONTRACT PERIOD:		From: December 15, 2004 To: December 14, 2009	
TERMS	SHIPMENT		
N/A	N/A		
F.O.B.	SHIPPED FROM		
N/A	N/A		
MINIMUM DELIVERY REQUIREMENTS			
N/A			

The terms and conditions of this Contract are those of ITB #071I4001220, this Contract Agreement and the vendor's quote dated July 16, 2004. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.

Estimated Contract Value: \$86,757,687.00

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

June 25, 2008

**CHANGE NOTICE NO. 5
 TO
 CONTRACT NO. 071B5200095
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Tier Technologies, Inc. 10780 Parkridge Blvd., 4th Floor Reston, VA 20191 <div style="text-align: right;">mbowman@tier.com</div>	TELEPHONE (517) 318 4609 Monica Bowman
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-1080 Melissa Castro, CPPB
Contract Compliance Inspector: David Mork Banking Services for MISDU – DHS/OCS	
CONTRACT PERIOD: From: December 15, 2004 To: June 30, 2008	
TERMS <div style="text-align: center;">N/A</div>	SHIPMENT <div style="text-align: center;">N/A</div>
F.O.B. <div style="text-align: center;">N/A</div>	SHIPPED FROM <div style="text-align: center;">N/A</div>
MINIMUM DELIVERY REQUIREMENTS <div style="text-align: center;">N/A</div>	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE (S):

Effective June 30, 2008, this Contract is hereby CANCELLED and REPLACED with Contract #071B8200214 due to vendor merger. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency/vendor agreement and DMB/Purchasing Operations' approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$86,757,687.00

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

June 19, 2008

**CHANGE NOTICE NO. 4
 TO
 CONTRACT NO. 071B5200095
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Tier Technologies, Inc. 10780 Parkridge Blvd., 4th Floor Reston, VA 20191 <div style="text-align: right;">mbowman@tier.com</div>	TELEPHONE (517) 318 4609 Monica Bowman
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-1080 Melissa Castro, CPPB
Contract Compliance Inspector: David Mork Banking Services for MISDU – DHS/OCS	
CONTRACT PERIOD: From: December 15, 2004 To: April 24, 2010	
TERMS <div style="text-align: center;">N/A</div>	SHIPMENT <div style="text-align: center;">N/A</div>
F.O.B. <div style="text-align: center;">N/A</div>	SHIPPED FROM <div style="text-align: center;">N/A</div>
MINIMUM DELIVERY REQUIREMENTS <div style="text-align: center;">N/A</div>	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE (S):

Effective immediately, services for “DRA In-bound Calls” (per the attached proposal) are hereby incorporated into this Contract. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency/vendor agreement and DMB/Purchasing Operations’ approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$86,757,687.00



To: David Mork, Cheryl Webster
 From: Monica Bowman
 Date: 6/5/2008
 RE: Pricing Proposal for DRA inbound calls

Please see the below pricing details relating to customer service for the Michigan IV-D DRA letter. In the interest of allowing for sufficient preparatory time, Tier requests a response by June 27th, 2008.

Pricing Proposal for DRA letter customer service

With a talk time of 2 minutes and a staffing level of 15, price per call for the first 58,800 calls will be \$2.50. Price per call in excess of 58,800 will be \$1.7082 up to 67,244 calls. In the event that call volumes exceed 67,244, price per call will be adjusted so that the total costs to the State does not exceed \$161,424.90.

Call Range	Staff	Talk Time Offered (minutes)	Daily maximum answered call capacity	Price per call	% Answered (as compared to expected calls offered)	Total calls answered within call range	Costs to the State
1 - 58,800	15	2	3150	\$ 2.5000	100%+	58,800	\$ 147,000.00
58,801 to <= 67,244	15	2	3150	\$ 1.7082	100%+	<=8,444	\$ 14,424.04
58,801 to > 67,244	15	2	3150	14,424.90/volume in excess of 58,800	100%+	> 8,444	\$ 14,424.90
							\$ 161,424.90

These prices are based on the following assumptions:

- 249,310 DRA letters will be mailed
- 25% of letters mailed will result in a call placed to the MiSDU
- The letters will be mailed over a four week period
- Calls will be accepted over a six week period (July 21st - August 29th)
- The MiSDU will receive an average daily DRA call volume of 2,077 (62,327.5/30)
- There is a potential that DRA customer service representatives will be physically co-mingled with IVD staff
- This project will end on August 29th, 2008 with the flexibility to allow for an end date of August 22nd, 2008

Prices include:

- Additional customer service equipment (headsets)
- Development hours for additional queue distribution
- Training (2 full days prior to project start date)
- Background Checks for all staff
- Project Management hours
- Costs of temporary staffing services

Additional Considerations:

- Based on historical experiences with our customer base, Tier anticipates that 50% of letters mailed will result in a call placed to DRA customer service.
- Staffing levels in the above options are based on an expected call volume of 25% as requested by the State.
- If the State asks that we increase staff to accommodate higher than expected call volumes after project start, Tier will require 5 - 8 business days to attain and train additional staff.
- The per call price is predicated on volume discounts.
- These prices include considerations for acquiring quality staff.
- Prices will be re-evaluated in the event that changes to the above pricing elements are requested (i.e. talk times, staffing levels, etc.).

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

February 29, 2008

**CHANGE NOTICE NO. 3
 TO
 CONTRACT NO. 071B5200095
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Tier Technologies, Inc. 10780 Parkridge Blvd., 4th Floor Reston, VA 20191 mbowman@tier.com	TELEPHONE (517) 318 4609 Monica Bowman
	VENDOR NUMBER/MAIL CODE) _____
	BUYER/CA (517) 373-1080 Melissa Castro, CPPB
Contract Compliance Inspector: David Mork Banking Services for MISDU – DHS/OCS	
CONTRACT PERIOD: From: December 15, 2004 To: April 24, 2010	
TERMS <p align="center">N/A</p>	SHIPMENT <p align="center">N/A</p>
F.O.B. <p align="center">N/A</p>	SHIPPED FROM <p align="center">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p align="center">N/A</p>	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE (S):

The attached changes are hereby incorporated into this Contract. Additionally, the vendor contact is changed to Monica Bowman. The Contract end date is revised to April 24, 2010. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency/vendor agreement and DMB/Purchasing Operations' approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$86,757,687.00

Pricing Modifications

- On the monthly invoice under the disbursements section an additional category called Initial Disbursement Inserts was added effective February, 2006 and billed at a unit price of \$0.085710.
- MACS Forms received for electronic payments were processed at no cost to the State by agreement during the MACS Project (roughly during the first half of 2006).
- Escheatment Rejection letters are billed at the correspondence rate for \$3.075028 per letter.
- Wayne County Ford payments are processed at \$0.7315 for the period from contract inception until Month/Day/Year. This payment is one half of the difference between paper and electronic receipt cost and reflects the hybrid nature of these billings. Billings after this date will be billed at either the electronic rate or the paper rate as appropriate (since Ford expects to occasionally remit support on paper).

Three Year Price Review Modifications

- The service charge associated with ATM transactions using the MiSDU Debit Card will be reduced from \$1.50 to \$1.00 effective as soon as is practical.

The MiSDU Debit Card replacement fee of \$5 will be eliminated effective as soon as is practical for the first four (4) card replacements per member per calendar year.

To the extent that Tier does not process more than \$68M in obligor child support payments to the MiSDU by credit or debit card over the five year life of the contract, Tier will continue to subsidize convenience fees and offer the existing \$3.75 fee per payment.

If the rate of credit/debit card payments by the four year price renewal period appears likely to exceed \$75M over the life of the contract, the State and Tier will review the pricing strategy again.

Effective April 25, 2005, the State agrees to waive the debit card float requirement to receive debit card earnings credit as outlined in the August 6, 2004 letter between Stephen Wade of Tier and Irene Pena of the State.

Contract Language and Requirements Modifications

- 1) The definition of "Disbursement(s)" in the Definition of Terms is hereby revised in its entirety to read:

"Payments by the MiCSES through the MiSDU either in the form of a paper check, deposit, or debit card. Disbursements also go to agencies, returns to NCP, third parties, employers, etc."

- 2) The definition of "Item Processed" in the Definition of Terms is hereby revised in its entirety to read:

"A unit of measurement for determining performance and defined as a payment posted to a case. Payments can be on paper remits or in an electronic file sent to the MiSDU. Specific definitions for each area of performance measurement will be identified in the attachment for Performance Measures."

- 3) Section II-A: The final sentence is hereby revised to read:

"Apply quality assurance practices and provide performance reporting to assure the continuing accuracy and timeliness of processing. All receipts (payments) that are being included in the day's MiSDU Receipt file (Payment Processing and Resolved Research) must be subject to Quality Assurance sampling."

**#071B5200095
Change Notice #3
Page Three**

4) Section II-B, paragraph three, bullet two, fourth hash, states "Actual Disbursement to the correct account, including check printing and mailing to obligees." It is hereby revised to read:

"Actual Disbursement to the correct account, including check printing and mailing or electronic disbursement to obligees."

5) Section II-C-2a(3) (bullet 7): This bullet requires the vendor to identify a process for obtaining state funds for federal tax offsets.

Given that the funds involved are state funds, this is not a vendor responsibility and this bullet should be deleted in it's entirety.

6a) Section II-C-2a (5) (bullet 4): The first sentence currently reads: "The contractor shall provide an interactive interface with the State provided validation file to validate using two identifiers for paper and electronic payments, i.e. name or social security and docket number."

This sentence is revised to read:

"The contractor shall provide an interactive interface with the State provided validation file to validate using two identifiers for paper and electronic payments, i.e. name or social security and docket or IV-D number or docket and IV-D number."

6b) The next sentence is unchanged and remains:

Refreshed weekly with intent to be more frequent, and updated at least monthly.

6c) The next sentence currently reads: Interstate payments may be posted with the IV-D identifier only. This sentence is hereby revised in its entirety to read:

"Interstate payments may be posted with the IV-D identifier as one of the two pieces of posting information."

7) Section II-C-2a (5) (bullet 6) currently reads:

Contractor to initiate telephone contact within 1 business day and continue attempts at telephone contact up to three business days. Mail contact shall occur immediately thereafter with the payer to obtain identifier information allowing posting to a docket.

This language is to be revised to read:

"To resolve research payments the Vendor should initiate telephone contact, if phone number can be located. If no telephone number can be found on the business day after payment receipt, mail contact shall occur immediately thereafter with the payer to obtain identifier information allowing posting to a docket. All SDU Research items are to be resolved in 10 business days following the date of receipt. Exception to the phone/letter rule for payments in pre-10 day are items such as FIDM, Foreign Currency, NSF Recoupments, Bank adjustments, Refunds, and payments in pre-10 day that are awaiting order entry of the IWN from the FOC office and not subject to phone or letter contact."

8) The following language is hereby added to Section II-C-2 (h) (2):

"The Vendor is to perform quality assurance on payments being sent to SDU Research to insure that these payments were appropriately sent to Research per approved business rules. A payment may be sent to research with State approval outside the business rules if that action will increase accuracy in payment processing. Any duplicate receipts reviewed by the Vendor during the quality assurance process may not be counted as a reviewed sample within the required 98% confidence level (see Appendix B #20)."

9) The document titled "Attachment B" is hereby removed from this Contract.

10) Appendix B Item 1 Performance, Metrics, and Reporting): Within Report 3P, the language under the heading "Statistical Measurement is hereby revised in its entirety to read:

"Accuracy in payment processing, percent of accuracy for processing 99.8%. This percentage is to be determined by applying sampling criteria as provided by the State (sample size, sampling duplications, and other requirements) such that the accuracy is determined to a 98% confidence level (see Appendix B #20), and all payments being included in the day's MiSDU Receipt file (Payment Processing and Resolved Research) are subject to sampling.

Under the heading "Penalties", the following language is added immediately after the phrase "Impedes Service": Reporting is to be daily. Failure to maintain the required accuracy rated during any single calendar month is subject to provisions of Liquidated Damages. Failure to maintain the required accuracy rate during any single processing week will require an incident report." The remainder of the current language under this heading remains as written.

11) Appendix B Item 1 Performance, Metrics, and Reporting: "3CS Statistical Measurement" that states "=<2 minute average for CP/NCP and employer lines =<1 minute for FOC" is hereby revised to read:

"=<2 minute average for CP/NCP, employer, and FOC lines".

12) Appendix B Item 1 Performance, Metrics, and Reporting: (5CS) is hereby removed.

13) Appendix B Item 4-I (A) shall be modified to add one more option as the third option. The current 3rd option will become number 4:

"3. Docket Number and IV-D Number match in validation file."

14) Appendix B Item 4-II-2 "MiSDU Research" #2 is hereby removed. This language allowed posting on docket number and county code, which is now removed.

15) Appendix B Item 4-III "Alternative Approaches", the first sentence in the first paragraph currently reads: "Alternative Approaches for Final Resolution (Seven one-hundredths of 1%, i.e. 15 to 20 transactions) which then reduces to two one-hundredths of 1% (5 transactions) posted as unidentified." is hereby revised in its entirety to read:

"Alternative Approaches for Final Resolution."

16) Appendix B Item 4-III, the statement "(20 transactions daily)" is hereby removed in the first bullet under the Alternative Approaches item just above.

17) Appendix B (13) "Posting Matrix" is hereby removed.

18) Appendix B Item 18 (18) is hereby revised to read:

"Every even ending year, process testing at the designated back-up site is required. A full test must be performed to the satisfaction of the State's SDU Director."

19) Appendix B Item 18 (19) is hereby revised in its entirety to read:

"Every odd ending year, the contract and communication chain will be verified to the satisfaction of the State's SDU Director."

Appendix B-20: The following chart is hereby added to Appendix B as B Item 20:

Date	Total Daily Receipts	Total QA Items Sampled	Approximate Current Confidence Level Achieved based upon ACL Software*	# Items to be Sampled to Reach 95% Confidence Level**	# Items to be Sampled to Reach 98% Confidence Level**	# Items to be Sampled to Reach 99% Confidence Level**	# of Tolerable Errors at 95%, 98%, or 99% Confidence Level
10/7/2004	31,458	387	84.5 (approx.)	475	584	664	1
10/13/2004	27,471	339	84.5 (approx.)	475	584	664	1
10/19/2004	24,260	306	84.5 (approx.)	475	584	664	1
10/21/2004	30,463	381	84.5 (approx.)	475	584	664	1
10/25/2004	31,969	396	84.5 (approx.)	475	584	664	1
11/2/2004	27,781	348	84.5 (approx.)	475	584	664	1
11/10/2004	27,203	342	84.5 (approx.)	475	584	664	1
11/16/2004	27,887	342	84.5 (approx.)	475	584	664	1
11/18/2004	28,485	359	84.5 (approx.)	475	584	664	1
11/29/2004	22,736	286	84.5 (approx.)	475	584	664	1
12/3/2004	35,905	451	84.5 (approx.)	475	584	664	1
12/7/2004	26,461	489	84.5 (approx.)	475	584	664	1
12/17/2004	38,914	472	84.5 (approx.)	475	584	664	1
12/21/2004	28,086	345	84.5 (approx.)	475	584	664	1
12/28/2004	38,230	388	84.5 (approx.)	475	584	664	1
Estimate	45,000			475	584	664	1
Estimate	55,000			475	584	664	1

*Using an upper error limit of 1% and an expected error rate of .3%

**Using an upper error limit of 1% and an expected error rate of .1%

This means that at a (95%, 98%, 99%) confidence level you are (95%, 98%, 99%) confident that your sampling error rate will not exceed your tolerable error rate of .1% by +/- 1% if you use these sample sizes

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

September 25, 2007

**CHANGE NOTICE NO. 2
 TO
 CONTRACT NO. 071B5200095
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Tier Technologies, Inc. 10780 Parkridge Blvd., 4th Floor Reston, VA 20191 datwell@tier.com	TELEPHONE (571) 382-1093 Don Atwell
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-1080 Melissa Castro, CPPB
Contract Compliance Inspector: David Mork Banking Services for MISDU – DHS/OCS	
CONTRACT PERIOD: From: December 15, 2004 To: December 14, 2009	
TERMS <p align="center">N/A</p>	SHIPMENT <p align="center">N/A</p>
F.O.B. <p align="center">N/A</p>	SHIPPED FROM <p align="center">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p align="center">N/A</p>	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE (S):

The attached change requests (CR-5-4/07 and CR-6-4/07) are hereby incorporated into this Contract. Additionally, the postal rate increase to \$.3596 per unit, effective May 14, 2007, is hereby incorporated into this Contract. All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency/vendor agreement and DMB/Purchasing Operations' approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$86,757,687.00



Change Request

CR-5-4/07

To: David Mork
From: Mike Giroux
CC: Monica Bowman; Emily Ackles
Date: April 12, 2007
Re: Changes to MiCSES Check Print File

Dear Dave,

This Change Request is submitted in response to the upcoming modification in MiCSES that will result in a change to the length of the "Amount Collected" field in the MiCSES Check Print File. This request reflects the development and programming costs required for Tier to process a file with an Amount Collected Field of 12 rather than 11 characters. Modifications will be required to our Disaster Recovery Check Print Solution, Group One Check Print Solution, and our TierTrac System. This change order covers changes required to all three systems.

Disaster Recovery (details attached):

Programming Changes	\$ 375.00
Programming Testing	\$ 1,125.00
BPO BC/DR Review & Oversight	\$ 225.00
Estimated Total	\$ 1,725.00

Group One Check Print Solution:

Description of services:

1. Review entire MISDU Check print application to determine the impact of the proposed file modifications made by the State of Michigan
2. Review the Findings with TIER personnel
3. Make recommended modifications to the modules identified. These can include:
 - a. StreamWeaver
 - b. DOC1
 - c. Windows Scripts

4. Implement and test the modules that were modified

Cost of above-referenced services estimated at: (24 hours @ \$325/hour) \$ 7,800.00

Travel-related and out-of-pocket expenses estimated at: \$ 1,300.00

Estimated Total: \$ 9,100.00

TierTrac: Change Request (details attached)

Estimated Total: \$ 5,550.00

Estimated Total – All Services \$16,375.00

Tier estimates that the Services will be completed within the costs shown above. Tier does not represent, however, that the Services will be completed within these estimates. The State shall pay Tier at the following hourly rates for all services performed under this Change Request:

*Disaster Recovery Programming: (See attached for hourly rates)

**Group One Services: \$325/hour

*TierTrac Services: (See attached for hourly rates)

These changes will be implemented into our current operations based upon a schedule to be determined after state approval of the contract change request. The requirements for this change request were supplied by the Michigan Office of Child Support. Any estimates provided in this Change Request, including expected hours to complete the Services and any timeline provided, are based on known functional requirements as of the date of this Change Request. The cost of the project will be itemized with the first monthly invoice following completion of the referenced services.

*Disaster recovery Services and Services provided directly by Tier are priced in accordance with Table A-VIII, Other Billable Charges, Section IV of Contract Number 071B5200095 between The State of Michigan and Tier technologies, Inc.

** Group One Services are Additional Services as defined in Section I-BB-Modification of Services of Contract Number 071B520009 between the State of Michigan and Tier Technologies, Inc.

Part 1: General Information

Change tracking number (from TeamTrack): RES00257 **Make changes to the Tier Disaster Recovery Solution to incorporate the changes being made to the check print file**

Please refer to TeamTrack for detailed information about the change being requested.

Part 2: Impact Analysis Estimates & Actuals

Requested Date For Release: TBD Level (1 or 2): 1 Requested Release/Build:

Software Product Size Estimate: _____

Activities	Estimated Effort (Optional)	Total effort/activity (Hrs)	Actual Total effort/ activity (Hrs)
Requirements			
Req. Analysis			
Requirements spec/Use case/RTM			
Test Case document			
Design			
Design analysis			
Design document prep			
Development & Unit Testing		Programmer \$125.00 Per Hr	
Coding	3		
Scripts/Data Preparation			
Unit testing			
Data structure changes			
Bug fix (issues found after testing)		\$375.00	
Patch preparation			
Testing		Tester \$125.00 Per Hr	
Development Build			
Patch Preparation			
Test	9.0	\$1,125.00	

Activities	Estimated Effort (Optional)	Total effort/activity (Hrs)	Actual Total effort/activity (Hrs)
Peer Reviews			
Requirements peer review			
Design peer review			
Code peer review			
Test case peer review			
SCM Activities			
Development Build			
Patch Preparation			
Documentation			
System Ops Guide			
Installation Guide			
Technical Manual			
User's Manual			
Guide to Standard Reports			
Other			
Planning			
SDP			
SCM Plan			
SQA Plan			
Peer Review Plan			
Intergroup Coordination Plan			
Test Plan			
Project Management/Quality Control	1.0	Project Manager \$225.00 Per Hr \$225.00	
SQA Activities			

Effort Estimate: 13.0 hrs Cost Estimate: **\$\$1,725.00** Estimated Schedule to Implement: TBD

Estimated # of clients benefited: 1 Estimated Client Funding (if appropriate): **\$1,725.00** Estimated maintenance difficulty (High, Medium, Low): Low

Schedule/resource impact, issues, risks (if identified):

Diverting resources to this change request would impact support activities and will delay enhancements.

Actual effort:	Actual cost:	Actual schedule to implement:
----------------	--------------	-------------------------------

Part 3: Approvals

Project Manager (for Level 1 Changes):	<input checked="" type="checkbox"/> Approved	Date:	Planned
	<input type="checkbox"/> Rejected	29 June	Release/Build:
	<input type="checkbox"/> On Hold	2007	Dt: TBD
Project Product Review Board Chair (for Level 1 Changes):	<input type="checkbox"/> Approved	Date:	Planned
	<input type="checkbox"/> Rejected		Release/Build:
	<input type="checkbox"/> On Hold		
Product Council Chair (for changes impacting GSC Business Plan):	<input type="checkbox"/> Approved	Date:	Planned
	<input type="checkbox"/> Rejected		Release/Build:
	<input type="checkbox"/> On Hold		

Part 1: General Information

Change tracking number **Make changes to TierTrac to incorporate the**
 (from TeamTrack): RES00257 **changes being made to the check print file**

Please refer to TeamTrack for detailed information about the change being requested.

Part 2: Impact Analysis Estimates & Actuals

Requested Date For Release: Level (1 or 2): 1 Requested Release/Build:
 TBD

Software Product Size Estimate: _____

Activities	Estimated Effort (Optional)	Total effort/activity (Hrs)	Actual Total effort/activity (Hrs)
Requirements		Business Analyst	
Req. Analysis	4.0	\$125.00 Per Hr	
Requirements spec/Use case/RTM		\$500.00	
Test Case document			
Design		Analyst	
Design analysis	2.0	\$175.00 Per Hr	
Design document prep		\$350.00	
Development & Unit Testing		Programmer	
Coding	6.0	\$125.00 Per Hr	
Scripts/Data Preparation	2.0		
Unit testing	8.0		
Data structure changes	1.0		
Bug fix (issues found after testing)	6.0	\$2,875.00	
Patch preparation			
Testing		Tester	
Development Build	0.5	\$125.00 Per Hr	
Patch Preparation	0.5		
Test	8.0	\$1,125.00	

Activities	Estimated Effort (Optional)	Total effort/activity (Hrs)	Actual Total effort/ activity (Hrs)
Peer Reviews			
Requirements peer review		Business Analyst \$125.00 Per Hr	
Design peer review	1.0		
Code peer review	1.0	\$250.00	
Test case peer review			
SCM Activities			
Development Build			
Patch Preparation			
Documentation			
System Ops Guide			
Installation Guide			
Technical Manual			
User's Manual			
Guide to Standard Reports			
Other			
Planning			
SDP			
SCM Plan			
SQA Plan			
Peer Review Plan			
Intergroup Coordination Plan			
Test Plan			
Project Management/Quality Control	2.0	Project Manager \$225.00 Per Hr \$450.00	
SQA Activities			

Estimating Assumptions: Resource allocated spends his/her 100% of time to complete this effort

Effort Estimate: 42.0 hrs	Cost Estimate: \$5,550.00	Estimated Schedule to Implement: TBD
------------------------------	------------------------------	--------------------------------------

Estimated # of clients benefited: 1	Estimated Client Funding (if appropriate):	Estimated maintenance difficulty (High, Medium, Low): Low
-------------------------------------	--	---

Schedule/resource impact, issues, risks (if identified):

Diverting resources to this change request would impact support activities and will delay enhancements.

Actual effort:	Actual cost:	Actual schedule to implement:
----------------	--------------	-------------------------------

Part 3: Approvals

Project Manager (for Level 1 Changes): DAVID HYDE	<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Rejected <input type="checkbox"/> On Hold	Date:	Planned Release/Build: Dt: TBD
Project Product Review Board Chair (for Level 1 Changes):	<input type="checkbox"/> Approved <input type="checkbox"/> Rejected <input type="checkbox"/> On Hold	Date:	Planned Release/Build:
Product Council Chair (for changes impacting GSC Business Plan):	<input type="checkbox"/> Approved <input type="checkbox"/> Rejected <input type="checkbox"/> On Hold	Date:	Planned Release/Build:



Change Request

CR-6-4/07

To: David Mork
From: Mike Giroux
CC: Monica Bowman; Emily Ackles
Date: April 12, 2007
Re: Changes to Validation File for IV-D and Member ID Fields

Dear Dave,

This Change is being requested to correct an anomaly in the Kids 1st application and database. The application and database were originally created to conform to specifications supplied by MiCSES. These specifications defined certain fields as numeric rather than alphanumeric. Consequently, any leading zero entered into those fields were dropped by Kids 1st causing the payment to be held and ultimately delaying the disbursement. This Change Request defines the estimated effort required to change these fields from numeric to alphanumeric, thereby eliminating the delay in disbursing funds associated with the effected cases.

Scope of work particulars are contained in the attached Change Request details.

*Estimated Total: **\$ 11,400**

Tier estimates that the Services will be completed within the costs shown above. Tier does not represent, however, that the Services will be completed within these estimates. The State shall pay Tier at the hourly rates reflected in the attached Change Request detail for all services performed under this Change Request.

These changes will be implemented into our current operations based upon a schedule to be determined after state approval of the contract change request. The requirements for this change request were supplied by the Michigan Office of Child Support. Any estimates provided in this Change Request, including expected hours to complete the Services and any timeline provided, are based on known functional requirements as of the date of this Change Request. The cost of the project will be itemized with the first monthly invoice following completion of the referenced services.

*Services provided directly by Tier are priced in accordance with Table A-VIII, Other Billable Charges, Section IV of Contract Number 071B5200095 between The State of Michigan and Tier technologies, Inc.

Part 1: General Information

Change tracking number
(from Remedy): SR21968)

Incorporate the latest Validation file layout changes for IVD and Member ID fields in Kids1st application and database.

Please refer to Remedy for detailed information about the change being requested.

Part 2: Impact Analysis Estimates & Actuals

Requested Date For Release: **Level (1 or 2): 1**
TBD

Requested Release/Build:
5.1.0.1023 + Patch.

Software Product Size Estimate: _____

Activities	Estimated Effort (Optional)	Total effort/activity (Hrs)	Actual Total effort/ activity (Hrs)
Requirements		Business Analyst	
Req. Analysis	1.0	\$125.00 Per Hr	
Requirements spec/Use case/RTM		\$250.00	
Test Case document	1.0		
Design		Analyst	
Design analysis	2.0	\$175.00 Per Hr	
Design document prep		\$350.00	
Development & Unit Testing		Programmer	
Coding	42.0	\$125.00 Per Hr	
Scripts/Data Preparation			
Unit testing	10.5		
Data structure changes			
Bug fix (issues found after testing)	4.0	\$7,062.50	
Patch preparation			
Testing		Tester	
Development Build	1.0	\$125.00 Per Hr	
Patch Preparation	0.5		
Test	13.5	\$1,875.00	

Activities	Estimated Effort (Optional)	Total effort/activity (Hrs)	Actual Total effort/activity (Hrs)
Peer Reviews			
Requirements peer review		Business Analyst	
Design peer review		\$125.00 Per Hr	
Code peer review	4.0	\$500.00	
Test case peer review			
SCM Activities			
Development Build	1.5	Analysts	
Patch Preparation	0.5	\$175.00 Per Hr	
		\$350.00	
Documentation			
System Ops Guide			
Installation Guide			
Technical Manual			
User's Manual			
Guide to Standard Reports			
Other			
Planning			
SDP			
SCM Plan			
SQA Plan			
Peer Review Plan			
Intergroup Coordination Plan			
Test Plan			
Project Management/Quality Control	4.5	Project Manager	
		\$225.00 Per Hr	
		\$1,012.50	
SQA Activities			

Effort Estimate: 86.0 hrs	Cost Estimate: \$11,400.00	Estimated Schedule to Implement: TBD
------------------------------	-------------------------------	--------------------------------------

Estimated # of clients benefited: 1	Estimated Client Funding (if appropriate): \$11,400.00	Estimated maintenance difficulty (High, Medium, Low): Medium
-------------------------------------	---	--

Schedule/resource impact, issues, risks (if identified):

Diverting resources to this change request would impact support activities and will delay enhancements.

Actual effort:	Actual cost:	Actual schedule to implement:
----------------	--------------	-------------------------------

Part 3: Approvals

Project Manager (for Level 1 Changes): CHANDRA GUJJULA	<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Rejected <input type="checkbox"/> On Hold	Date:02/15/07	Planned Release/Build: 5.1.0.1023+Patch Dt: TBD
Project Product Review Board Chair (for Level 1 Changes):	<input type="checkbox"/> Approved <input type="checkbox"/> Rejected <input type="checkbox"/> On Hold	Date:	Planned Release/Build:
Product Council Chair (for changes impacting GSC Business Plan):	<input type="checkbox"/> Approved <input type="checkbox"/> Rejected <input type="checkbox"/> On Hold	Date:	Planned Release/Build:

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 PURCHASING OPERATIONS
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

March 30, 2006

**CHANGE NOTICE NO. 1
 TO
 CONTRACT NO. 071B5200095
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Tier Technologies, Inc. 10780 Parkridge Blvd., 4th Floor Reston, VA 20191	TELEPHONE (571) 382-1093 Don Atwell
	VENDOR NUMBER/MAIL CODE
	BUYER/CA (517) 373-1080 Melissa Castro, CPPB
Contract Compliance Inspector: David Mork Banking Services for MISDU – DHS/OCS	
CONTRACT PERIOD: From: December 15, 2004 To: December 15, 2009	
TERMS N/A	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION:	

NATURE OF CHANGE (S):

The State hereby agrees to modify the payment structure on contract #071B5200095 with Tier Technologies for specific deliverables identified in this contract change notice, and verified by the State as having been received. See attachments for additional detail. The modified payment structure includes the issuance of a payment for deliverables received and completed in Fiscal Year 2005 versus making payments for these completed deliverables through transaction fees spread over the entire life of the contract. NOTE: the buyer is changed to Melissa Castro (517) 373-1080.

In exchange for modifying the payment structure and contract term, Tier agrees to the following:

- 1). To waive any and all claims related to government delays regarding contract implementation and/or the terms of this change notice.
- 2). To modify monthly invoices for services provided between April 2005 and November 2009 (56 months total), reducing the total amount due on each invoice by \$41,053.57. This reduction is for that portion of the transaction fees previously spread over the life of the contract which are now being paid in a lump sum for completed deliverables.

These changes in total represent a zero dollar impact in the overall contract value.

All other terms and conditions will remain the same.

#071B5200095
Change Notice No. 1
Page Two

AUTHORITY/REASON:

Per vendor agreement (Don Atwell on 3/23/05), agency agreement (David Mork via email on 3/21/06 and Mark Jasonowicz on 3/27/06) and DMB/Purchasing Operations.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$86,757,687.00

Attn: Kristi Thompson



Tier Technologies, Inc.
Department # 238701
P.O. Box 67000
Detroit, MI 48287-2387
1-800-783-8437 x2864

PAGE 1	INVOICE NO. #16614	INVOICE DATE 2/27/06
-----------	-----------------------	-------------------------

MI SDU PPC-OPERATIONS
IRENE PENA, CPPB
DEPT OF MANAGEMENT & BUDGET
ADDRESS
ACQUISITION SVCS 2ND FLOOR
MASON BUILDING, PO BOX 30026
LANSING, MI 48908

REFERENCE
MG-001
MICHIGAN SDU PPC-OPERATIONS

INVOICE DATE 02/27/06	TERMS Net 30 GOV - PPO
--------------------------	------------------------------

PROJECT # 68-MG-POPP	Quantity	Rate	Amount
INVOICE FOR DELIVERABLE PERFORMED ACCEPTED FOR EXHIBIT A OF CHANGE ORDER NO.1	1.00	2,299,000.00	2,299,000.00
REPAYMENT CREDIT			
April-05	1.00	(41,053.57)	(41,053.57)
May-05	1.00	(41,053.57)	(41,053.57)
June-05	1.00	(41,053.57)	(41,053.57)
July-05	1.00	(41,053.57)	(41,053.57)
August-05	1.00	(41,053.57)	(41,053.57)
September-05	1.00	(41,053.57)	(41,053.57)
October-05	1.00	(41,053.57)	(41,053.57)
November-05	1.00	(41,053.57)	(41,053.57)
December-05	1.00	(41,053.57)	(41,053.57)
January-06	1.00	(41,053.57)	(41,053.57)
February-06	1.00	(41,053.57)	(41,053.57)
TOTAL			\$ 1,847,410.73

FOR INQUIRY CALL 571-382-1000	INVOICE NO. #16614	1,847,410.73 PLEASE REPLY THIS AMOUNT
----------------------------------	-----------------------	--

06 MAR 16 AM 7:12
RECEIVED
FIA DKS
DEPARTMENTAL SVCS

Change No. 1
To Contract No. 071B5200095
Between
The State of Michigan.
and
Tier Technologies, Inc.

THIS CHANGE NO. 1 is entered into on this 31st day of March 2005 by and between The State of Michigan (the "State") and Tier Technologies, Inc., (the "Contractor"), referred to individually as Party and collectively as Parties.

WHEREAS the Parties have entered into Contract No. 071B5200095 effective December 15, 2004 (the "Contract") for services performed in connection with the MISDU;

WHEREAS the Parties desire to modify the Contract to reflect changes as detailed below.

NOW, THEREFORE, the State and the Contractor agree to modify the Contract to read as follows:

Implementation Services

(a) The State agrees to pay the specified amount for each of the deliverables set forth in Exhibit A to this Change No.1, which is incorporated by reference herein.

(b) The Parties agree that the specified sum for each of the deliverables in Exhibit A represents the value of the work performed by Contractor.

(c) The Parties will use the Acceptance Form attached hereto as Exhibit B to this Change No. 1, which is incorporated by reference herein, to acknowledge acceptance of the deliverables. The State agrees to provide the executed Acceptance Form within three (3) calendar days of the Contractor providing the deliverable(s) or the date the Contractor certifies that the deliverables provided are in accordance with the applicable Contract specifications, whichever date is later.

(d) For the deliverables set forth in Exhibit A, the Parties will use the Invoice attached hereto as Exhibit C to Change No. 1, which is incorporated by reference herein. The payment terms for the deliverables in this Invoice are net thirty (30) days.

(e) Contractor agrees to provide the State with a credit of \$41,053.57 on each of Contractor's monthly invoices to the State, commencing with the first invoice, for a total of fifty-six (56) months.

This Change No. 1 constitutes the entire agreement between the Parties; all other provisions of the original Contract remain in effect and in full force.

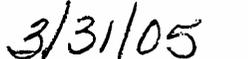
IN WITNESS WHEREOF, the State and the Contractor have caused this Change No. 1 to be signed by their duly authorized officer as set forth herein below.

For the State of Michigan:

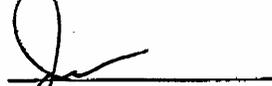

Signature


Irene Pena

Contract Administrator

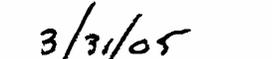

Date

For Tier Technologies, Inc.


Signature

James R. Weaver

Chairman and CEO


Date



Tier Technologies, Inc.
Department # 238701
P.O. Box 67000
Detroit, MI 48267-2387
1-800-789-8437 x2864

PAGE	INVOICE NO.	INVOICE DATE
1	32805	3/28/05

IRENE PENA, CPPB
TECHNOLOGY AND PROFESIONAL SERVICES BUYER
STATE OF MICHIGAN- DEP. OF MANAGEMENT & BUDGET
ACQUISITION SERVICES-STRATEGIC PURCHASING
2ND FLOOR, MASON BUILDING
P.O. BOX 30026
LANSING, MI 48909

REFERENCE
CONTRACT NO: 071B5200095

INVOICE DATE	PERIOD ENDING	00001	TERMS
3/28/2005	3/28/2005		Net 30
			GOV - PPO

	Hours/Units	Rate	Amount
INVOICE FOR DELIVERABLE PERFORMED ACCEPTED FOR EXHIBIT A OF CHANGE ORDER NO. 1	1.000	2313000	\$ 2,313,000.00

FOR INQUIRY CALL	INVOICE NO.	2,313,000.00
571-382-1000	32805	PLEASE REFER TO THE AMOUNT

Exhibit A to Change No. 1 State of Michigan/Tier Contract

Task	RFP Reference	Delivery Date	Value	Extended Value
MSDJ.com Website Redesign and Development	Attachment 1, I.C.2.b and I.C.2.d	1/31/2005	265,000	265,000
Outreach and Website Transition Redesign	Attachment 1, I.C.2.a	3/14/2005	105,000	105,000
Transition Plan	Attachment 1, I.C.2.g	2/13/2005	80,000	80,000
Staffing	Attachment 1, I.C.2.h	3/1/2005	188,000	188,000
Connectivity	Attachment 1, I.C.2.i			
MICSES		2/28/2005	24,000	
OEG		2/28/2005	24,000	
Mt-Support		2/28/2005	24,000	
Disaster Recovery				72,000
Plan	Attachment 2, Appendix B.18			
Installation - 70% complete		3/18/2005	25,000	
		3/28/2005	75,000	
Testing				100,000
Development	Attachment 1, I.C.2.d.19	1/14/2005	88,000	
Delivery - 65%		3/28/2005	88,000	
				151,000
FIDM Module Modifications				28,000
	Attachment 1, I.C.2.d.6	3/14/2005	28,000	
Disbursement Application Modifications				328,000
	Attachment 1, I.C.2.c	3/14/2005	328,000	
Work Tools and Interfaces - Terra Modifications-Rev'd by MI				289,000
	Attachment 1, I.C.2.d.10	3/14/2005	289,000	
Web and IVR Based Electronic Payments System Mod-Rev'd by MI				65,000
	Attachment 1, I.C.2.g.2	3/14/2005	65,000	
Remittance Processing System - Xclara Modifications-Rev'd by MI ✓				625,000
	Attachment 1, I.C.2.a	3/14/2005	625,000	
Regayment Period		58 months		
Monthly Invoice Credit			\$ 41,058.67	
Total Value \$				2,289,000



**EXHIBIT B TO CHANGE NO. 1
ACCEPTANCE STATEMENT FORM**

Pursuant to Change No. 1 to Contract No. 071B5200095 between the State of Michigan (the "State") and Tier Technologies, Inc., (the "Contractor"), the State hereby acknowledges acceptance of the following deliverables. By so acknowledging, the State accepts that the deliverables are in accordance with the agreed-upon specifications and are free of material defects and errors:

<u>TASK</u>	<u>RFP REFERENCE</u>
MiSDU.com Website Redesign and Development	Attachment 1, II.C.3.b and II.C.3.d
Outreach and Website transition Notification	Attachment 1, II.C.3.e
Transition Plan	Attachment 1, II.C.3.g
Staffing	Attachment 1, II.C.3.h
Connectivity MICSES DEG Mi-Support	Attachment 1, II.C.3.i
Disaster Recovery Plan Installation - 70% complete	Attachment 2, Appendix B.18
Training Development Delivery - 66%	Attachment 1, II.C.2.d.13
FIDM Module Modifications	Attachment 1, II.C.2.d.6
Disbursement Application Modifications	Attachment 1, II.C.2.c
Work Tools and Interfaces-TierTrac Modifications-Req'd by MI	Attachment 1, II.C.2.d.10
Web and IVR Based Electronic Payments Systems Mods-Req'd by MI	Attachment 1, II.C.2.g.2
Remittance Processing System - Kids 1 st Modifications-Req'd by MI	Attachment 1, II.C.2.a



Executed to be effective on the date indicated below.

ACCEPTED AND AGREED:

THE STATE OF MICHIGAN

Irene L. Pena
Authorized Signature

Irene L. Pena
Print Name

Buyer
Print Title

3/31/05
Date

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 ACQUISITION SERVICES
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933**

**CONTRACT NO. 071B5200095
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR Tier Technologies, Inc. 10780 Parkridge Blvd., 4th Floor Reston, VA 20191	TELEPHONE (571) 382-1093 Don Atwell VENDOR NUMBER/MAIL CODE () BUYER/CA (517) 241-1647 Irene Pena <i>[Signature]</i>
Contract Compliance Inspector: David Mork Banking Services for MISDU – FIA/OCS	
CONTRACT PERIOD: From: December 15, 2004 To: December 14, 2009	
TERMS <p style="text-align: center;">N/A</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	
MISCELLANEOUS INFORMATION: <p>The terms and conditions of this Contract are those of ITB #07114001220, this Contract Agreement and the vendor's quote dated July 16, 2004. In the event of any conflicts between the specifications, terms and conditions indicated by the State and those indicated by the vendor, those of the State take precedence.</p>	
Estimated Contract Value: \$86,757,687.00	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the ITB No. 07114001220. A Purchase Order Form will be issued only as the requirements of the State Departments are submitted to Acquisition Services. Orders for delivery may be issued directly by the State Departments through the issuance of a Purchase Order Form.

All terms and conditions of the invitation to bid are made a part hereof.

FOR THE VENDOR:

Tier Technologies, Inc.

 Firm Name

[Signature]
 Authorized Agent Signature
James R. Weaver

 Authorized Agent (Print or Type)
December 10, 2004

 Date

FOR THE STATE:

[Signature]

 Signature
Sean L. Carlson

 Name
Director, Acquisition Services

 Title
1/12/05

 Date

June 10, 2008

Melisa Castro
Department of Management and Budget, Purchasing Operations
2nd Floor, Mason Building
530 West Allegan Street
Lansing, MI 48933

SUBJECT: Notification of Purchase Agreement finalization between
Tier Technologies, Inc. and Informatix, Inc.
Request for Assignment - Contract # 071B5200095

Dear Melissa Castro;

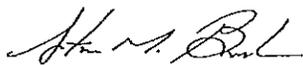
This letter serves as notification that Tier Technologies, Inc. (Tier) and Informatix, Inc. (Informatix) have jointly executed a binding Purchase Agreement effective June 10, 2008. We anticipate closing the sale and completing the transfer to Informatix on June 30, 2008. Please note that the information contained in this letter is confidential and proprietary to our respective businesses and is not intended for public disclosure.

Tier and Informatix are requesting that the Michigan Department of Management and Budget, Purchasing Operations expedite the processing of all necessary documents to assign the above referenced contracts as soon as possible but no later than June 24, 2008. Your response by this date will facilitate the June 30, 2008 close date.

If you have any questions, please contact Steve Beckerman at 727-692-6321, or Michele Blanc at 916-830-1692. Thank you in advance for your help.

Sincerely,

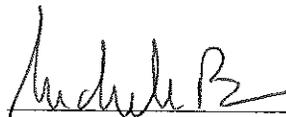
Tier Technologies, Inc.



Steven M. Beckerman

Senior Vice President

Informatix, Inc.



Michele Blanc

Chief Operating Officer

cc: Monica Bowman – Tier
Marie McIntire – Informatix, Inc

PCHL2342 V4.1 ADVANCED PURCHASING/INVENTORY 06/25/2008 10:10 AM
LINK TO: BLANKET PURCHASE ORDER WRITING

BPO/CONTRACT ID : 071B5200095	ACTION IND : P	COPY TYPE: (B/R)
PURCHASING TYPE : BP	INTERFACE TYPE : BP	PRINT : N (Y/N)
CONTRACT AMOUNT : 86,757,687.00	EXTENDED PURCH : N	NOTE PAD : Y (Y/N)
REMAINING VALUE : 32,607,540.02		
EFFECTIVE DATE : 12/15/2004	BID ID : 071I4001220	AWARD: 001
EXPIRATION DATE : 02/24/2010	F.O.B. POINT : DEST	STATUS: POST
INSURANCE CERT : N	DISCOUNT TERMS : NET	
CHANGE NO : 007	MULTIPLE SCHED : N (Y/N)	
BPO TITLE : BANKING SERVICES FOR MISDU-FIA/OCs		
DEPARTMENT : 07114000		
BUYER : 07114003 / MGC		
VENDOR/MAIL CODE: 2943145844 / 010	TIER TECHNOLOGIES INC	
ATTN-1:		
ATTN-2:		
ATTN-3: MICHELLE PALMER - DIR OF FIN OPS		
STREET: 10780 PARKRIDGE BLVD, STE 400		
CITY: RESTON	ST: VA ZIP: 20191	CTRY: USA
PHONE : 517 382-1329	EXT:	
F1-HELP	F2-SELECT	F3-DELETE
F4-COPY	F5-NEXT	F6-VIEW DOC
F7-RELEASES	F8-SEL TERMS	F9-LINK
F10-SAVE	F11-ATH USER	F12-PRINT

G112 - INQUIRY SUCCESSFUL

1. Contract No. 071B5200095 between The State of Michigan and Tier Technologies, Inc.
2. Attachment B
3. Section III, Information Required From Bidder

DEFINITION OF TERMS

TERMS	DEFINITIONS
-------	-------------

State: Shall refer to the State of Michigan, unless otherwise indicated. For Purposes of Indemnification as set forth in section I-J, State means the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents.

**Department of
Information Technology
(DIT):**

Michigan Department of Information Technology (DIT) is an executive state department with responsibility for oversight of all information technology projects within state government. DIT provides professional management of the IT resources for the State of Michigan to deliver timely, value added services through trusted partnerships with customers by seeking to improve the effectiveness of information technology resources, advance the delivery of services to citizens, maintain the security, and confidentiality of state-managed information.

**DIT –
Michigan Child Support
Enforcement System
(MiCSES):**

Michigan Child Support Enforcement System is an administration within the Michigan Department of Information Technology that is the federally required, statewide; standardized system developed and maintained by the State for child support enforcement activities.

**DIT –
CSES:**

Child Support Enforcement System was the *former* child support enforcement automated system in DIT replaced by MiCSES.

**Department of
Labor & Economic Growth
(DLEG):**

Michigan Department of Labor & Economic Growth (DLEG) is an executive state department created in December of 2003 to promote job creation and economic growth in Michigan by centralizing and streamlining the state's job, workforce, and economic development functions under one department.

DLEG –
**Office of Financial &
Insurance Services:**

Office of Financial and Insurance Services (OFIS) is an administration within DLEG that provides information regarding financial institutions, insurance, and securities. OFIS is responsible for the regulation of Blue Cross Blue Shield of MI, health maintenance organizations, banks, domestic insurance companies, credit unions, foreign insurance companies, investment advisors, securities broker-dealers, consumer finance lenders, insurance agents, and securities agents. Michigan is the first state to coordinate regulation of financial institutions, insurance, and securities industries under the federal Financial Services Modernization Act of 1999.

DLEG –
Unemployment Agency:

This is an agency within the state's DLEG responsible for disbursing unemployment benefits and withholding child support monies on the basis of having received an Income Withholding Notice.

**Department of
Management & Budget
(DMB):**

Michigan Department of Management and Budget is an executive state department with responsibility for oversight of, and authority over, all purchasing within state government. This charge is pursuant to Section 261 of the Management and Budget Act, MCL 18.1261; MSA 3.516(261). The Department's objective is to serve the state through the use of sound, prudent, and consistent purchasing practices.

DMB –
**Acquisition Services –
Strategic Planning Division:**

(Formerly known as the DMB's Office of Purchasing) Acquisition Services is an administration within DMB, and it has statutory responsibility and authority to prepare specifications, establish purchasing agreements' terms and conditions, and procure goods and services required for the operation of the entire executive branch of state government (see DMB, above).

**Department of
Treasury
(DoT):**

Michigan Department of Treasury (DoT) is an executive state department that is responsible for and has authority over all banking activities for the State's Treasury Accounts. Treasury exists to provide quality financial, tax, and administrative services to the state. (This is also the state department responsible for collections on NSF checks and the receipt of monies that are transferred to escheats based on Michigan statutory requirements.)

Family Independence Agency

(FIA): Michigan Family Independence Agency (FIA) is an executive state department that is responsible for public assistance and child and family welfare in Michigan.

FIA –
Administrative Services –
Office of Purchasing
(OP): Office of Purchasing is the designated purchase authority for all purchases, other than purchases for direct human/client services, within the FIA department, and is an Office within FIA's Administrative Services with delegated authority to conduct limited purchasing of commodities and services, and serves as FIA's central liaison with DMB. All FIA procurement requests, orders, contracts, grants, agreements, amendments, etc. (except for authorized human/client service purchases), must be submitted to FIA's OP for review and final departmental approval before submission to DMB.

FIA –
Office of Child Support
(OCS): Office of Child Support is the designated Michigan Title IV-D Agency, and is a program office within the FIA responsible for implementing a child support enforcement program in the State of Michigan.

FIA –
OCS –
State Disbursement Unit
(MiSDU): The State Disbursement Unit (MiSDU) is the Section within FIA-OCS responsible for centralized collection of child support in Michigan, in compliance with federal and state requirements. The MiSDU is established pursuant to the federal government's Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) (P.L.104-193).

FIA –
OCS –
Work Improvement Team
(WIT): Work Improvement Team is a group initiated within FIA-OCS, and which includes multiple stakeholders and partners to review process improvement strategies and program priorities effecting customers and other end-users. OCS-WIT's are divided into the following groups: Establishment, Case Management, Financials, and Enforcement.

FIA –
OCS – An OCS Partner is considered a governmental agency or
(service delivery) other organization *outside* the executive branch of state
Partner: government involved in, and with a legal obligation for, the
provision of services related to child support in Michigan. This
partnership includes, but is not limited to, the Michigan Circuit
Court – Friend of the Court Offices (FOC's), Michigan County
Prosecuting Attorneys (PA's), State Court Administrative
Office (SCAO), the Michigan Attorney General Office (AG),
and also the federal Office of Child Support Enforcement
(OCSE), and contractors the FIA-Office of Child Support may
engage in the delivery of services to its clients and customers.

FIA –
OCS – An OCS stakeholder is considered a governmental agency or
Stakeholder: organization *within* the executive branch of state government
involved in the provision of Title IV-D services, or involved with
services related to child support enforcement, or with a vested
interest in the process or implementation of, Michigan Title IV-
D services (such as DIT-MiCSES, etc.).

Friend of the Court
(FOC): As part of the judicial branch of Michigan government, this
represents a division or office within a Michigan Judicial
Circuit Court and is the entity responsible for the enforcement
of child support payment orders.

IV-D Agency: A federal reference term identifying the state agency or
department responsible for statewide child support program
administration, established pursuant to Title IV-D of the Social
Security Act. In Michigan, this is the FIA – Office of Child
Support.

Contract: A legally binding agreement entered into by the State of Michigan,
which may result from awarding a bidder's proposal; see also
"Purchase Order."

Contractor: The successful, bidding-vendor that is awarded a Contract
agreement.

Invitation to Bid:
(ITB) Invitation to Bid is a generic form or template used by the state to
solicit quotations for defined services or commodities, and it advises
the public of a request for proposal or request for quotation. The
ITB serves as the document for transmitting the RFP to interested
potential bidders.

Michigan Automated Information Network (MAIN):

Michigan Automated Information Network (**MAIN**) is the State of Michigan's electronic financial management and accounting system.

Purchase Order (PO or BPO):

A purchase order (or **blanket purchase order** {BPO}) is the term used in the State's Computer system (Michigan Automated Information Network [MAIN]) that allows or "orders" money to be spent through a contractual agreement. The purchase order number also references the contractual agreement itself.

Request for Proposal (RFP):

Request for Proposal (RFP) is a term used by the state to solicit proposals for services to be purchased. Typically used when the requesting state agency or department requires vendor assistance in identifying an acceptable manner of solving a problem or delivering a program service.

Successful Bidder:

The bidding-vendor(s) awarded a Contract as a result of a state solicitation (an RFP).

Work Product:

Work Product means any data compilations, reports, and any other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of and in furtherance of performing the services required by this Contract.

FIA-OCS' MiSDU's RFP SERVICE terms and references:

Allocation:

A function within MiCSES that divides receipt proceeds from an obligor among all the obligor's dockets based on federal requirements. It is allocation or distribution that assigns monies to recovery accounts, the State or TANF.

Attorney General Wire Transfers:

Monies transferred electronically to the MiSDU by a financial institution usually under critical timing requirements because the obligor is incarcerated and cannot be released until the MiSDU acknowledges receipt.

Bank:

A banking relationship is established as part of the MiSDU operations to provide for deposit and disbursement of all child support monies with appropriate reconciliation, oversight and management to assure proper execution of fiduciary responsibilities.

Business

Day:

Shall be defined as a day when the state is open for regular business. This is generally Monday through Friday of each week excluding State holidays, with operating hours from 8:00 AM until 5:00 PM. Payment receipting services will be available any day the US Post Office provides mail services, i.e. Monday through Saturday except US Post Office holidays. Customer Services and Suspense services will be available any day the MiCSES system is available for access on State of Michigan business days.

Cancellation:

Ending all rights and obligations of the State and Contractor, except for any rights and obligations that are due and owing for services or goods previously delivered.

CBDS:

The "connectionless broadband digital service" offering from Ameritech, which is the state's standard for data communications.

Collateral:

Financial instruments that must be posted by the banking contractor guaranteeing the security of child support monies on deposit in the MiSDU bank accounts and assuring make-whole to the state in the event of error or mismanagement on the part of the bank.

Corresponding

State:

A state that that agrees to provide enforcement of a child support case initiated by another state.

Custodial

Party:

A custodial party is the person or entity having custody of a child as determined by order of a judicial court.

Customer:

An OCS-MiSDU customer is considered the custodial party (CP) or non-custodial party (NCP) in a child support case, or other private party, that is not a part of Michigan government and has a stake or vested interest in the outcome of the child support enforcement service delivery or system implementation, such as employers, or financial institutions, etc.

Customer Service: Response, via telephone and other methods of communication, to customers, stakeholders, or partners (including CP's and NCP's, employers, Friend of the Court Offices, interstate and other various state agencies or departments), requiring assistance in determining status, providing information to, or assistance in understanding the financial conditions related to a child support case.

Data Exchange Gateway (DEG): The Data Exchange Gateway (DEG) is a processor operated by DIT for facilitating the exchange of electronic files between the State intra-network and entities outside the State network.

Debt Recovery: An account that may be established within MiCSES to recover monies that have been disbursed to a custodial party in error.

Direct Deposit: Disbursement of child support monies into a custodial party's bank account as authorized by the custodial party.

Disbursement(s): Payments by the MiCSES through the MiSDU either in the form of a paper check or direct deposit. Disbursements also go to agencies, returns to NCP, third parties, employers, etc.

Distribution: The determination process within MiCSES for allocating support collection proceeds to the payment of charges that have accrued on a docket.

Docket: A court case for child or spousal support.

EFT / EDI: In-bound Electronic Funds Transfer / Electronic Data Interchange adhering to NACHA standards.

Escheats: A transfer of property to the state; this will include *un-cashed* checks, unidentified payments submitted to the MiSDU, or other items held in suspense within MiCSES, and then are transferred to the state as an escheat after the item is held in suspense for at least 365 days prior to July 15th of each state fiscal year.

Expiration: The mutually agreed upon date, emphatically stated within a contract, that identifies the ending and termination date of contractual duties and obligations of the parties to the Contract.

Financial Institution

**Data Match
(FIDM):**

Financial Institution Data Match (FIDM) is the process by which a lien is placed upon the financial resources of an obligor that has arrears on a support case in MiCSES.

Float

Earnings:

The earnings to be derived from monies on deposit in the MiSDU bank accounts while receipts are wait for completed disbursement to the appropriate parties. This may include money disbursed, but the check has not yet been presented to the bank for redemption.

Implementation Phase

That period of the contract term commencing upon notice of award and continuing through satisfactory performance of the User Acceptance Test.

Income:

Any periodic form of payment due to an individual, regardless of source, including but not limited to wages, salaries, commissions, bonuses, workers' compensation, disability insurance payments, unemployment insurance payments, or payments pursuant to a pension or retirement program, and interest income.

Initiating

State:

A state that initiates an interstate child support case and requests another state to enforce the collection of child support.

Interstate

Payment:

A payment collected by another state (corresponding state) and forwarded to the State (initiating state) for distribution and disbursement, or a receipt from Michigan (corresponding state) transmitted to another state (initiating state).

Item

Processed:

A unit of measurement for determining performance and defined as a check regardless of the number of cases and payments included on the same check and deposited to the MiSDU bank account. Specific definitions for each area of performance measurement will be identified in the attachment for Performance Measures.

Interactive Voice

Response

(IVR):

Interactive Voice Response (IVR) system is the system to be integrated with the MiSDU and MiCSES systems and established for supporting customer services telephone inquiries.

Lock Box:

A lock box is a single point of collection for either checks or electronic receipts from payers (obligors, employers, interstate, state tax offsets, federal tax offsets, lottery, unemployment benefits and others).

Make-whole (State): The State “makes-whole” in those instances where monies have been disbursed based on the federal requirements and the underlying instrument or electronic transaction later proves to be non-negotiable. The State may make-whole in other limited circumstances where monies may have been disbursed through error of the FOC or State.

Make-whole (Vendor): The MiSDU contractor is required to make-whole on any monies that are disbursed incorrectly due to a contractor error. This may be due to a data entry error, a research error, a duplicate file error or any other condition the vendor had received correct information but failed to exercise due diligence which resulted in monies being disbursed incorrectly.

Misapplied: Monies that have been disbursed in error because the MiSDU contractor posted a transaction in error due to miss-keyed, misinterpreted information or not following predefined business rules. Misapplied and misdirected errors may also occur as a result of either State or FOC entry errors.

Misdirected: Monies that have been disbursed in error because the employer or obligor provided incomplete or incorrect information with their payment or an agency other than the MiSDU such as the FOC or other State child support entity made an error in entry to MiCSES.

Non-Sufficient Funds (NSF): A check that has been returned by a bank for non-sufficient funds, closed account, funds unavailable, etc.

Obligor: The party legally responsible for paying child support pursuant to court order.

Operational Phase That period of the contract term commencing upon satisfactory completion of User Acceptance Test during which child support payments are processed as required under the contract and Contractor is paid for such processing.

Payer: A parent, employer, or other person or entity, that makes child support payments on behalf of someone else either directly or through a payroll withholding process.

Positive Pay: A file kept by the MiSDU subcontractor bank for use at the time a party presents a MiCSES-MiSDU check to verify the check is validly issued and outstanding. This file is updated daily, generated and transmitted by MiCSES to the bank along with stop payments entered through banking software to maintain a comprehensive file that is in agreement with MiCSES regarding valid checks.

Posting

Criteria: Business rules for posting receipt transactions to MiCSES based on the use of a validation file to verify identifiers, variances in identifiers that are acceptable and research activities for acquiring additional information for the receipt to allow posting.

Processing:

The workflow and activities involved from the receipt of mail from the US Post Office or electronic transactions from a bank until the payment is posted to MiCSES or refunded to a payer, and subsequent related activities in support of check and coupon printing, address update in MiCSES and suspense release.

QDRO / EDRO:

Qualified Domestic Relations Order/Eligible Domestic Relations Order - Child support withheld from pension plans and currently received by the FOC's and the MiSDU.

Receipts:

Payments received by the MiSDU from non-custodial parents, employers, state tax offset, federal tax offset, lottery, FIDM proceeds, Attorney General initiated electronic transfers, inter-state transfers, and others, on a child support case within the MiCSES.

Receipts

Processed: A unit of measurement for determining performance and defined as the dollar value of instruments that have been received by the bank.

Registry:

Registry refers to a data warehouse application residing on a NCR Terradata platform in Michigan receiving data from MiCSES and linked systems for purposes of supporting collections activities through inquiries from the county offices.

Research:

Research, as used in describing service activities, refers to activities related to the identification of problem receipts that have incomplete or incorrect identifiers and the acquisition of information that will allow the posting of those receipts. Other activities may relate to the identification of misapplied or misdirected payments and the actions taken to correct those transactions within MiCSES.

SAS70:

An auditing standard for conducting periodic audits of an entity to assure adherence to required policies and practices or the identification of areas in which the policies and practices are not being applied.

Stop-Pay:

In-bound Stop Payments are defined as a check that has been returned by a bank for reason of Stop Payment, Refer to Maker, or Unable to locate the account.

Support:

The provision of maintenance or subsistence and includes medical insurance coverage and uncovered medical costs for the child, arrearages, interest on arrearages, past support, interest on past support and reimbursement for expended public assistance.

Support**Order:**

A court determination on the requirement for a parent to provide child support or spousal support payments.

Suspense:

A variety of conditions within MiCSES that prevent the disbursement of monies. Some suspense conditions will result in automatic disbursement as MiCSES applies its systems logic. Other suspense conditions will require research by the FOC's and/or the MiSDU contractor and release action by the MiSDU contractor based upon an FOC request.

Third**Parties:**

Any other agency or entity that may receive disbursements from MiCSES. This may include fee payments to counties, refunds to employers, refunds to other entities that may have submitted a payment in error to the MiSDU.

Title**IV-D:**

Title IV-D of the Social Security Act.

Transactions**Processed:**

A unit of measure for determining performance and defined as each individual unique payment item that may be included on a check that has been submitted by an employer or obligor and receipted for multiple payments.

Validation:

A process of using the MiCSES validation electronic file and other sources of information in conjunction with the information provided with a receipt by the payer to post the transaction correctly.



SECTION I

CONTRACTUAL SERVICES TERMS AND CONDITIONS

I-A PURPOSE

The purpose of this Contract is to obtain banking services for the Family Independence Agency – Office of Child Support's – Michigan State Disbursement Unit (MiSDU):

- The program office is required by law to operate and maintain a cost-effective, centralized collection and disbursement system for child support in the State of Michigan.
- The Contractor's system must use current technology as well as leverage existing systems and infrastructure, including hardware, software, and connectivity systems/paths located at Michigan County Friend of the Court Offices (FOC's), Michigan Department of Information Technology-MiCSES data center, and other State network and banking services, for the receipting of payments and disbursement of checks for child support. Because an average of \$30,000,000 per week is received, security must also be a crucial aspect to implementing this service.
- The overall *Scope of Service* to be delivered by the Contractor shall include:
 - providing a centralized receipt, validation, research and resolution, and posting to MiCSES; and to
 - provide other necessary, related banking service activities, including suspense resolution for all money received for support cases in the State of Michigan (approximately \$30,000,000 weekly); and to
 - provide disbursement activities, including: obligors' coupon print and mailing, clients' check print and mailing, electronic / direct deposit to client accounts, etc.; and to
 - provide responses to customers' financial inquiries for clients/employers/interstate agencies/FOC's about those activities.

Stop-Pay:

In-bound Stop Payments are defined as a check that has been returned by a bank for reason of Stop Payment, Refer to Maker, or Unable to locate the account.

Support:

The provision of maintenance or subsistence and includes medical insurance coverage and uncovered medical costs for the child, arrearages, interest on arrearages, past support, interest on past support and reimbursement for expended public assistance.

Support**Order:**

A court determination on the requirement for a parent to provide child support or spousal support payments.

Suspense:

A variety of conditions within MiCSES that prevent the disbursement of monies. Some suspense conditions will result in automatic disbursement as MiCSES applies its systems logic. Other suspense conditions will require research by the FOC's and/or the MiSDU contractor and release action by the MiSDU contractor based upon an FOC request.

Third**Parties:**

Any other agency or entity that may receive disbursements from MiCSES. This may include fee payments to counties, refunds to employers, refunds to other entities that may have submitted a payment in error to the MiSDU.

Title**IV-D:**

Title IV-D of the Social Security Act.

Transactions**Processed:**

A unit of measure for determining performance and defined as each individual unique payment item that may be included on a check that has been submitted by an employer or obligor and receipted for multiple payments.

Validation:

A process of using the MiCSES validation electronic file and other sources of information in conjunction with the information provided with a receipt by the payer to post the transaction correctly.

Posting

Criteria: Business rules for posting receipt transactions to MiCSES based on the use of a validation file to verify identifiers, variances in identifiers that are acceptable and research activities for acquiring additional information for the receipt to allow posting.

Processing:

The workflow and activities involved from the receipt of mail from the US Post Office or electronic transactions from a bank until the payment is posted to MiCSES or refunded to a payer, and subsequent related activities in support of check and coupon printing, address update in MiCSES and suspense release.

QDRO / EDRO:

Qualified Domestic Relations Order/Eligible Domestic Relations Order - Child support withheld from pension plans and currently received by the FOC's and the MiSDU.

Receipts:

Payments received by the MiSDU from non-custodial parents, employers, state tax offset, federal tax offset, lottery, FIDM proceeds, Attorney General initiated electronic transfers, inter-state transfers, and others, on a child support case within the MiCSES.

Receipts

Processed: A unit of measurement for determining performance and defined as the dollar value of instruments that have been received by the bank.

Registry:

Registry refers to a data warehouse application residing on a NCR Terradata platform in Michigan receiving data from MiCSES and linked systems for purposes of supporting collections activities through inquiries from the county offices.

Research:

Research, as used in describing service activities, refers to activities related to the identification of problem receipts that have incomplete or incorrect identifiers and the acquisition of information that will allow the posting of those receipts. Other activities may relate to the identification of misapplied or misdirected payments and the actions taken to correct those transactions within MiCSES.

SAS70:

An auditing standard for conducting periodic audits of an entity to assure adherence to required policies and practices or the identification of areas in which the policies and practices are not being applied.

**Make-whole
(State):**

The State "makes-whole" in those instances where monies have been disbursed based on the federal requirements and the underlying instrument or electronic transaction later proves to be non-negotiable. The State may make-whole in other limited circumstances where monies may have been disbursed through error of the FOC or State.

**Make-whole
(Vendor):**

The MiSDU contractor is required to make-whole on any monies that are disbursed incorrectly due to a contractor error. This may be due to a data entry error, a research error, a duplicate file error or any other condition the vendor had received correct information but failed to exercise due diligence which resulted in monies being disbursed incorrectly.

Misapplied:

Monies that have been disbursed in error because the MiSDU contractor posted a transaction in error due to miss-keyed, misinterpreted information or not following predefined business rules. Misapplied and misdirected errors may also occur as a result of either State or FOC entry errors.

Misdirected:

Monies that have been disbursed in error because the employer or obligor provided incomplete or incorrect information with their payment or an agency other than the MiSDU such as the FOC or other State child support entity made an error in entry to MiCSES.

Non-Sufficient Funds

(NSF):

A check that has been returned by a bank for non-sufficient funds, closed account, funds unavailable, etc.

Obligor:

The party legally responsible for paying child support pursuant to court order.

Operational Phase

That period of the contract term commencing upon satisfactory completion of User Acceptance Test during which child support payments are processed as required under the contract and Contractor is paid for such processing.

Payer:

A parent, employer, or other person or entity, that makes child support payments on behalf of someone else either directly or through a payroll withholding process.

Positive

Pay:

A file kept by the MiSDU subcontractor bank for use at the time a party presents a MiCSES-MiSDU check to verify the check is validly issued and outstanding. This file is updated daily, generated and transmitted by MiCSES to the bank along with stop payments entered through banking software to maintain a comprehensive file that is in agreement with MiCSES regarding valid checks.

**Financial Institution
Data Match
(FIDM):**

Financial Institution Data Match (FIDM) is the process by which a lien is placed upon the financial resources of an obligor that has arrears on a support case in MiCSES.

**Float
Earnings:**

The earnings to be derived from monies on deposit in the MiSDU bank accounts while receipts are wait for completed disbursement to the appropriate parties. This may include money disbursed, but the check has not yet been presented to the bank for redemption.

Implementation Phase

That period of the contract term commencing upon notice of award and continuing through satisfactory performance of the User Acceptance Test.

Income:

Any periodic form of payment due to an individual, regardless of source, including but not limited to wages, salaries, commissions, bonuses, workers' compensation, disability insurance payments, unemployment insurance payments, or payments pursuant to a pension or retirement program, and interest income.

**Initiating
State:**

A state that initiates an interstate child support case and requests another state to enforce the collection of child support.

**Interstate
Payment:**

A payment collected by another state (corresponding state) and forwarded to the State (initiating state) for distribution and disbursement, or a receipt from Michigan (corresponding state) transmitted to another state (initiating state).

**Item
Processed:**

A unit of measurement for determining performance and defined as a check regardless of the number of cases and payments included on the same check and deposited to the MiSDU bank account. Specific definitions for each area of performance measurement will be identified in the attachment for Performance Measures.

**Interactive Voice
Response
(IVR):**

Interactive Voice Response (IVR) system is the system to be integrated with the MiSDU and MiCSES systems and established for supporting customer services telephone inquiries.

Lock Box:

A lock box is a single point of collection for either checks or electronic receipts from payers (obligors, employers, interstate, state tax offsets, federal tax offsets, lottery, unemployment benefits and others).

Customer

Service: Response, via telephone and other methods of communication, to customers, stakeholders, or partners (including CP's and NCP's, employers, Friend of the Court Offices, interstate and other various state agencies or departments), requiring assistance in determining status, providing information to, or assistance in understanding the financial conditions related to a child support case.

Data Exchange Gateway

(DEG): The Data Exchange Gateway (DEG) is a processor operated by DIT for facilitating the exchange of electronic files between the State intra-network and entities outside the State network.

Debt

Recovery: An account that may be established within MiCSES to recover monies that have been disbursed to a custodial party in error.

Direct

Deposit: Disbursement of child support monies into a custodial party's bank account as authorized by the custodial party.

Disbursement(s):

Payments by the MiCSES through the MiSDU either in the form of a paper check or direct deposit. Disbursements also go to agencies, returns to NCP, third parties, employers, etc.

Distribution:

The determination process within MiCSES for allocating support collection proceeds to the payment of charges that have accrued on a docket.

Docket:

A court case for child or spousal support.

EFT / EDI:

In-bound Electronic Funds Transfer / Electronic Data Interchange adhering to NACHA standards.

Escheats:

A transfer of property to the state; this will include *un-cashed* checks, unidentified payments submitted to the MiSDU, or other items held in suspense within MiCSES, and then are transferred to the state as an escheat after the item is held in suspense for at least 365 days prior to July 15th of each state fiscal year.

Expiration:

The mutually agreed upon date, emphatically stated within a contract, that identifies the ending and termination date of contractual duties and obligations of the parties to the Contract.

Bank:

A banking relationship is established as part of the MiSDU operations to provide for deposit and disbursement of all child support monies with appropriate reconciliation, oversight and management to assure proper execution of fiduciary responsibilities.

Business

Day: Shall be defined as a day when the state is open for regular business. This is generally Monday through Friday of each week excluding State holidays, with operating hours from 8:00 AM until 5:00 PM. Payment receipting services will be available any day the US Post Office provides mail services, i.e. Monday through Saturday except US Post Office holidays. Customer Services and Suspense services will be available any day the MiCSES system is available for access on State of Michigan business days.

Cancellation:

Ending all rights and obligations of the State and Contractor, except for any rights and obligations that are due and owing for services or goods previously delivered.

CBDS:

The "connectionless broadband digital service" offering from Ameritech, which is the state's standard for data communications.

Collateral:

Financial instruments that must be posted by the banking contractor guaranteeing the security of child support monies on deposit in the MiSDU bank accounts and assuring make-whole to the state in the event of error or mismanagement on the part of the bank.

Corresponding

State: A state that that agrees to provide enforcement of a child support case initiated by another state.

Custodial

Party: A custodial party is the person or entity having custody of a child as determined by order of a judicial court.

Customer:

An OCS-MiSDU customer is considered the custodial party (CP) or non-custodial party (NCP) in a child support case, or other private party, that is not a part of Michigan government and has a stake or vested interest in the outcome of the child support enforcement service delivery or system implementation, such as employers, or financial institutions, etc.

**Michigan Automated
Information Network
(MAIN):**

Michigan Automated Information Network (MAIN) is the State of Michigan's electronic financial management and accounting system.

**Purchase Order
(PO or BPO):**

A purchase order (or **blanket purchase order** {BPO}) is the term used in the State's Computer system (Michigan Automated Information Network [MAIN]) that allows or "orders" money to be spent through a contractual agreement. The purchase order number also references the contractual agreement itself.

**Request for Proposal
(RFP):**

Request for Proposal (RFP) is a term used by the state to solicit proposals for services to be purchased. Typically used when the requesting state agency or department requires vendor assistance in identifying an acceptable manner of solving a problem or delivering a program service.

**Successful
Bidder:**

The bidding-vendor(s) awarded a Contract as a result of a state solicitation (an RFP).

**Work
Product:**

Work Product means any data compilations, reports, and any other media, materials, or other objects or works of authorship created or produced by the Contractor as a result of and in furtherance of performing the services required by this Contract.

FIA-OCS' MiSDU's RFP SERVICE terms and references:

Allocation:

A function within MiCSES that divides receipt proceeds from an obligor among all the obligor's dockets based on federal requirements. It is allocation or distribution that assigns monies to recovery accounts, the State or TANF.

**Attorney General
Wire Transfers:**

Monies transferred electronically to the MiSDU by a financial institution usually under critical timing requirements because the obligor is incarcerated and cannot be released until the MiSDU acknowledges receipt.

FIA –
OCS – (service delivery) **Partner:** An OCS Partner is considered a governmental agency or other organization *outside* the executive branch of state government involved in, and with a legal obligation for, the provision of services related to child support in Michigan. This partnership includes, but is not limited to, the Michigan Circuit Court – Friend of the Court Offices (FOC's), Michigan County Prosecuting Attorneys (PA's), State Court Administrative Office (SCAO), the Michigan Attorney General Office (AG), and also the federal Office of Child Support Enforcement (OCSE), and contractors the FIA-Office of Child Support may engage in the delivery of services to its clients and customers.

FIA –
OCS – **Stakeholder:** An OCS stakeholder is considered a governmental agency or organization *within* the executive branch of state government involved in the provision of Title IV-D services, or involved with services related to child support enforcement, or with a vested interest in the process or implementation of, Michigan Title IV-D services (such as DIT-MiCSES, etc.).

Friend of the Court (FOC): As part of the judicial branch of Michigan government, this represents a division or office within a Michigan Judicial Circuit Court and is the entity responsible for the enforcement of child support payment orders.

IV-D Agency: A federal reference term identifying the state agency or department responsible for statewide child support program administration, established pursuant to Title IV-D of the Social Security Act. In Michigan, this is the FIA – Office of Child Support.

Contract: A legally binding agreement entered into by the State of Michigan, which may result from awarding a bidder's proposal; see also "Purchase Order."

Contractor: The successful, bidding-vendor that is awarded a Contract agreement.

Invitation to Bid (ITB) Invitation to Bid is a generic form or template used by the state to solicit quotations for defined services or commodities, and it advises the public of a request for proposal or request for quotation. The ITB serves as the document for transmitting the RFP to interested potential bidders.

Family Independence Agency

(FIA): Michigan Family Independence Agency (FIA) is an executive state department that is responsible for public assistance and child and family welfare in Michigan.

FIA –
Administrative Services –
Office of Purchasing
(OP): Office of Purchasing is the designated purchase authority for all purchases, other than purchases for direct human/client services, within the FIA department, and is an Office within FIA's Administrative Services with delegated authority to conduct limited purchasing of commodities and services, and serves as FIA's central liaison with DMB. All FIA procurement requests, orders, contracts, grants, agreements, amendments, etc. (except for authorized human/client service purchases), must be submitted to FIA's OP for review and final departmental approval before submission to DMB.

FIA –
Office of Child Support
(OCS): Office of Child Support is the designated Michigan Title IV-D Agency, and is a program office within the FIA responsible for implementing a child support enforcement program in the State of Michigan.

FIA –
OCS –
State Disbursement Unit
(MiSDU): The State Disbursement Unit (MiSDU) is the Section within FIA-OCS responsible for centralized collection of child support in Michigan, in compliance with federal and state requirements. The MiSDU is established pursuant to the federal government's Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) (P.L.104-193).

FIA –
OCS –
Work Improvement Team
(WIT): Work Improvement Team is a group initiated within FIA-OCS, and which includes multiple stakeholders and partners to review process improvement strategies and program priorities effecting customers and other end-users. OCS-WIT's are divided into the following groups: Establishment, Case Management, Financials, and Enforcement.

**DLEG –
Office of Financial &
Insurance Services:**

Office of Financial and Insurance Services (OFIS) is an administration within DLEG that provides information regarding financial institutions, insurance, and securities. OFIS is responsible for the regulation of Blue Cross Blue Shield of MI, health maintenance organizations, banks, domestic insurance companies, credit unions, foreign insurance companies, investment advisors, securities broker-dealers, consumer finance lenders, insurance agents, and securities agents. Michigan is the first state to coordinate regulation of financial institutions, insurance, and securities industries under the federal Financial Services Modernization Act of 1999.

**DLEG –
Unemployment Agency:**

This is an agency within the state's DLEG responsible for disbursing unemployment benefits and withholding child support monies on the basis of having received an Income Withholding Notice.

**Department of
Management & Budget
(DMB):**

Michigan Department of Management and Budget is an executive state department with responsibility for oversight of, and authority over, all purchasing within state government. This charge is pursuant to Section 261 of the Management and Budget Act, MCL 18.1261; MSA 3.516(261). The Department's objective is to serve the state through the use of sound, prudent, and consistent purchasing practices.

**DMB –
Acquisition Services –
Strategic Planning Division:**

(Formerly known as the DMB's Office of Purchasing) Acquisition Services is an administration within DMB, and it has statutory responsibility and authority to prepare specifications, establish purchasing agreements' terms and conditions, and procure goods and services required for the operation of the entire executive branch of state government (see DMB, above).

**Department of
Treasury
(DoT):**

Michigan Department of Treasury (DoT) is an executive state department that is responsible for and has authority over all banking activities for the State's Treasury Accounts. Treasury exists to provide quality financial, tax, and administrative services to the state. (This is also the state department responsible for collections on NSF checks and the receipt of monies that are transferred to escheats based on Michigan statutory requirements.)

DEFINITION OF TERMS

TERMS	DEFINITIONS
-------	-------------

State: Shall refer to the State of Michigan, unless otherwise indicated. For Purposes of Indemnification as set forth in section I-J, State means the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents.

Department of Information Technology (DIT): Michigan Department of Information Technology (DIT) is an executive state department with responsibility for oversight of all information technology projects within state government. DIT provides professional management of the IT resources for the State of Michigan to deliver timely, value added services through trusted partnerships with customers by seeking to improve the effectiveness of information technology resources, advance the delivery of services to citizens, maintain the security, and confidentiality of state-managed information.

DIT – Michigan Child Support Enforcement System (SES): Michigan Child Support Enforcement System is an administration within the Michigan Department of Information Technology that is the federally required, statewide; standardized system developed and maintained by the State for child support enforcement activities.

DIT – CSSES: Child Support Enforcement System was the *former* child support enforcement automated system in DIT replaced by MiCSSES.

Department of Labor & Economic Growth (LEG): Michigan Department of Labor & Economic Growth (DLEG) is an executive state department created in December of 2003 to promote job creation and economic growth in Michigan by centralizing and streamlining the state's job, workforce, and economic development functions under one department.

1. Contract No. 071B5200095 between The State of Michigan and Tier Technologies, Inc.
2. Attachment B
3. Section III, Information Required From Bidder

**I-B TERM (S) OF CONTRACT****(1) EFFECTIVE PERIOD**

- The State of Michigan is not liable for and will not reimburse any cost incurred by any bidder prior to final execution and signing of this Contract by all parties.
- The services to be procured would be effective for the time-period from December 15, 2004 through December 14, 2009.
- Upon final approval by the state's purchasing authorities, the contract may include a clause allowing for an additional six-month extension of the agreement to provide for competitive bidding and possible transition to a new provider at the end of this contract.

Note:

- The State Fiscal Year (FY) is October 1st through September 30th.
- Execution or continuation of any state contractual agreement, and payment for state contract-services, during any given fiscal year is contingent upon enactment of legislative appropriations.

(2) PAYMENT METHOD

This Contract includes a payment method for services that is a **rate per unit of service**.

(3) SERVICE ACTIVITIES

As introduced in the *Purpose, Scope of Service*, § (I)(A) above, the activities for the federally mandated **account and payment services** to be procured shall include:

- Receiving / Receipting of payments (into an interest bearing account), including:
 - Lock Box
 - Payment and Document Imaging
 - Payment Validation
 - Payment Processing, to include:
 - Categorizing and key-entering data from payments
 - Payment Posting to DIT-MiCSES
 - Depositing to a banking institute
 - Mail Services (bonded courier delivering from lock-box to MiSDU, etc.)
 - Payment Research and Resolution
- Disbursement of funds, including:
 - MiCSES Suspense Resolution & Release
 - Escheats
 - Banking and Account Reconciliation
 - Actual Disbursement to the correct account, including
 - Check printing and mailing to obligees
 - Coupon Issuance (print and mailing) to obligors
- Customer Service,
 - To include Integrated Voice Response (IVR) as well as
 - other forms of communication with various customers, partners, and stakeholders regarding the above-activities.
- Out-reach for
 - Electronic Funds Transfer (EFT) and
 - Electronic Data Interchange (EDI)
- Other System Enhancements, as needed,
 - in order to maintain interface compatibility with MiCSES and its evolution, or
 - to maintain compliance with future, additional federal or state requirements to the Child Support program or system.

**I-C ISSUING OFFICE****(1) PURCHASE AUTHORITY**

This Contract is issued by the State of Michigan, Department of Management and Budget (DMB), Acquisition Services, hereafter known as Acquisition Services, for and on behalf of the State of Michigan, **Family Independence Agency (FIA) – Office of Child Support – State Disbursement Unit**. Where actions are a combination of those by Acquisition Services and FIA, the authority will be known as the State. **Acquisition Services is the sole point of contact in the State with regard to all procurement and contractual matters relating to the services described herein.** Acquisition Services is the only office authorized to change, modify, amend, alter, clarify, etc., the prices, specifications, terms, and conditions of this Contract.

(2) CONTRACT ADMINISTRATOR

Acquisition Services will remain the SOLE POINT OF CONTACT throughout the procurement process, until such time as the Director of Acquisition Services shall direct otherwise in writing. All communications concerning this procurement must be addressed to the DMB-Acquisition Services' assigned **Contract Administrator**:

Irene Pena, CPPB

Technology and Professional Services Buyer
State of Michigan – Department of Management & Budget
Acquisition Services – Strategic Purchasing Division
2nd Floor, Mason Building
P.O. Box 30026
Lansing, MI 48909
Email: Penai1@michigan.gov
Tel: (517) 241-1647
Fax: (517) 335-0046

I-D ASSIGNED AGENCY CONTACTS:**(1) AGENCY LIAISON TO ACQUISITION SERVICES**

Upon receipt at Acquisition Services of the properly executed Contract Agreement, it is anticipated that the Director of Acquisition Services will direct the contact person named below, or any other person so designated by the Agency's Purchasing Authority, be authorized to serve as FIA's Buyer and Liaison to Acquisition Services regarding this agreement or any requested modifications, clarifications, amendments, or other changes to the prices, terms, conditions, or specifications of such Contract:

Diane Allen, CPPB

Commodity & Professional Services Buyer
State of Michigan – Family Independence Agency
Administrative Services – Office of Purchasing
Grand Tower Building, Suite #1205
P.O. Box 30037
Lansing, MI 48909
Email: AllenD2@michigan.gov
Tel: (517) 373-6478

**(2) CONTRACT COMPLIANCE INSPECTOR / CONTRACT MANAGER**

The Director of Acquisition Services will further direct that the FIA appoint and assign an employee to administer or manage the contract on a day-to-day basis during the time period this contract is effective. This will include: (a) contract compliance inspection and monitoring; (b) verifying service and work product delivery; (c) validation of contractor invoices; and, (d) contractor performance evaluation. However, management or administration of this contract implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such contract; that authority is retained by Acquisition Services. The assigned FIA contact and day-to-day manager for this project is:

David Mork, State Division Administrator
State of Michigan – Family Independence Agency
Office of Child Support -Michigan State Disbursement Unit
C/o Grand Tower Building Suite #1215
P.O. Box #30478
Lansing, MI 48909
Email: MorkD@michigan.gov
Tel: (517) 334-8646

I-E PURCHASE ORDERS

Orders for delivery of commodities and/or services may be issued directly by the State Departments through the issuance of a Purchase Order Form referencing this Contract (Blanket Purchase Order) agreement and the terms and conditions contained herein. Contractor is asked to reference the Purchase Order Number on all invoices for payment.

I-F COST LIABILITY

As indicated above in § I (B) (1), *Terms and Conditions, Effective Period*, the State of Michigan assumes no responsibility or liability for costs incurred by the Contractor prior to the signing of this Contract. Total liability of the State is limited to the terms and conditions of this Contract.

I-G CONTRACTOR RESPONSIBILITIES

Contractor will be required to assume responsibility for all contractual activities offered in this Contract whether or not that Contractor performs them. Further, the State will consider the Prime Contractor to be the sole point of contact with regard to contractual matters and activities, including but not limited to payment of any and all costs resulting from the Contract. If any part of the work is to be subcontracted, the contractor must notify the state and identify the subcontractor(s), including firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor's organizational abilities. The State reserves the right to approve subcontractors for this project and to require the Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of this Contract.

I-H NEWS RELEASES

News releases pertaining to this document or the services, study, data, or project to which it relates will not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State.



No results of the program are to be released without prior approval of the State and then only to persons designated.

I-I DISCLOSURE

All information in a bidder's proposal and this Contract is subject to the provisions of the Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, *et seq.*

I-J ACCOUNTING RECORDS

The Contractor will be required to maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Auditor General at any time during the Contract period and any extension thereof, and for three (3) years from the expiration date and final payment on the Contract or extension thereof.

I-K INDEMNIFICATION

(1) General Indemnification:

To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections, commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

- (a) any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from (1) the product provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract;
- (b) any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
- (c) any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
- (d) any claim, demand, action, citation or legal proceeding against the State, its employees and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;



- (e) any claim, demand, action, citation or legal proceeding against the State, its employees and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.
- (2) Patent/Copyright Infringement Indemnification
- (a) To the fullest extent permitted by law, the Contractor shall indemnify, defend and hold harmless the State, its employees and agents from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States.
- (b) In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor shall at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.
- (3) Indemnification Obligation Not Limited
In any and all claims against the State of Michigan, or any of its agents or employees, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts, or other employee benefits acts. This indemnification clause is intended to be comprehensive. Any overlap in sub-clauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other sub-clause.
- (4) Continuation of Indemnification Obligation
The duty to indemnify will continue in full force and affect notwithstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions, which occurred prior to termination.

**I-L NON INFRINGEMENT/COMPLIANCE WITH LAWS**

The Contractor warrants that in performing the services called for by this Contract it will not violate any applicable law, rule, or regulation, any contracts with third parties, or any intellectual rights of any third party, including but not limited to, any United States patent, trademark, copyright, or trade secret.

I-M WARRANTIES AND REPRESENTATIONS

This Contract will contain customary representations and warranties by the Contractor, including, without limitation, the following:

- (1) The Contractor will perform all services in accordance with high professional standards in the industry;
- (2) The Contractor will use adequate numbers of qualified individuals with suitable training, education, experience and skill to perform the services;
- (3) The Contractor will use its best efforts to use efficiently any resources or services necessary to provide the services that are separately chargeable to the State;
- (4) The Contractor will use its best efforts to perform the services in the most cost effective manner consistent with the required level of quality and performance;
- (5) The Contractor will perform the services in a manner that does not infringe the proprietary rights of any third party;
- (6) The Contractor will perform the services in a manner that complies with all applicable laws and regulations;
- (7) The Contractor has duly authorized the execution, delivery and performance of the Contract;
- (8) The Contractor has not provided any gifts, payments or other inducements to any officer, employee or agent of the State;
- (9) The Contractor will maintain all equipment and software for which it has maintenance responsibilities in good operating condition and will undertake all repairs and preventive maintenance in accordance with applicable manufacturer's recommendations;
- (10) The Contractor will use its best efforts to ensure that no viruses or similar items are coded or introduced into the systems used to provide the services;
- (11) The Contractor will not insert or activate any disabling code into the systems used to provide the services without the State's prior written approval;
- (12) A ninety (90) day warranty on all purchased and developed software, data conversion programs, and data and customization to the product performed by the contractor.



I-N TIME IS OF THE ESSENCE

The parties agrees that time is of the essence in the performance of their respective obligations under this Contract.

I-O STAFFING OBLIGATIONS

- (1) The State reserves the right to approve the Contractor's assignment of Key Personnel to this project and to recommend reassignment of personnel deemed unsatisfactory by the State.
- (2) The Contractor shall not remove or reassign, without the State's prior written approval any of the Key Personnel until such time as the Key Personnel have completed all of their planned and assigned responsibilities in connection with performance of the Contractor's obligations under this Contract. The Contractor agrees that the continuity of Key Personnel is critical and agrees to the continuity of Key Personnel. Removal of Key Personnel without the written consent of the State may be considered by the State to be a material breach of this Contract. The prohibition against removal or reassignment shall not apply where Key Personnel must be replaced for reasons beyond the reasonable control of the Contractor including but not limited to illness, disability, resignation or termination of the Key Personnel's employment. For purposes of this contract the following individuals are considered Key Personnel:

Key Personnel		
Position	Name	Location
Project Director	Don Atwell	SDU
Deputy Director	TBN based on available local staff	SDU
Implementation Manager	John Pestotnik	SDU
Steve Wade	Client Executive	Corporate HQ, Reston
Barb Orcutt	Training Manager	SDU as appropriate
John Greve	Disbursements Manager	SDU
Manpreet Kalsi	Application Manager	Corporate HQ and SDU
Facilities Manager	Katharine McGarvey	Corporate HQ
Project Administrator	Mike Giroux	SDU

- (3) The Contractor agrees to provide a list of personnel who would serve as Key Personnel for purposes of this Contract, for the State's review and approval prior to the execution of a contract.

I-P WORK PRODUCT AND OWNERSHIP

- (1) Work Products shall be considered works made by the Contractor for hire by the State and shall belong exclusively to the State and its designees, unless specifically provided otherwise by mutual agreement of the Contractor and the State.



If by operation of law any of the Work Product, including all related intellectual property rights, is not owned in its entirety by the State automatically upon creation thereof, the Contractor agrees to assign, and hereby assigns to the State and its designees the ownership of such Work Product, including all related intellectual property rights. The Contractor agrees to provide, at no additional charge, any assistance and to execute any action reasonably required for the State to perfect its intellectual property rights with respect to the aforementioned Work Product.

- (2) Notwithstanding any provision of this Contract to the contrary, any preexisting work or materials including, but not limited to, any routines, libraries, tools, methodologies, processes or technologies (collectively, the "Development Tools") created, adapted or used by the Contractor in its business generally, including any and all associated intellectual property rights, shall be and remain the sole property of the Contractor, and the State shall have no interest in or claim to such preexisting work, materials or Development Tools, except as necessary to exercise its rights in the Work Product. Such rights belonging to the State shall include, but not be limited to, the right to use, execute, reproduce, display, perform and distribute copies of and prepare derivative works based upon the Work Product, and the right to authorize others to do any of the foregoing, irrespective of the existence therein of preexisting work, materials and Development Tools, except as specifically limited herein.
- (3) The Contractor and its subcontractors shall be free to use and employ their general skills, knowledge and expertise, and to use, disclose, and employ any generalized ideas, concepts, knowledge, methods, techniques or skills gained or learned during the course of performing the services under this Contract, so long as the Contractor or its subcontractors acquire and apply such information without disclosure of any confidential or proprietary information of the State, and without any unauthorized use or disclosure of any Work Product resulting from this Contract.
- (4) The following preexisting proprietary software will be used by Contractor for the accomplishment of the MiSDU functions: Kids1st®. The State shall own any enhancements or modifications made by Contractor to Kids1st for the benefit of the MiSDU ("Modifications"). The State and Contractor agree that Contractor shall retain a perpetual, exclusive, irrevocable, royalty-free license to use, license and further develop the Modifications, with no obligation of accounting.

I-Q CONFIDENTIALITY OF DATA AND INFORMATION

- (1) All financial, statistical, personnel, technical and other data and information relating to the State's operation which are designated confidential by the State and made available to the Contractor in order to carry out this Contract, or which become available to the Contractor in carrying out this Contract, shall be protected by the Contractor from unauthorized use and disclosure through the observance of the same or more effective procedural requirements as are applicable to the State. The identification of all such confidential data and information as well as the State's procedural requirements for protection of such data and information from unauthorized use and disclosure shall be provided by the State in writing to the Contractor.



If the methods and procedures employed by the Contractor for the protection of the Contractor's data and information are deemed by the State to be adequate for the protection of the State's confidential information, such methods and procedures may be used, with the written consent of the State, to carry out the intent of this section.

- (2) The Contractor shall **not** be required under the provisions of this section to keep confidential:
- information generally available to the public;
 - information released by the State generally, or to the Contractor without restriction;
 - information independently developed or acquired by the Contractor or its personnel without reliance in any way on otherwise protected information of the State.
 - Notwithstanding the foregoing restrictions, the Contractor and its personnel may use and disclose any information which it is otherwise required by law to disclose, but in each case only after the State has been so notified, and has had the opportunity, if possible, to obtain reasonable protection for such information in connection with such disclosure.

I-R REMEDIES FOR BREACH OF CONFIDENTIALITY

The Contractor acknowledges that a breach of its confidentiality obligations as set forth in section I-Q of this Contract, shall be considered a material breach of the Contract. Furthermore the Contractor acknowledges that in the event of such a breach the State shall be irreparably harmed. Accordingly, if a court should find that the Contractor has breached or attempted to breach any such obligations, the Contractor will not oppose the entry of an appropriate order restraining it from any further breaches or attempted or threatened breaches. This remedy shall be in addition to and not in limitation of any other remedy or damages provided by law.

I-S CONTRACTOR'S LIABILITY INSURANCE

- (1) The Contractor is required to provide proof of the minimum levels of insurance coverage as indicated below. The purpose of this coverage shall be to protect the State from claims which may arise out of or result from the Contractor's performance of services under the terms of this Contract, whether such services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.
- (2) The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain pursuant to this Contract. The Contractor also agrees to provide evidence that all applicable insurance policies contain a waiver of subrogation by the insurance company.
- (3) All insurance coverage provided relative to this Contract/Purchase Order is PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.



- (4) The Insurance shall be written for not less than any minimum coverage herein specified or required by law, whichever is greater. All deductible amounts for any of the required policies are subject to approval by the State.
- (5) The State reserves the right to reject insurance written by an insurer the State deems unacceptable.
- (6) BEFORE THE CONTRACT IS SIGNED BY BOTH PARTIES OR BEFORE THE PURCHASE ORDER IS ISSUED BY THE STATE, THE CONTRACTOR MUST FURNISH TO THE DIRECTOR OF Acquisition Services, CERTIFICATE(S) OF INSURANCE VERIFYING INSURANCE COVERAGE. THE CERTIFICATE MUST BE ON THE STANDARD "ACCORD" FORM. THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING. All such Certificate(s) are to be prepared and submitted by the Insurance Provider and not by the Contractor. All such Certificate(s) shall contain a provision indicating that coverage afforded under the policies WILL NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without THIRTY (30) days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Acquisition Services, Department of Management and Budget. Such NOTICE must include the CONTRACT NUMBER affected and be mailed to: Director, Acquisition Services, Department of Management and Budget, P.O. Box 30026, Lansing, Michigan 48909.

(7) The Contractor is required to provide the type and amount of insurance checked below:

- 1. Commercial General Liability with the following minimum coverages:
 - \$2,000,000 General Aggregate Limit other than Products/Completed Operations
 - \$2,000,000 Products/Completed Operations Aggregate Limit
 - \$1,000,000 Personal & Advertising Injury Limit
 - \$1,000,000 Each Occurrence Limit
 - \$500,000 Fire Damage Limit (any one fire):

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability policy.

- 2. If a motor vehicle is used to provide services or products under this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law:

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the vehicle liability policy.

- 3. Worker's disability compensation, disability benefit or other similar employee benefit act with minimum statutory limits.



NOTE: (1) If coverage is provided by a State fund or if Contractor has qualified as a self-insurer, separate certification must be furnished that coverage is in the state fund or that Contractor has approval to be a self-insurer; (2) Any citing of a policy of insurance must include a listing of the States where that policy's coverage is applicable; and (3) Any policy of insurance must contain a provision or endorsement providing that the insurers' rights of subrogation are waived. This provision shall not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

- 4. For contracts providing temporary staff personnel to the State, the Contractor shall provide an Alternate Employer Endorsement with minimum coverage of \$1,000,000.
- 5. Employers liability insurance with the following minimum limits:
 - \$100,000 each accident
 - \$100,000 each employee by disease
 - \$500,000 aggregate disease

I-T NOTICE AND RIGHT TO CURE

In the event of a material breach by the Contractor, the State shall provide the Contractor written notice of the breach and thirty (30) calendar days, unless the parties mutually agree otherwise, within which to cure said breach described in the notice. This section requiring notice and an opportunity to cure shall not be applicable in the event of successive or repeated breaches of the same nature.

I-U CANCELLATION

The State may cancel this Contract without further liability or penalty to the State, its departments, divisions, agencies, offices, commissions, officers, agents and employees for any of the following reasons:

- (1) Material Breach by the Contractor. In the event of a material breach by the Contractor, the State shall provide the Contractor a written notice of the breach and thirty (30) calendar days, unless the parties mutually agree otherwise, to cure said breach described in the notice. Having provided written notice of breach to the Contractor and the Contractor failing to cure the breach within the specified time frame, the State may cancel this Contract in whole or in part, for cause, by providing the Contractor a notice of cancellation. In such event, the Contract shall be cancelled for cause as of the date specified in the notice of cancellation.
 - (a) In the event that this Contract is cancelled for cause, in addition to any legal remedies otherwise available to the State by law or equity, the Contractor shall be responsible for all reasonable costs incurred by the State in canceling the Contract, including but not limited to, attorney's fees and court costs, and any additional costs the State may reasonably incur to procure the services required by this Contract from other sources, and State administrative costs directly arising out of the cancellation for cause. All excess reprocurement costs and damages shall not be considered by the parties to be consequential, indirect or incidental, and shall not be excluded by any other terms otherwise included in the Contract.



- (b) In the event the State chooses to partially cancel this Contract for cause charges payable under this Contract will be equitably adjusted to reflect those services that are cancelled.
- (c) In the event this Contract is cancelled for cause pursuant to this section, and it is therefore determined, for any reason, that the Contractor was not in breach of contract pursuant to the provisions of this section, that cancellation for cause shall be deemed to have been a cancellation for convenience, effective as of the same date, and the rights and obligations of the parties shall be limited to that otherwise provided in the Contract for a cancellation for convenience.
- (2) Cancellation For Convenience By the State.
The State may cancel this Contract for its convenience, in whole or part, if the State determines that such a cancellation is in the State's best interest. Reasons for such cancellation shall be left to the sole discretion of the State.
- The State may cancel the Contract for its convenience, in whole or in part, by giving the Contractor written notice thirty (30) calendar days prior to the date of cancellation. If the State chooses to cancel this Contract in part, the charges payable under this Contract shall be equitably adjusted to reflect those services that are cancelled including but not limited to the Contractor's reasonable shut down costs.
- (3) Non-Appropriation. In the event that funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available. The Contractor acknowledges that, if this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this project. If funds are not appropriated or otherwise made available, the State shall have the right to cancel this Contract at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of cancellation to the Contractor.
- The State shall give the Contractor written notice of such non-appropriation or unavailability within 30 days after it receives notice of such non-appropriation or unavailability.
- (4) Criminal Conviction. In the event the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under State or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects upon the Contractor's business integrity.
- (5) Approvals Rescinded. The State may terminate this Contract without further liability or penalty in the event any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, section 5, and Civil Service Rule 7. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in such written notice.

**I-V RIGHTS AND OBLIGATIONS UPON CANCELLATION**

- (1) If the Contract is canceled by the State for any reason, the Contractor shall:
- (a) stop all work as specified in the notice of cancellation;
 - (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Work Product or other property derived or resulting from the Contract that may be in the Contractor's possession;
 - (c) return all materials and property provided directly or indirectly to the Contractor by any entity, agent or employee of the State;
 - (d) transfer title and deliver to the State, unless otherwise directed by the Contract Administrator or his or her designee, all Work Product resulting from the Contract; and,
 - (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or cancellation settlement costs, to the maximum practical extent, including, but not limited to, canceling or limiting as otherwise applicable, those subcontracts, and outstanding orders for material and supplies resulting from the canceled Contract.
- (2) In the event the State cancels this Contract prior to its expiration for its own convenience, the State shall pay the Contractor for all charges due for services provided prior to the date of cancellation and if applicable as a separate item of payment pursuant to the Contract, for partially completed Work Product, on a percentage of completion basis.

In the event of a cancellation for cause, or any other reason under the Contract, the State will pay, if applicable, as a separate item of payment pursuant to the Contract, for all partially completed Work Products, to the extent that the State requires the Contractor to submit to the State any such deliverables, and for all charges due under the Contract for any cancelled services provided by the Contractor prior to the cancellation date. All completed or partially completed Work Product prepared by the Contractor pursuant to this Contract shall, at the option of the State, become the State's property, and the Contractor shall be entitled to receive just and fair compensation for such Work Product. Regardless of the basis for the cancellation, the State shall not be obligated to pay, or otherwise compensate, the Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

- (3) If any such cancellation by the State is for cause, the State shall have the right to set-off against any amounts due the Contractor, the amount of any damages for which the Contractor is liable to the State under this Contract or pursuant to law and equity.
- (4) Upon a good faith cancellation, the State shall have the right to assume, at its option, any and all subcontracts and agreements for services and materials provided under this Contract, and may further pursue completion of the Work Product under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

**I-W EXCUSABLE FAILURE**

Neither party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent such default or delay is caused, directly or indirectly, by: fire, flood, earthquake, elements of nature or acts of God; riots, civil disorders, rebellions or revolutions in any country; the failure of the other party to perform its material responsibilities under the Contract (either itself or through another contractor); injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of such party; provided the non-performing party and its subcontractors are without fault in causing such default or delay, and such default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans. In such event, the non-performing party will be excused from any further performance or observance of the obligation(s) so affected for as long as such circumstances prevail and such party continues to use its best efforts to recommence performance or observance whenever and to whatever extent possible without delay provided such party promptly notifies the other party in writing of the inception of the excusable failure occurrence, and also of its abatement or cessation.

If any of the above enumerated circumstances substantially prevent, hinder, or delay performance of the services necessary for the performance of the State's functions for more than 14 consecutive days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected services from an alternate source, and the State shall not be liable for payments for the unperformed services under the Contract for so long as the delay in performance shall continue;

(b) the State may cancel any portions of the Contract so affected and the charges payable thereunder shall be equitably adjusted to reflect those services canceled; or (c) the Contract will be canceled without liability of the State to the Contractor as of the date specified by the State in a written notice of cancellation to the Contractor. The Contractor will not have the right to any additional payments from the State as a result of any excusable failure occurrence or to payments for services not rendered as a result of the excusable failure condition. Defaults or delays in performance by the Contractor which are caused by acts or omissions of its subcontractors will not relieve the Contractor of its obligations under the Contract except to the extent that a subcontractor is itself subject to any excusable failure condition described above and the Contractor cannot reasonably circumvent the effect of the subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

I-X ASSIGNMENT

The Contractor shall not have the right to assign this Contract or to assign or delegate any of its duties or obligations under this Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the Director of Acquisition Services.

**I-Y DELEGATION**

The Contractor shall not delegate any duties or obligations under this Contract to a subcontractor other than a subcontractor named in the bid unless the Director of Acquisition Services has given written consent to the delegation.

I-Z NON-DISCRIMINATION CLAUSE

In the performance of any Contract or purchase order resulting herefrom, the Contractor agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position. The Contractor further agrees that every subcontract entered into for the performance of this Contract or purchase order will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2101, *et seq*, and the Persons with Disabilities Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, *et seq*, and any breach thereof may be regarded as a material breach of the Contract or purchase order.

I-AA WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

In performing services for the State pursuant to this Contract, the Contractor shall comply with Department of Civil Service Rules 2-20 regarding Workplace Safety and 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service Regulations governing workplace safety and discriminatory harassment and any applicable state agency rules on these matters that the agency provides to the Contractor. Department of Civil Service Rules and Regulations can be found on the Department of Civil Service website at www.michigan.gov/mdcs.

I-BB MODIFICATION OF SERVICE

- (a) The Director of Acquisition Services reserves the right to modify this service during the course of this Contract. Such modification may include adding or deleting tasks that this service shall encompass and/or any other modifications deemed necessary.
- (b) This Contract may not be revised, modified, amended, extended, or augmented, except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.
- (c) The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. The Contractor shall provide a change order process and all requisite forms. The State reserves the right to negotiate the process during contract negotiation. At a minimum, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.



- (d) Within five (5) business days of receipt of a request by the State for any such change, or such other period of time as to which the parties may agree mutually in writing, the Contractor shall submit to the State a proposal describing any changes in products, services, timing of delivery, assignment of personnel, and the like, and any associated price adjustment. The price adjustment shall be based on a good faith determination and calculation by the Contractor of the additional cost to the Contractor in implementing the change request less any savings realized by the Contractor as a result of implementing the change request. The Contractor's proposal shall describe in reasonable detail the basis for the Contractor's proposed price adjustment, including the estimated number of hours by task by labor category required to implement the change request.
- (e) If the State accepts the Contractor's proposal, it will issue a change notice and the Contractor will implement the change request described therein. The Contractor will not implement any change request until a change notice has been issued validly. The Contractor shall not be entitled to any compensation for implementing any change request or change notice except as provided explicitly in an approved change notice.
- (f) If the State does not accept the Contractor's proposal, the State may:
- (i) withdraw its change request; or
 - (ii) modify its change request, in which case the procedures set forth above will apply to the modified change request.

If the State requests or directs the Contractor to perform any activities that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to so notify the State prior to commencing performance of the requested activities, any such activities performed before the Contractor gives notice shall be conclusively considered to be In-scope Services, not New Work.

If the State requests or directs the Contractor to perform any services or functions that are consistent with and similar to the services being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the scope of the Contractor's responsibilities and charges as set forth in the Contract, then prior to performing such services or function, the Contractor shall promptly notify the State in writing that it considers the services or function to be an "Additional Service" for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing such services or functions. If the Contractor does so notify the State, then such a service or function shall be governed by the change request procedure set forth in the preceding paragraph.

IN THE EVENT CONTRACTOR AND THE STATE ARE UNABLE TO REACH AGREEMENT ON THE PRICE FOR A CHANGE REQUEST FOLLOWING THE CONCLUSION OF GOOD FAITH NEGOTIATIONS, THE SCOPE OF SUCH CHANGE REQUEST SHALL BE SUBJECT TO COMPETITIVE BIDDING.

**I-Y DELEGATION**

The Contractor shall not delegate any duties or obligations under this Contract to a subcontractor other than a subcontractor named in the bid unless the Director of Acquisition Services has given written consent to the delegation.

I-Z NON-DISCRIMINATION CLAUSE

In the performance of any Contract or purchase order resulting herefrom, the Contractor agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position. The Contractor further agrees that every subcontract entered into for the performance of this Contract or purchase order will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2101, *et seq*, and the Persons with Disabilities Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, *et seq*, and any breach thereof may be regarded as a material breach of the Contract or purchase order.

I-AA WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

In performing services for the State pursuant to this Contract, the Contractor shall comply with Department of Civil Service Rules 2-20 regarding Workplace Safety and 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service Regulations governing workplace safety and discriminatory harassment and any applicable state agency rules on these matters that the agency provides to the Contractor. Department of Civil Service Rules and Regulations can be found on the Department of Civil Service website at www.michigan.gov/mdcs.

I-BB MODIFICATION OF SERVICE

- (a) The Director of Acquisition Services reserves the right to modify this service during the course of this Contract. Such modification may include adding or deleting tasks that this service shall encompass and/or any other modifications deemed necessary.
- (b) This Contract may not be revised, modified, amended, extended, or augmented, except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.
- (c) The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. The Contractor shall provide a change order process and all requisite forms. The State reserves the right to negotiate the process during contract negotiation. At a minimum, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.



- (d) Within five (5) business days of receipt of a request by the State for any such change, or such other period of time as to which the parties may agree mutually in writing, the Contractor shall submit to the State a proposal describing any changes in products, services, timing of delivery, assignment of personnel, and the like, and any associated price adjustment. The price adjustment shall be based on a good faith determination and calculation by the Contractor of the additional cost to the Contractor in implementing the change request less any savings realized by the Contractor as a result of implementing the change request. The Contractor's proposal shall describe in reasonable detail the basis for the Contractor's proposed price adjustment, including the estimated number of hours by task by labor category required to implement the change request.
- (e) If the State accepts the Contractor's proposal, it will issue a change notice and the Contractor will implement the change request described therein. The Contractor will not implement any change request until a change notice has been issued validly. The Contractor shall not be entitled to any compensation for implementing any change request or change notice except as provided explicitly in an approved change notice.
- (f) If the State does not accept the Contractor's proposal, the State may:
- (i) withdraw its change request; or
 - (ii) modify its change request, in which case the procedures set forth above will apply to the modified change request.

If the State requests or directs the Contractor to perform any activities that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to so notify the State prior to commencing performance of the requested activities, any such activities performed before the Contractor gives notice shall be conclusively considered to be In-scope Services, not New Work.

If the State requests or directs the Contractor to perform any services or functions that are consistent with and similar to the services being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the scope of the Contractor's responsibilities and charges as set forth in the Contract, then prior to performing such services or function, the Contractor shall promptly notify the State in writing that it considers the services or function to be an "Additional Service" for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing such services or functions. If the Contractor does so notify the State, then such a service or function shall be governed by the change request procedure set forth in the preceding paragraph.

IN THE EVENT CONTRACTOR AND THE STATE ARE UNABLE TO REACH AGREEMENT ON THE PRICE FOR A CHANGE REQUEST FOLLOWING THE CONCLUSION OF GOOD FAITH NEGOTIATIONS, THE SCOPE OF SUCH CHANGE REQUEST SHALL BE SUBJECT TO COMPETITIVE BIDDING.

**I-Y DELEGATION**

The Contractor shall not delegate any duties or obligations under this Contract to a subcontractor other than a subcontractor named in the bid unless the Director of Acquisition Services has given written consent to the delegation.

I-Z NON-DISCRIMINATION CLAUSE

In the performance of any Contract or purchase order resulting herefrom, the Contractor agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position. The Contractor further agrees that every subcontract entered into for the performance of this Contract or purchase order will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2101, *et seq*, and the Persons with Disabilities Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, *et seq*, and any breach thereof may be regarded as a material breach of the Contract or purchase order.

I-AA WORKPLACE SAFETY AND DISCRIMINATORY HARASSMENT

In performing services for the State pursuant to this Contract, the Contractor shall comply with Department of Civil Service Rules 2-20 regarding Workplace Safety and 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor shall comply with Civil Service Regulations governing workplace safety and discriminatory harassment and any applicable state agency rules on these matters that the agency provides to the Contractor. Department of Civil Service Rules and Regulations can be found on the Department of Civil Service website at www.michigan.gov/mdcs.

I-BB MODIFICATION OF SERVICE

- (a) The Director of Acquisition Services reserves the right to modify this service during the course of this Contract. Such modification may include adding or deleting tasks that this service shall encompass and/or any other modifications deemed necessary.
- (b) This Contract may not be revised, modified, amended, extended, or augmented, except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.
- (c) The State reserves the right to request from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. The Contractor shall provide a change order process and all requisite forms. The State reserves the right to negotiate the process during contract negotiation. At a minimum, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.



- (d) Within five (5) business days of receipt of a request by the State for any such change, or such other period of time as to which the parties may agree mutually in writing, the Contractor shall submit to the State a proposal describing any changes in products, services, timing of delivery, assignment of personnel, and the like, and any associated price adjustment. The price adjustment shall be based on a good faith determination and calculation by the Contractor of the additional cost to the Contractor in implementing the change request less any savings realized by the Contractor as a result of implementing the change request. The Contractor's proposal shall describe in reasonable detail the basis for the Contractor's proposed price adjustment, including the estimated number of hours by task by labor category required to implement the change request.
- (e) If the State accepts the Contractor's proposal, it will issue a change notice and the Contractor will implement the change request described therein. The Contractor will not implement any change request until a change notice has been issued validly. The Contractor shall not be entitled to any compensation for implementing any change request or change notice except as provided explicitly in an approved change notice.
- (f) If the State does not accept the Contractor's proposal, the State may:
- (i) withdraw its change request; or
 - (ii) modify its change request, in which case the procedures set forth above will apply to the modified change request.

If the State requests or directs the Contractor to perform any activities that are outside the scope of the Contractor's responsibilities under the Contract ("New Work"), the Contractor must notify the State promptly, and before commencing performance of the requested activities, that it believes the requested activities are New Work. If the Contractor fails to so notify the State prior to commencing performance of the requested activities, any such activities performed before the Contractor gives notice shall be conclusively considered to be In-scope Services, not New Work.

If the State requests or directs the Contractor to perform any services or functions that are consistent with and similar to the services being provided by the Contractor under the Contract, but which the Contractor reasonably and in good faith believes are not included within the scope of the Contractor's responsibilities and charges as set forth in the Contract, then prior to performing such services or function, the Contractor shall promptly notify the State in writing that it considers the services or function to be an "Additional Service" for which the Contractor should receive additional compensation. If the Contractor does not so notify the State, the Contractor shall have no right to claim thereafter that it is entitled to additional compensation for performing such services or functions. If the Contractor does so notify the State, then such a service or function shall be governed by the change request procedure set forth in the preceding paragraph.

IN THE EVENT CONTRACTOR AND THE STATE ARE UNABLE TO REACH AGREEMENT ON THE PRICE FOR A CHANGE REQUEST FOLLOWING THE CONCLUSION OF GOOD FAITH NEGOTIATIONS, THE SCOPE OF SUCH CHANGE REQUEST SHALL BE SUBJECT TO COMPETITIVE BIDDING.

**I-CC NOTICES**

Any notice given to a party under this Contract must be written to, and shall be deemed effective if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile, if a copy of the notice is sent by another means specified in this section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system:

For the Contractor:

James Weaver, Chief Executive Officer

Tier

10780 Parkridge Blvd.

Suite 400

Reston, VA 20191

For the State:

Irene Pena, CPPB, Buyer

Acquisition Services

530 W. Allegan St.

Lansing, MI 48933

Either party may change its address where notices are to be sent giving written notice in accordance with this section.

I-DD ENTIRE AGREEMENT

The contents of this document and the vendor's proposal will become contractual obligations. Failure of the Contractor to accept these obligations may result in cancellation of the Contract.

This Contract shall represent the entire agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties relating to this subject.

I-EE NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of this Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

I-FF SEVERABILITY

Each provision of the Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

I-GG HEADINGS

Captions and headings used in the Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

**I-HH RELATIONSHIP OF THE PARTIES**

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

I-II UNFAIR LABOR PRACTICES

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to section 2 of the Act. The United States National Labor Relations Board compiles this information. A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to section 4 of 1980 Public Act 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.

I-JJ SURVIVOR

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of this Contract for any reason.

I-KK GOVERNING LAW

This Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan. Any dispute arising out of this Contract shall be resolved as follows:

(a) One party shall provide written notification to the other of a dispute. The parties will then have ten (10) business days following receipt of the notification to resolve the dispute at the project level.

(b) If no resolution is achieved at the project level, each party shall then appoint one senior officer or representative with at least the title of Vice President for the Contractor, and Deputy Director for the State, or equivalent, and such officers shall meet to review the dispute and make every reasonable and good faith attempt to resolve it.

(c) If no resolution is achieved at the Vice President/ Deputy Director Level within ten (10) business days of their initial meeting regarding the issue, any controversy or claim arising under this Contract, or breach thereof, will be submitted to at least one session of voluntary mediation before a mutually acceptable Mediator, selected by the parties from a panel maintained by the American Arbitration Association or such other panel as the parties may agree.

(d) If mediation does not result in settlement, the parties may proceed with whatever other remedies they may choose as though the mediation had never happened.



(e) The costs of mediation shall be shared equally by the parties unless they agree otherwise."

Any dispute that cannot be resolved as provided above shall be resolved in the State of Michigan.

I-LL YEAR 2000 SOFTWARE COMPLIANCE

The vendor warrants that all software for which the vendor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure year 2000 compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

I-MM CONTRACT DISTRIBUTION

Acquisition Services shall retain the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Acquisition Services.

I-NN STATEWIDE CONTRACTS

Reserved

I-OO STATE STANDARDS

- 1. EXISTING TECHNOLOGY STANDARDS.** The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://michigan.gov/dit>.
- 2. PM METHODOLOGY STANDARDS.** The State has adopted a standard documented Project Management Methodology (PMM) for use on all Information Technology (IT) based projects. This policy is referenced in the document titled "Project Management Methodology" – DMB Administrative Guide Procedure 1380.02 issued June 2000. Vendors may obtain a copy of this procedure, as well as the State of Michigan Project Management Methodology, from the Department of Information Technology's website at <http://www.michigan.gov/projectmanagement>.



The contractor shall use the State's PPM to manage State of Michigan Information Technology (IT) based projects. The Requesting agency will provide the applicable documentation and internal agency processes for the methodology. If the vendor requires training on the methodology, those costs shall be the responsibility of the vendor, unless otherwise stated.

3. **ADHERENCE TO PORTAL TECHNOLOGY TOOLS.** The State of Michigan, Department of Information Technology, has adopted the following tools as its Portal Technology development efforts:
- Vignette Content Management and personalization Tool
 - Inktomi Search Engine
 - e-Pay Payment Processing Module
 - Websphere Commerce Suite for e-Store applications

Vendors must use the Portal Technology Tools to implement web content management and deployment efforts for agencies. Tools used for web-based application development must work in conjunction with Vignette and Inktomi. The interaction with Vignette and Inktomi must be coordinated with the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team.

Under special circumstances vendors that are compelled to use alternate tools must submit an exception request to the Department of Information Technology, Enterprise Application Services Office, e-Michigan Web Development team, for evaluation and approval of each alternate tool prior to proposal evaluation by the State.

I-PP ELECTRONIC FUNDS TRANSFER

Electronic transfer of funds is available to State contractors. Vendors are encouraged to register with the State of Michigan Office of Financial Management so the State can make payments related to this Contract electronically at www.cpexpress.state.mi.us.

I-QQ TRANSITION ASSISTANCE

If this Contract is not renewed at the end of this term, or is canceled prior to its expiration, for any reason, the Contractor must provide for up to six months after the expiration or cancellation of this Contract, all reasonable transition assistance requested by the State, to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services to the State or its designees. Such transition assistance will be deemed by the parties to be governed by the terms and conditions of this Contract, (notwithstanding this expiration or cancellation) except for those Contract terms or conditions that do not reasonably apply to such transition assistance. The State shall pay the Contractor for any resources utilized in performing such transition assistance at the most current rates provided by the Contract for Contract performance. If the State cancels this Contract for cause, then the State will be entitled to off set the cost of paying the Contractor for the additional resources the Contractor utilized in providing transition assistance with any damages the State may have otherwise accrued as a result of said cancellation.

I-RR DISCLOSURE OF LITIGATION



The Contractor shall notify the State in its bid proposal, if it, or any of its subcontractors, or their officers, directors, or key personnel under this Contract, have ever been convicted of a felony, or any crime involving moral turpitude, including, but not limited to fraud, misappropriation or deception. Contractor shall promptly notify the State of any criminal litigation, investigations or proceeding which may have arisen or may arise involving the Contractor or any of the Contractor's subcontractor, or any of the foregoing entities' then current officers or directors during the term of this Contract and three years thereafter.

The Contractor shall notify the State in its bid proposal, and promptly thereafter as otherwise applicable, of any civil litigation, arbitration, proceeding, or judgments that may have arisen against it or its subcontractors during the five years proceeding its bid proposal, or which may occur during the term of this Contract or three years thereafter, which involve (a) products or services similar to those provided to the State under this Contract and which either involve a claim in excess of \$250,000 or which otherwise may affect the viability or financial stability of the Contractor, or (b) a claim or written allegation of fraud by the Contractor or any subcontractor hereunder, arising out of their business activities, or (c) a claim or written allegation that the Contractor or any subcontractor hereunder violated any federal, state or local statute, regulation or ordinance. Multiple lawsuits and or judgments against the Contractor or subcontractor, in any an amount less than \$250,000 shall be disclosed to the State to the extent they affect the financial solvency and integrity of the Contractor or subcontractor.

All notices under subsections (1) and (2), herein, shall be provided in writing to the State within fifteen business days after the Contractor learns about any such criminal or civil investigations and within fifteen days after the commencement of any proceeding, litigation, or arbitration, as otherwise applicable.

Details of settlements that are prevented from disclosure by the terms of the settlement shall be annotated as such. Semi-annually, during the term of the Contract, and thereafter for three years, Contractor shall certify that it is in compliance with this Section. Contractor may rely on similar good faith certifications of its subcontractors, which certifications shall be available for inspection at the option of the State.

Assurances: In the event that such investigation, litigation, arbitration or other proceedings disclosed to the State pursuant to this Section, or of which the State otherwise becomes aware, during the term of this Contract, causes the State to be reasonably concerned about:

- (a) the ability of the Contractor or its subcontractor to continue to perform this Contract in accordance with its terms and conditions, or
- (b) whether the Contractor or its subcontractor in performing services is engaged in conduct which is similar in nature to conduct alleged in such investigation, litigation, arbitration or other proceedings, which conduct would constitute a breach of this Contract or violation of Michigan or Federal law, regulation or public policy, then

The Contractor shall be required to provide the State all reasonable assurances requested by the State to demonstrate that: (a) the Contractor or its subcontractors hereunder will be able to continue to perform this Contract in accordance with its terms and conditions, (b) the Contractor or its subcontractors will not engage in conduct in performing services under this Contract which is similar in nature to the conduct alleged in any such litigation, arbitration or other proceedings.



The Contractor's failure to fully and timely comply with the terms of this section, including providing reasonable assurances satisfactory to the State, may constitute a material breach of this Contract.

I-SS STOP WORK

(1) The State may, at any time, by written stop work order to the Contractor, require that the Contractor stop all, or any part, of the work called for by this Contract for a period of up to 90 days after the stop work order is delivered to the Contractor, and for any further period to which the parties may agree. The stop work order shall be specifically identified as such and shall indicate that it is issued under this section. Upon receipt of the stop work order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State shall either:

- (a) Cancel the stop work order; or
- (b) Cancel the work covered by the stop work order as provided in the cancellation section of this Contract.

(2) If a stop work order issued under this section is canceled or the period of the stop work order or any extension thereof expires, the Contractor shall resume work. The State shall make an equitable adjustment in the delivery schedule, the contract price, or both, and the Contract shall be modified, in writing, accordingly, if:

- (a) The stop work order results in an increase in the time required for, or in the Contractor's costs properly allocable to the performance of any part of this Contract; and
- (b) The Contractor asserts its right to an equitable adjustment within 30 days after the end of the period of work stoppage; provided, that if the State decides the facts justify the action, the State may receive and act upon a proposal submitted at any time before final payment under this Contract.

(3) If the stop work order is not canceled and the work covered by the stop work order is canceled for reasons other than material breach, the State shall allow reasonable costs resulting from the stop work order in arriving at the cancellation settlement.

If a stop work order is not canceled and the work covered by the stop work order is canceled for material breach, the State shall not allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop work order.

An appropriate equitable adjustment may be made in any related contract of the Contractor that provides for adjustment and is affected by any stop work order under this section. The State shall not be liable to the Contractor for loss of profits because of a stop work order issued under this section.

I-TT PERFORMANCE AND RELIABILITY EVALUATION (PARE)

For purposes of the Contract, the State agrees to substitute Contractor's User Acceptance Test (UAT) process as described in Contractor's proposal dated July 16, 2004, Section III in lieu of the process described below, subject to Contractor and State reaching written agreement on acceptance criteria for the UAT.



- (a) When the State requires that a performance and reliability evaluation (PARE) is to be performed, the standard of performance for the PARE will be closely monitored during the acceptance period.
- (b) In the event that the PARE is for components only, all references to systems (processors) should be changed to components.
- (c) The Performance and Reliability Evaluation will consist of two phases.

(1) PHASE I

The first phase shall be comprised of a specification compliance review of the equipment listed on the ordering documents. Such equipment shall be checked for total compliance with all required specifications of the RFQ. In the event that the State determines that any component or feature of the delivered equipment or software does not comply with the mandatory specifications of the RFQ, the State shall so notify the Contractor, allowing 14 calendar days for rectification by the Contractor. Should the Contractor be unable to rectify the deficiency, the State reserves the right to cancel the ordering document. Should the equipment and software pass the specification conformance review, the equipment shall enter Phase II of the PARE.

(2) PHASE II

a) Determination of System Readiness

Prior to the PARE, a committee of three persons will be formed to evaluate the system's performance on a daily basis. The committee will consist of one Contractor representative and two State personnel.

b) The PARE will begin on the installation dates when the Contractor certifies that the equipment is ready for use by the State.

c) During the PARE:

All rerun times resulting from equipment failure and preventive maintenance shall be excluded from the performance hours.

d) All reconfiguration and reload time shall be excluded from the performance hours.

- If files are destroyed as a result of a problem with Contractor equipment and must be rebuilt, the time required to rebuild the files will be considered "down-time" for the system.
- If the Contractor requests access to failed equipment and the State refuses, then such maintenance will be deferred to a mutually agreeable time and the intervening time will not count against the PARE.
- A functional benchmark demonstration will be run for the PARE Committee to confirm that the installed system is capable of performing the same functions that were demonstrated. This run must be completed to the satisfaction of the PARE Committee.

(d) STANDARD OF PERFORMANCE



- (1) The performance period (a period of thirty consecutive calendar days) shall commence on the installation date, at which time the operational control becomes the responsibility of the State. It is not required that one thirty day period expire in order for another performance period to begin.
- (2) If each component operates at an average level of effectiveness of 95 percent or more for a period of 30 consecutive days from the commencement date of the performance period, it shall be deemed to have met the State's standard of performance period. The State shall notify the Contractor in writing of the successful completion of the performance period. The average effectiveness level is a percentage figure determined by dividing the total operational use time by the total operational use time plus associated down-time. In addition, the equipment shall operate in substantial conformance with the Contractor's published specifications applicable to such equipment on the date of this Agreement. Equipment added by amendment to this contract shall operate in conformance with the Contractor's published specifications applicable to such equipment at the time of such amendment.
- (3) During the successful performance period, all rerun time resulting from equipment failure and preventive maintenance time shall be excluded from the performance period hours. All reconfigurations and reload time shall be excluded from the performance hours. Equipment failure down-time shall be measured by those intervals during the performance period between the time that the Contractor is notified of equipment failure and the time that the equipment is returned to the State in operating condition.
- (4) During the successful performance period, a minimum of 80 hours of operational use time on each component will be required as a basis for computation of the average effectiveness level. However, in computing the effectiveness level, the actual number of operational use hours shall be used when in excess of the minimum stated above.
- (5) No more than one hour will accrue to the performance hours during any one-wall clock hour.
- (6) Equipment shall not be accepted by the State and no charges will be paid by the State until the standard of performance is met.
- (7) When a system involves on-line machines, which are remote to the basic installation, the required effectiveness level shall apply separately to each component in the system.
- (8) Promptly upon successful completion of the performance period, the State shall notify the Contractor in writing of acceptance of the equipment and authorize the monthly payments to begin on the first day of the successful performance period:
 - (a) DATE: the State shall have the option of terminating the Contract, or continuing the performance tests. The State's option to terminate the contract shall remain in effect until such time as a successful completion of the performance period is attained. The Contractor shall be liable for all outbound preparation and shipping costs for contracted items returned under this clause.
 - (b) PARE: The PARE will be complete when the equipment has met the required effectiveness level for the prescribed time period.

**I-UU LIQUIDATED DAMAGES**

1. The State and the Contractor hereby agree to the specific standards set forth in this Contract. It is agreed between the Contractor and the State that actual damages to the State as a result of Contractor's failure to provide promised services would be difficult or impossible to determine with accuracy. The State and the Contractor therefore agree that liquidated damages as set out in **Attachment B – Supporting Documents, Performance, Metrics and Reporting** herein shall be a reasonable approximation of the damages that shall be suffered by the State as a result thereof. Some incidents will influence more than one Performance Measurement. For example: A major system failure could cause the vendor to not only fail to process 99.9% of all receipts but also not allow them to prepare and submit a receipt file to MiCSES by 6PM. In this situation one event is directly related to the other. If a performance measure were directly related to another the penalty would be the highest penalty assessable for any of the performance indicators that failed when the penalty phase is reached. In the previous example this would mean the penalty would be the higher of 1) \$1,000 per event plus 5% Work Not Completed (penalty for not processing 99.9%) or 2) \$10,000 per event (penalty for not submitting to MiCSES by 6PM). For unrelated performance measures all applicable penalties would be assessed. Accordingly, in the event of such damages, at the written direction of the State, the Contractor shall pay the State the indicated amount as liquidated damages, and not as a penalty. Amounts due the State as liquidated damages, if not paid by the Contractor within fifteen (15) days of notification of assessment, may be deducted by the State from any money payable to the Contractor pursuant to this Contract. The State will notify the Contractor in writing of any claim for liquidated damages pursuant to this paragraph on or before the date the State deducts such sums from money payable to the Contractor. No delay by the State in assessing or collecting liquidated damages shall be construed as a waiver of such rights.
2. The Contractor shall not be liable for liquidated damages when, incidents or delays result directly from causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to, acts of God, fires, floods, epidemics, and labor unrest; but in every case the delays must be beyond the control and without the fault or negligence of the Contractor.



SECTION II WORK STATEMENT

II-A BACKGROUND/PROBLEM STATEMENT

In 1974, Congress enacted Title IV-D of the Social Security Act, creating the child support enforcement program and the Federal Office of Child Support Enforcement (OCSE). The program's purpose is to establish and enforce court-ordered support for children by non-custodial parents. OCSE oversees the way programs are administered at the state level.

1. BACKGROUND: *The Michigan Title IV-D Program Structure*

Each state must appoint a single agency to administer the Title IV-D program. The agency receives and distributes funds, establishes and maintains the child support program within federal requirements and regulations. The Michigan Family Independence Agency, Office of Child Support (FIA-OCS) is the Michigan IV-D agency.

Although the FIA-OCS is the designated IV-D agency, Michigan IV-D child support enforcement responsibilities are shared between FIA-OCS, Circuit Court Friend of the Court (FOC) offices, and county Prosecuting Attorney (PA) offices.

The Michigan Child Support Enforcement System (MiCSES) has been implemented through the cooperative efforts of the Family Independence Agency (FIA), the Michigan Department of Information Technology (DIT), the Prosecuting Attorneys (PA) and the Friends of the Court (FOC). MiCSES is a comprehensive statewide child support system that meets all federal system requirements and has been installed in all components of the Michigan IV-D program: Office of Child Support central office, Friend of the Court offices, Office of Child Support field offices and Prosecuting Attorney offices. The system also provides necessary enforcement interfaces with both state and federal agencies. The Michigan Family Independence Agency administers the Michigan MiCSES system. The project organization and inter-relationships with the multiple-agency composition of the child support program are reflected as follows:

Family Independence Agency (FIA):

FIA is responsible for the administration and strategic oversight of the MiCSES. It coordinates and oversees the Michigan IV-D Child Support program. FIA enters into Cooperative Reimbursement Program (CRP) agreements with county governments for Friends of the Court and Prosecuting Attorney offices to enforce IV-D child support cases. The purpose of this program is to provide local offices with state and federal funding to enhance local efforts for child support enforcement services. In return, the local offices agree to abide by federal and state IV-D policies and regulations. Approximately 66% of local offices' operational expenses are reimbursed through this program. Additionally, FIA provides each FOC office with reimbursement incentives for collections on public assistance cases.

Office of Child Support (OCS)

The Office of Child Support (OCS) is the designated Michigan IV-D agency and administers the statewide child support program. OCS has a central office division, which performs state agency enforcement, administrative and policy functions.



This organization includes the Michigan State Disbursement Unit (MiSDU) which is responsible for the centralized receipt and disbursement of child support payments in Michigan. There is also a unit of child support specialists whose primary functions are the delivery of parent locate and case initiation support throughout the state.

Michigan State Disbursement Unit (MiSDU)

The Michigan State Disbursement Unit is responsible for the receipt of child support, spousal support and fee payments. It is the division that provides for centralized receipt, validation, research and resolution, posting to MiCSES, related banking services, suspense resolution, check print and mailing, direct deposit to client accounts, coupon print and mailing, and customer services financial inquiries from clients/employers/interstate agencies/FOC's.

State Court Administrative Office (SCAO)

The Michigan Supreme Court, State Court Administrative Office under the Michigan constitution has oversight responsibility for all trial courts throughout the state. They also have a special Friend of the Court Bureau Division (FOCB), which provides assistance to local Friend of the Court offices. The SCAO, until 1996, provided primary deployment, operation and facility management for the MiCSES. This was pursuant to an inter-agency agreement (Contract IA85-015) between SCAO and the Michigan Family Independence Agency (formerly the Department of Social Services).

Department Of Information Technology (DIT)

The Department of Information of Information Technology (DIT) is responsible for statewide data center and network operations. Since 1996, the Department of Management and Budget (DMB) and DIT have had inter-agency agreements with FIA to provide data center, network and technical infrastructure services for the CSES project. DIT's primary role is responsibility for MiCSES hardware operations, connectivity and MiCSES software maintenance and support.

Michigan Judicial Circuit Courts – Friend Of The Court Offices (FOC)

The Friend of the Court office was created by statute in 1919. There are 66 Friends of the Court and 57 Circuit Courts in the state. Approximately 2,011 FOC staff work within Michigan's 70 FOC offices serving 83 counties. The FOC is the child support and operational division of the circuit court and is appointed by the chief judge of that circuit. FIA contracts with local county governments for FOC IV-D child support services through CRP contracts. The FOC's are the primary users of MiCSES and are responsible for processing court orders; investigating and enforcing support custody and visitation orders. There is a single, statewide MiCSES system.

2. PROBLEM STATEMENT

In Michigan, the Friend of the Court offices are located and operate at the county level. They use an integrated centralized enforcement and collections system, which accomplishes collection, distribution and disbursement of child support payments. The systems support 813,890 IV-D cases and 35,998 non IV-D cases.

Centralized collections of support payments was implemented in 2000 for employer withholding payments and fully deployed for obligor payment receipt in coordination with the MiCSES enforcement system in 2003. The State used the services of a contractor (ACS State and Local Services, Inc., formerly a division of Lockheed Martin) in the deployment and operation of the MiSDU. The contractual engagement of ACS State and Local Services, Inc. for the operation of the MiSDU will end no later than March 31, 2005.



This Contract is intended to obtain the services for the continued operation and improvement of the MiSDU and its functions as described herein. The vendor must be prepared to have the successor MiSDU fully deployed and ready to begin full processing of support receipts, disbursements and customer services on or about March 1, 2005, as set forth in Contractor's Final Transition Plan due five (5) business days after Contract signing. It is the State's intent to continue and improve upon a cost-effective centralized collection system for child support in the State of Michigan. It is the State's intent also that the functions necessary to accomplish receipt processing and disbursements be supported and accomplished geographically within the greater area of Lansing, Michigan.

The system must use current technology as well as leveraging existing systems and infrastructure including hardware, software and connectivity located at the FOC's, DIT MiCSES data center, State network, email and banking services for the receipting of payments and disbursement of checks.

The State is committed to implementing a system in which the use of processing and communications technology is maximized. The receipting of payments and disbursement of payments must be made more efficient and less costly. The use of EFT and EDI on both inbound and outbound payments must be a critical part for improving timeliness and accuracy of payments. Internet technology must be used to cost-effectively improve support of and communications with stakeholders (clients) and partners (FOC's, PA's, employers, financial institutions, interstate, unemployment and other agencies). MiCSES is a critical, integrated part of the MiSDU operations. Ownership of any hardware or software used in the delivery of these services shall remain with the vendor.

It is further in the interest of the State and the federal government to deploy a cost-effective regional approach to the collection and disbursement of child and spousal support. Therefore the State requests the Contractor to propose a strategy with expansion capability to establish the MiSDU as a regional SDU servicing the needs of Michigan and other states. Consideration must be given to the following:

Development of hardware, software, communications and physical capacity to allow operation of the MiSDU as a disaster recovery site for other states supported by the vendor.

In the interest of further efficiencies to benefit employers and other states, establish a multi-state centralized operation that would be able to receipt employer payments for multiple states and remit to the appropriate states.

A marketing strategy to promote and facilitate the transition of other state child and spousal support collection requirements, employer receipting and disaster recovery to the MiSDU.

Therefore, continuing requirements in the agreement awarded for the operation of the MiSDU must include:

The OCS has a vision, which is, "*Child Support for every child,*" with a mission to the effect, "*The Office of Child Support ensures that every eligible child receives child support.*" The MiSDU must espouse that vision and mission with the expectation of team work and collaboration among all partners, including the vendor that is awarded this contract.



Meet both Federal and State requirements (Attachment B – Supporting Documents, Federal and State Policy Requirements).

Leverage the existing distributed and centralized systems and their related infrastructures.

Maximize use of new, proven technologies, methods and financial services.

Reduce costs while improving efficiency and customer service.

Seamless operation by the MiSDU contractor to minimize the need for supplemental State staff and functions.

Seamless transition from the existing contractor by on or about March 1, 2005 as set out in Contractor's Final Transition Plan due five (5) business days after Contract signing to avoid disruption to the timeliness and accuracy of payment receipting, disbursement and customer services.

Collaboratively test, benchmark and successfully demonstrate interfaces with the State supported MiCSES prior to operational deployment.

Establish a strategy and maintain effective communications with system partners promoting a collaborative approach to problem identification and resolution prior to, during and after implementation.

Apply quality assurance practices and provide performance reporting to assure the continuing accuracy and timeliness of processing.

II-B OBJECTIVES

As stated, it is the State's intent to contract services to operate and maintain a cost-effective centralized collection system for child support in the State of Michigan beginning no later than March 1, 2005 or as set out in Contractor's Final Transition plan due five (5) business days after contract signing, which will continue to be compliant with Federal requirements and meet the needs of the Friend of the Court (FOC) offices and the State.

It is the State's intent also that the functions necessary to accomplish receipt processing and disbursements be supported and accomplished geographically within greater Lansing, Michigan area. The system must use current technology as well as leveraging existing systems and infrastructure including hardware, software and connectivity located at the FOC's and DIT MiCSES data center, State network, and banking services for the receipting of checks. The purpose will be to receive child support payments daily, capture the data and/or images for processing, validate the adequacy and completeness of the information, disburse through MiCSES, manage suspense to include back-out and re-posting within MiCSES, unidentified research in MiCSES and provide customer services.

The estimated volume is approximately 30,000 receipt transactions daily with a potential to at least double that amount on Mondays and business days that follow State holidays. Based on Federal requirements, disbursement must occur within two business days following day of receipt where information is complete. The State will support and administer the centralized receipting and disbursement environments through the use of a vendor provided suite of services and with interfaces to the MiCSES.



The functional activities for the federally mandated banking and payment services to be procured must include and can be summarized as follows:

- Receiving / Receipting of payments (into an interest bearing account), including:
 - Lock Box
 - Payment and Document Imaging
 - Payment Validation
 - Payment Processing, to include:
 - Categorizing and key-entering data from payments
 - Payment Posting to DIT-MiCSES
 - Depositing to a banking institute
 - Mail Services (bonded courier delivering from lock-box to MiSDU, etc.)
 - Payment Research and Resolution
- Disbursement of funds, including:
 - MiCSES Suspense Resolution & Release
 - Escheats
 - Banking and Account Reconciliation
 - Actual Disbursement to the correct account, including
 - Check printing and mailing to obligees
 - Coupon Issuance (print and mailing) to obligors
- Customer Service,
 - To include Integrated Voice Response (IVR) as well as
 - other forms of communication with various customers, partners, and stakeholders regarding the above-activities.
- Out-reach for
 - Electronic Funds Transfer (EFT) and
 - Electronic Data Interchange (EDI)
- Other System Enhancements, as needed, in order to maintain:
 - interface compatibility with MiCSES and its evolution, or
 - compliance with future, additional federal or state requirements to the Child Support program or system.

II-B-1. Overview:

The Contractor will be responsible for setting-up and providing centralized lock box, payment processing, and document imaging, banking and disbursement services. The services will provide for the receipt of checks and electronic funds transfer (EFT) payments at one central location; capture of check data to electronic media; capture of electronic images of checks and other documents accompanying the checks; creation and transmittal of receipt information and images electronically to the State; production of financial control and error reports; performance of banking functions related to check redemption; disbursement through the use of checks and EFT to recipients using business rules established by the State; use of checks/EFT/debit cards in the disbursement process; creation and transmittal of payment processing and disbursement information to the State for update of the MiCSES database, customer services for stakeholders and partners.

The Contractor shall include clearly how they intend to address all the requirements of this Contract. Consideration will only be given to Contractors demonstrating current experience operating at least two different State Disbursement Units (SDU) for duration of at least two consecutive years each.



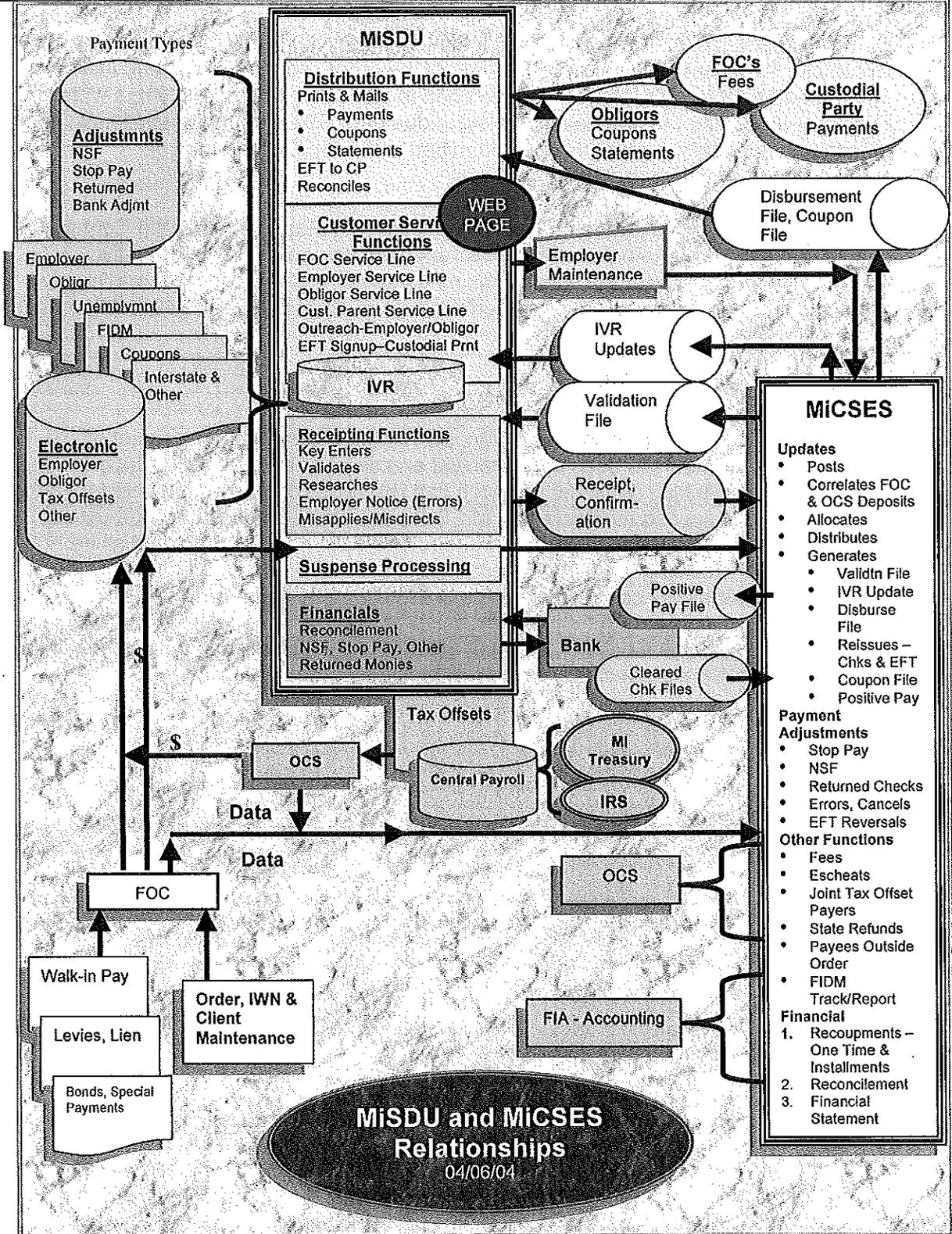
Current experience shall be defined as at least one SDU currently in operation by the Contractor for at least two years by the time of the proposed MiSDU start-up February 1, 2005 and another SDU that shall have been in operation at least two years within the prior year preceding the proposal submission due date. The Contractor shall have such experience and staffing which will be committed to the MiSDU and may be supplemented by subcontractor experience.

Due to the collaborative nature of such an initiative with many partners, the Contractor should identify some examples within their response demonstrating cooperative, collaborative efforts where the vendor has made an extra effort to identify and resolve problems that may have impeded the performance of other SDU's for which the vendor has had responsibility.

II-B-2. Business Processes:

The Contractor is required to assess, plan, provide and install a seamless set of processes and systems to accomplish receipt and disbursement of child support monies, related banking services, research and resolution of problem payments, review and release of suspense monies within MiCSES, customer services to stakeholders and partners and which must interface with the MiCSES. The Contractor shall be responsible for providing staff, equipment, facilities, supplies and management sufficient to meet all the operational needs of this payment-processing center.

The proposed systems functions and their interactive relationships to the Friends of the Court and MiCSES are succinctly described by the diagram that follows:





II-C. Tasks

II-C-1. Financial Considerations

Bank Requirements

The Michigan Constitution: Article 9 Section 20 states "No state money shall be deposited in banks, saving and loans associations or credit unions other than those organized under the laws of this State or Federal law. No state money shall be deposited in any banks, saving and loans associations, or credit unions in excess of fifty percent (50%) of the net worth of the banks saving and loans associations or credit unions. Any banks saving and loans associations or credit unions receiving deposit of state money shall show the amount of state money so deposited in all published statements."

Collateral

Contractor will be required to provide collateral to cover all monies left in the bank account for the Operational Phase of this Contract as defined in Section II-D of this Contract. The pledged collateral shall be held in the name of the Michigan Department of Treasury at the Federal Reserve. It is estimated that the maximum amount of collateral will be \$90 million. The amount of collateral required will be reviewed quarterly. The Contractor shall provide an initial list of the par amount, type, cusip number, and current market value of the collateral to the State Treasurer Administrator of Short Term Investments. Updates shall be sent when collateral is added; the Michigan Department of Treasury reserves the right to reject any collateral deemed unsatisfactory. Upon rejection, the Contractor must provide approved substitute collateral within one business day. The Department of Treasury also retains the right to set the amount of collateral needed to cover the bank account. The Department of Treasury will only accept US Treasury Bonds, Notes and Bills as approved collateral for this contract (see Attachment B Supporting Documents, Michigan Treasury Department Requirements, Bulletin BT-10001 and schedule Deposits of State Funds and Collateral Requirements). The Department of Treasury will not release collateral until the Effective Period of the Contract has expired or the Contract is cancelled in accordance with Section I.U.

THE CONTRACTOR SHALL NOT SWITCH COLLATERAL AT ANY TIME WITHOUT APPROVAL FROM THE STATE TREASURER ADMINISTRATOR OF SHORT TERM INVESTMENTS. SWITCHING COLLATERAL AT ANY TIME WITHOUT APPROVAL FROM THE DEPARTMENT OF TREASURY MAY DISQUALIFY THE CONTRACTOR FROM BIDDING ON THIS JOB FOR THE NEXT CONTRACT PERIOD.

Float Earnings

Float earnings and their application are identified under Section II-F of this Contract.

II-C-2. Functional Requirements

(a) Lockbox, Payment Processing, Imaging Mail Services



1. Post Office Box Ownership and Maintenance

The current US Post Office boxes for receipt of payments are operated and paid for by the current MiSDU contractor. Those Post Office boxes will be part of the new contract.

The Contractor would become responsible for maintenance, support and payment of the fees of those Post Office boxes.

- The Contractor may propose alternate methods for receipting mail. Any related costs would need to be embedded within their unit rate structure. Any such alternative must also include the cost of communicating such changes to the stakeholders and partners that would need to transition their mailings to the MiSDU. Sufficient lead-time, successive notification mailings, forwarding of mail and other strategies be incorporated to assure mail reaches the MiSDU timely.
 - Mail Pick-up and Delivery to MiSDU – The Contractor shall be responsible for mail pick-up and delivery from the US Post Office to the MiSDU. It shall occur a minimum of two to four times daily. There may also be periodic pick-up of mail erroneously directed to the FIA Grand Tower offices, i.e. twice weekly. The Contractor is required to use a bonded courier.
2. The Contractor is to open, sort, and prepare paper payments for processing following each mail delivery:
- Security and controls must be in place and periodically assessed to assure all mail received is accounted for.
 - Electronic and physical monitoring of the MiSDU mailroom operation must be in place to assure mail contents such as checks, money orders, cash and other documents are properly processed and not at risk of theft, disposal or loss.
 - Interception and return practices shall include:
 - Logging and return of checks and mail clearly not intended for the MiSDU the day of receipt.
 - Forwarding of mail to the FOC's by express mail and other agencies for which the mail was intended the day of receipt.
 - If necessary based on the Contractor's systems and processes, categorizing transactions for appropriate and correct processing.
 - Responding in writing to mail inquiries within ten business days.
 - Receipt and return logs shall be maintained for all mail containing checks returned to the sender to include:
 - A log of items returned to payers or items forwarded to FOC's identifying the sender/payer, check number, check amount and where sent.
 - A count of items received with each mail delivery.
 - A count of non-payment items forwarded.
 - Returned or forwarded items must be done the day of receipt.
 - The Contractor shall allow review of the logs and operations periodically by the state to assure support payments are not inappropriately returned or forwarded.



3. The Contractor shall receipt electronic payments from employers, interstate and tax offset using both CTX and CCD+ formats through the banking system. Other electronic methods supported by Michigan which must be supported by the vendor include:
- Ad hoc one-time wire transfers initiated by the Michigan Attorney General for collections on arrears.
 - A non-standard electronic payment method is used for the State of Michigan payroll and Ford Motor where separate electronic withholding data files are provided.
 - The State will accept a predefined, formatted electronic 3-½ inch diskette, CD or DVD of withholding information with an accompanying check from employers; the State will not accept electronic spreadsheets.
 - All current employers and interstate payment providers have been previously certified prior to initiating electronic payments.
 - The current contract provides for a Web-based employer debit authorization process for withholdings. The new vendor must provide a similar capability that also allows the employer to maintain a database of withholdings that can be easily changed each payroll cycle by the employer as withholdings or employer-employee conditions change and validated. The vendor must explain clearly how they intend to accomplish this migration.
 - The Contractor must receive electronic transfers of monies receipted by the FOC's and identified within the MiCSES. These require reconciliation by the new vendor with MiCSES prior to release for processing and contact with the FOC to prompt resolution of any balancing problems prior to release.
 - Federal tax offset may require identification of need for supplementary state transfers for negative tax offsets and fees. The Contractor must identify a process for obtaining State funds to make whole in a timely manner.
 - Future considerations within the six months following the initiation of this contract include:
 - Recurring Automatic Withdrawal (RAW) for payers
 - Credit card payments
 - Internet payments from obligors
 - Western Union payments
4. The Contractor must establish and maintain an **image database** for use by state staff or FOC's. The vendor must capture:
- images the same day of all checks accepted for processing
 - images of all attachments containing withholding information; and envelopes for money orders or checks with no preprinted payer name and address and linked to the check item
 - all related contents or images of a receipt item should be linked to the payment within the image database;
 - the index created for the imaged documents shall contain the date, batch number, and sequence number for the documents to facilitate retrieval.



- search access shall be available by amount, check number, docket number, social security number, obligor name, employer name and/or FEIN and date of receipt.
 - images must be available for use immediately in processing and posting the transactions by vendor staff the same day of receipt
 - For a period of three years after the completion of the contract, the Contractor shall maintain resultant electronic image files in the event the State needs to retrieve such images

 - Any data that cannot be captured electronically must then be key entered by Contractor staff
 - Images must be available through controlled, secured web access provided by the Contractor to the FOC's and OCS staffs the business day following day of receipt.
 - Original imaged documents must be retained by batch identity for 90 days and disposed of according to document retention guidelines issued by the State Court Administrative Office for the Friends of the Court.
5. **Capture data** (i.e., check amount, bank account and routing number, check number, docket number(s) or IV-D number, social security number(s), obligor name, Federal Employer Identification Number (FEIN), employer name, receipt date, and check date) shall be captured electronically:
- The Contractor shall monitor check dates to ensure that checks which are too old, or dated more than two days in the future, are not processed.
 - The vendor will apply payment type codes to include but not be limited to: UA, Interstate, Obligor, Employer, FIDM, Lottery, federal tax offset, state tax offset, NSF or Payee Recoupment, Special Instruction, Bonds, Service or Processing Fees, Levy or Lien, Bonus, On-Line FOC, and others as defined by the State or by the Federal Office of Child Support Enforcement in the course of this Contract..
 - Propose means to include QDRO/EDRO, and identify impacts of proposal on the State system
 - *Note:* In Michigan, QDRO/EDRO payments are not subject to allocation. If the contractor receipts and posts, MiCSES must be enhanced to receive QDRO/EDRO payments from MiSDU.

 - There is the potential for the State to require other receipt types to be added to the receipting responsibilities that are currently the responsibility of the FOC's or may result from future requirements due to federal or State determinations.
 - Converts foreign currency payments the day of receipt to the current US dollar exchange rate and posts using the US dollar equivalency.

 - The Contractor shall provide an interactive interface with the State provided validation file to validate using two identifiers for paper and electronic payments, i.e. name or social security and docket number. Refreshed weekly with intent to be more frequent, and updated at least monthly.
 - Interstate payments may be posted with the IV-D identifier only.



- Escalates non-identifiable receipts to a vendor staffed research unit.
- Provides update file to MiCSES (batch initially once daily and potentially multiple batches daily within six months of contract award). Posts 100% of each day's receipts with proper identifiers into MiCSES the day of receipt except for those items that the Contractor has withheld for further research due to incorrect or incomplete identifiers supplied by the payer. Real time update of MiCSES is being considered for future implementation.
 - Must deposit all child and spousal support monies to the State's MiSDU account the day of receipt. Child and spousal support transactions escalated to research must be researched, identified and posted, or returned within ten business days.
 - May place unidentified into MiCSES (or vendor developed research database) to be worked and resolved over the next three to ten business days.
 - Contractor to initiate telephone contact within one business day and continue attempts at telephone contact up to three business days. Mail contact shall occur immediately thereafter with the payer to obtain identifier information allowing posting to a docket.
 - Provides information to payers that submit incorrect information to assist them in future payment submissions.
 - If no responses are received within ten days of receipt posts to MiCSES applying the appropriate codes.
 - If new data is received after posting to MiCSES, Contractor continues to provide for update and proper posting to MiCSES. The FOC's or State may view MiCSES unidentified entries obtain images of the related documents and provide assistance to the Contractor in the correct posting of these unidentified transactions.
 - Refunds or returns of payments incorrectly receipted but not intended for the MiSDU to be done by vendor through use of MiCSES third party function. State to approve or sign checks. (If the Contractor proposes any other approach, it must be clearly described with emphasis on how the Contractor intends to assure financial integrity.)
 - The Contractor will provide periodic reporting identifying the volume and aging of unidentified items initially sent to research and resolved.
 - 2.2% of total daily receipts deferred for further research has been the experience.
 - If the level exceeds 2.2%, then the vendor will be expected to provide target outreach services to improve the quality of payment submissions.
- Attorney General initiated ad hoc electronic transfers must be processed within 24 hours of being received. The Attorney General must be notified within eight hours of arrival. Reports must be available showing amounts received from the Attorney General transfers.



- All Contractor posting or other Contractors and subcontractor errors resulting in incorrect or inappropriate disbursements shall be made whole by the vendor. Vendor recovery of make whole monies that may accrue through the MiCSES shall be limited to the life of the contract.

6. Balance, deposit, reconcile

- Either use of existing MiSDU bank accounts owned by the Michigan Family Independence Agency and maintained by the current contractor and establishes Bank One as a subcontractor or identifies a new banking subcontractor.
- Contractor may propose its own banking partner to establish MiSDU bank accounts to be owned by the State but paid for and maintained by the Contractor.
- Contractor must provide for seamless transition as part of its tactical plan to include:
 - Transition of current electronic transactions from employers, interstate and electronic transfers must be accomplished by any new bank subcontractor.
 - Transition of any outbound electronic payments to clients or agencies.
- Reconcile bank accounts daily to Contractor activity and resolve any discrepancies within 24 hours.
- Work and bring all bank actions, discrepancies, NSF, lost/stolen, rejected check, stop-pay issues to closure in a timely manner.
- Provides a letter to payers with NSF, tracks and reports on NSF and Stop Payment collections and losses both in detail and summary. Escalates to the Michigan Department of Treasury for collection. The vendor will be required to track NSF and Stop pays, identifying any individual or entity that reaches a preset threshold in a report to be presented to OCS.
- Resolves issues where other banks reject MiCSES-MiSDU checks and reports results to State.
- The State will retain earnings on account float and apply to charges it deems appropriate.
- Contractor verifies against MiCSES controls to assure correct disbursement files are being used and transmits to subcontractors.

7. Interacts with bank to establish stop-pays, report stolen checks, and substantiate fraudulent use of MiCSES-MiSDU checks and document. Maintains positive pay file, reconciles file to MiCSES and tracks and resolves differences between cleared checks and dollars removed by the bank. Provides State with aged accounts payable report on a daily basis. Report must be available at detail and summary levels.

8. Provides seamless financial operation allowing the State to provide oversight and periodic sampling to assure the existence of audit trails, accuracy and reliability. Provides summarized and detailed financial information to the State to substantiate figures in the Comprehensive Annual Financial Report.

(Note: The State will retain the MiCSES bank reconciliation function. This will provide the State oversight to verify financials efficiently.)



9. Escalates requests for State make whole where the Contractor is not the cause of the error using a defined procedure and criteria.
(Note: Contractor is responsible for paying for any State recovery adjustments created without state approval.)
10. Resultant recovery accounts established for the Contractor make-wholes to be closed at the completion of the new contract with no future payouts to the vendor on residual amounts owed from those recovery accounts after contract termination.
11. Reports unrecovered NSF State make wholes, provides documentation and works with Michigan Department of Treasury to recover from payers or through employer bankruptcy proceedings.
12. Receipt enhancements within twelve months following commencement of the Operational Phase of the Contract:
 - Web-based debit authorization (employer capability to be available immediately following transition and obligor capability within six months thereafter).
 - Credit card receipt.
 - One time and reoccurring use with automatic billings to credit card.
 - Recurring automatic withdrawal.
 - Western Union or other payers that do not lend themselves to prior payment certification.

(b) Research and Resolution Services

1. The vendor shall maintain a staff to further research and resolve the posting of receipts that have incorrect or incomplete information. It is estimated that approximately 2.2% of the daily transactions are in this category.
2. The Contractor is to work the research transactions cost-effectively either through:
 - Posting to MICSES unidentified (UNID) and working within MICSES, or
 - Using a vendor provided payment research system and processes.

Note: If the vendor proposes the use of its own software and processes, there must be ability for MiSDU customer services representatives to access the resultant database and search for payments in process in response to employer, NCP and FOC inquiries.
3. These transactions are researched proactively for up to ten business days. The Contractor will use the MICSES database, the data warehouse and other vendor research sources, and a minimum of one telephone and one successive mail contact with the payer if there is no response to the telephone contacts:
 - Records research contacts in the customer services tracking database
 - Requires at least two identifiers to post to a docket or IV-D case numbers; Only interstate may be posted on IV-D number alone;
 - Uses historical MiSDU postings to resolve subsequent unidentifiable payments;
 - Applies business rules for prioritizing the use of identifiers where identifiers are in conflict;



- Adjusts for apparent transposition to resolve subsequent unidentifiable payments;
 - Posting and research criteria in Attachment B, Supporting Documents, Posting Criteria.
4. All such research transactions shall be tracked and aged with reporting to the State on the status and closure of each day's research transactions. Reporting must be at both detail and summary levels.
 5. At the end of each ten-business day period, resolves remaining unidentified either as unidentifiable (UNDF) or for refund through MiCSES for payments that should have not been received by the MiSDU.
 6. Captures and links correction documents received from payers to original payment images.
 7. Provides notice of correct information by mail to employers or obligors that submitted incorrect or incomplete information to be used in the future.
 8. Coordinates with the Friends of the Court (FOC), OCS Special Initiatives Unit (SIU), Central Functions Unit (CFU) and Friends of the Court (FOC) on customer services functions. MiSDU will provide information on items in research pursuant to search requests from SIU and CFU.

(c) Outputs, Print and Distribution

1. The Contractor will transmit a receipts file daily by 6:00 PM, six days per week to MiCSES Monday through Saturday excluding postal holidays.
2. The Contractor will provide for check printing and mailing each business day using a MiCSES electronic file. The MiCSES file shall be delivered to the vendor through the State data exchange gateway by 9:00 AM daily, and the vendor shall print, stuff envelopes, affix postage and deliver the checks to a regional US Post Office within Michigan for mailing by 5:00 PM each business day to assure delivery beginning the next business day. Technology such as bar codes should be used to expedite mail handling. Postage shall be embedded within the vendor unit rates for any mailed items. In the event the United States Postal Service raises the postal rates during the Effective Period of this Contract, the Contractor shall be entitled to an equitable adjustment to revise its unit rates accordingly.
3. The Contractor's bank subcontractor must accept an electronic direct deposit transaction file for application through the banking network (NACHA).
 - The Contractor must verify the successful receipt and processing of the EFT file daily with the bank.
 - The Contractor must include a process for issuing electronic card disbursements using an output file from MiCSES.
 - Custodial party requests for direct deposit or electronic card disbursements are to be received and updated to MiCSES by the vendor.
4. The Contractor will follow NACHA standards on reversals of electronic transactions and will make whole for all reversals made inappropriately by a bank.



5. The Contractor will provide for coupon printing and mailing using MiCSES electronic file. The MiCSES file shall be delivered to the Contractor through the State data exchange gateway approximately mid-month each month, and the vendor shall print, stuff envelopes, affix postage and mail the coupons within two business days. Postage shall be embedded within the Contractor unit rates for any mailed items. Approximately 200,000 coupon packages are printed and mailed monthly.
6. The Contractor will generate a check print confirmation file for transmission to MiCSES through the State data exchange gateway no later than 6:00 PM each business day following check printing.
7. The Contractor will receipt and transmit a check positive pay file received from MiCSES through the data exchange gateway each business day to its subcontractor bank or provide for direct, secured transmission by MiCSES to the vendor's subcontractor bank nightly in time for the subcontractor bank to have it in use by start of business the next business day.
8. The Contractor will transmit a Cleared Check file to MiCSES through the State data exchange gateway each business day following close of business.
9. Returned MiCSES Checks and Coupon Packages
 - Receives from the US Post Office undelivered checks and coupons issued by MiCSES-MiSDU.
 - If no new address identified by US Post Office, end dates the address in MiCSES.
 - If US Post Office has identified address change, enters and updates to MiCSES following OCS policy.
 - Enters action to MiCSES case notes.
 - Performs locate for CP checks that are returned using commercial/proprietary databases to be defined in the vendor's response.
 - Notifies affected FOC for Interstate corrections
 - If applicable, notifies the Unemployment Agency (UA) of address changes where the UA has been incorrectly sending the payments to the FOC.
 - Notifies MiCSES Hotline for certain third party address corrections (FIPS and Debt Type).
 - Corrects other third party addresses (OTHP) in MiCSES.
 - Retains returned mail for 30 days, and then disposes in a secure manner.

d. Customer Services

1. **OCS Supplementary Customer Services Organizations**
 - The Special Initiatives Unit (SIU) assists clients and FOC's address case related problems preventing monies from being disbursed or the correction of related case conditions. SIU works interactively with the FOC's and draws upon support from the MiSDU customer services in researching and resolving payment-posting problems.
 - The Central Functions Unit (CFU) serves as the focal point for inquiries from the Governor's Office, Legislative staffs, news media and the State Court Administrative Office for the resolution of payment issues. The CFU



works interactively with the FOC's and draws upon support from the MiSDU customer services in determining payment-posting problems.

2. Custodial Parties and Obligors

- Customer services calls are critical to the success of the MiSDU and are important to the State. No calls shall be unreasonably limited to three minutes for the sake of establishing an extended research call. When extended research is required off-line, all necessary information must be obtained from the caller in the initial call and follow-up with the caller for closure of an extended research call shall be within the next business day.
- The Contractor must propose methods on how to assure the calls are handled efficiently and effectively with the greatest cost-benefit to the State.
- The Contractor has call responsibilities for responding to financial inquiries, which are defined in a matrix provided in the Attachment B – Supporting Documents, Customer Services Metrics and Responsibilities.
- The Contractor must provide for:
 - Telephone inquiries response.
 - Mail inquiries response.
 - Internet inquiries response.
 - Voice mail inquiries response.

- At a minimum language services must be offered for Spanish and Arabic. Others may be made available as deemed appropriate by the Contractor.
- Accommodation must be made for the hearing impaired.
- The Contractor will conduct the required research within its ability to provide a complete and accurate response.
- Any inquiries that cannot be responded to immediately within approximately three minutes of talk time with a party may be researched and responded within the next business day at the latest.
- The Contractor shall not contact the FOC's without exhausting internal MiSDU and MiCSES information resources.
- The Contractor provides for financial forms, sample coupons and other explanatory printed materials distribution in response to inquiries.
- Direct deposit authorizations will be entered to MiCSES by the Contractor.
- The Contractor provides for a client escalation process in those instances where the party believes their inquiries have not been adequately addressed or they have not been provided service appropriately.
- The vendor will reset IVR PIN 's on the parties' access to the MiCSES IVR's.
- The Contractor will install and maintain an automated system for the tracking, management and reporting on inquiries that cannot be satisfied with basic financial information within three minutes and which require further action or research. Using the system, the Contractor shall:
 - Assure follow-up and closure on inquiries.
 - Record and transfer notes on discussions with the parties into MiCSES.
 - Provide metrics on total call volumes, categorized by call type, closure times and results.
 - Escalation of calls that require management intervention or reporting of emergency conditions.



3. Employers

- The Contractor will provide for EFT outreach and certification support. The objective is to encourage employers to use EFT/EDI or other approved electronic methods for submitting support-withholding payments. As a practice, employers will be encouraged to use electronic methods whenever there is employer contact for transaction correction or informational purposes. The Contractor must keep receiving electronic payments from employers currently submitting electronic payments but also propose a media campaign to focus on initially the remaining of the 100 other largest employers in the State to be developed by the Contractor. Other media strategies may include publication of news articles and advertisements in trade and professional media.
- The Contractor responds to employer inquiries within one business day on:
 - Research to find transactions that may have been delayed in the mail, assigned to research due to incorrect/incomplete information, or misdirected.
 - Employer requests for information on mailings or other communications that may originate from the OCS or MiCSES.
 - Information on and distribution of preprinted materials to assist the employers in the application of IVN's.
 - Respond to employer inquiries on employer NSF or employer initiated Stop Pay actions and to prompt employer payment.
 - Provides of employer information updates in MiCSES at the request of the employer.
- Provide for employers to request coupons for use in submitting withholding payments.
 - The Contractor will be required to generate coupons for employers based on a capability to be developed in MiCSES at a later date.

4. Friend of the Court Offices (FOC's)

- The Contractor will respond to FOC inquiries within one business day that may require:
 - Research on the status of a receipt.
 - Information on prior contacts between a party on a docket and the MiSDU.
 - Clarification of notes entered to MiCSES by the MiSDU.
 - Escalation of unsatisfied customer inquiries.
 - Initiation of three-way calls between the MiSDU, FOC and a CP or NCP to resolve conflict over what may have been said or understood.
 - Information on MiSDU policies and practices.
 - Image requests in the event the FOC is not able to gain access to the MiSDU web based images.
 - Education on MiSDU processes
 - Requests for emergency messages to be place on the MiCSES IVR's.

5. Interstate



- The Contractor shall provide outreach and certification to assist other SDU's adopt EFT/EDI in the transmission of interstate payments to the MiSDU as well as the receipt of EFT/EDI from Michigan.
- The Contractor may be required to redirect those other states not submitting their payments to the MiSDU through follow-up communications.
- The Contractor shall serve as the contact point for other state SDU's having problems in the receipting of MiCSES generated payments to other state SDU's and information on the use of EFT/EDI by other states in submitting payments to the MiSDU or the resolution of related problems.
- Inquiries may include:
 - Other states reporting MiCSES checks as not postable.
 - Interstate checks receipted by MiSDU posted incorrectly.
 - Notification of FOC's of information updates regarding other states' SDU's.
 - The Contractor provides for research, correction of MiCSES where possible, or notification of the FOC's for corrections required of the FOC's within their MiCSES roles.
 - Contractor processing shall include an ability to properly post to MiCSES interstate payments received from cost-recovery states.

6. FIDM Module needed

- The Contractor will be required to support a process for the receipt of FIDM payments. These will originate from financial institutions as a result of a lien and will generally be accompanied by a coupon. The coupon will identify the type of payments and posting identifiers.
- Paper check monies may be required to be held for ten business days to avoid a stop-pay and then be posted after the ten-day period. Electronic monies may be required to be held for up to 60 days. Posting will be upon the direction of the Central Enforcement Unit (CEU). The CEU will provide the disbursement information for the monies that are released for posting from FIDM collections.
- There will be interaction between the CEU and the MiSDU in which the CEU will provide the disbursement information for the monies that are released for posting.

7. Escheats

- Annually there will be automated mailings from MiCSES as due diligence to make a final contact before the escheatment of unclaimed monies.
- The Contractor must be prepared to receive client inquiries resulting from those mailings.
- There may be a resultant demand for Stop Pays as well as research and address changes.
- The Contractor must be prepared to make the necessary transfers of monies resulting from the MiCSES identification of monies qualified for escheatment.
- There is no current experience.

8. Office of Child Support, Attorney General and Prosecutors

- The Contractor provides for payment research.



9. **Conferences, Workgroups, Meetings and Partner Education**

- The Contractor participates in FOCA, Family Support Council conferences, and others, as required, to advance the cause of Child Support at the request of the State.
- Makes status and system/process change presentations to partners.
- Collaboratively develops requirements for changes impacting partners through workgroups and meetings. Includes OCS Workgroups and Work Improvement Teams, Employer Advisory Group and other related employer groups and activities, Family Support Council, MiCSES and NACHA/The Payments Authority related activities.
- Participates in FOCA Workgroup monthly meetings.
- Conducts periodic tours of the MiSDU for the benefit of partners upon request.

10. **Work Tools and Interfaces for Customer Services**

- A robust call management and ticket tracking software package must be provided as part of the customer services function. Features must include abilities to:
 - Initiate an entry with a text description of the discussion with the stakeholder or partner for all calls that require follow-up or are of a contentious nature.
 - Time spent on documentation will be outside the three minute targeted time for resolving customer inquiries without extended research.
 - Use identifiers that are common to those used in MiCSES such as social security, docket, IV-D case numbers, name and other identifiers found in MiCSES.
 - Categorize the call by type to provide metrics. As the types of calls change due to the questions being identified by callers, the call types for metrics capture may also change.
 - Date the call and establish a follow-up date, if necessary, to prompt further closure contact with the stakeholder or partner.
 - Easily access and add to the ticket as additional contacts are made with the stakeholder or partner.
 - Integrated between Customer Services, SDU Research, SDU Suspense and all other MiSDU entities responsible for customer services related activities for the recording of contacts to assure complete information is available to staff on contacts with a stakeholder or partner.
 - Escalate and identify to the State calls that have not had the required follow-up or closure that have aged beyond five business days.
 - Web-enabled to allow FOC's and the OCS to review the content of entries.
 - Automated update to MiCSES case notes to occur at such time MiCSES can be modified to accommodate.
 - The Contractor must have in place quality assurance practices to assure consistent, complete and accurate responses to customers, which should include that ability of the State to periodically monitor customer calls.
 - There must be an ability to capture and retain customer call audio to allow for further actions in the event of threats or other problematic discussions.
 - Participate in developing requirements for a customer services screen(s) in MiCSES that would be more efficient in authentication



and presenting financial data without navigation delays that prolong the customer services calls.

- Design, programming and implementation would be the responsibility of the State.

11. IVR

- An IVR must be provided by the Contractor that is to be integrated with the MiCSES distributed IVR system, which was installed and is supported by GovConnect.
- The MiCSES IVR system operates using premise based units in 29 counties and the remaining counties used a shared IVR in Cincinnati, Ohio.
- The MiCSES IVR's access stored procedures from MiCSES to provide standard responses to stakeholder financial inquiries in order to reduce the number of callers that require contact with a customer services representative. Approximately 80% of all calls to the MiCSES IVR's will not reach the MiSDU due to standardized responses and information on the IVR's.
- The MiCSES IVR's are the only point of access for custodial and non-custodial parties into the MiSDU customer services area.
- The MiCSES IVR's offer options to the stakeholders whereby they may transfer to the MiSDU IVR in order to:
 - Speak with a customer services representative about a financial issue regarding their case. Some Wayne County CP's and NCP's may request other information services from the MiSDU. Those are captured onto a form and faxed or emailed to Wayne County for resolution.
 - Request specified forms or update actions in MiCSES.
 - Inquire about a delayed receipt or disbursement.
 - Request that their IVR PIN be reset.
 - The MiSDU receives approximately 2,500 calls daily.
- The MiSDU will place and update emergency messages on the MiCSES IVR's in response to FOC requests.
- The MiSDU IVR receives stakeholder calls transferred from the MiCSES IVR's, and direct toll-free calls from employers, FOC's, interstate and other agencies.
- Accommodation must be made for Spanish and Arabic speaking peoples and the hearing impaired.
- A separate toll free line is provided of employers, and a separate toll free line is provided for FOC's and agencies.
- All stakeholder calls must be authenticated using OCS guidelines before confidential information is provided. This generally includes docket number, social security number or name and possibly other identifiers if there is inadequate information.
- Provision must be made for voice mail and the ability of a partner or stakeholder to leave a voice message in the event the call volumes abnormally increase beyond the levels that can be timely responded to by staff.
 - For such voice mails, the Contractor will respond to the caller within the following business day.
- Daily metrics must be provided weekly on incoming call volume, abandon rate, wait time, talk time, voice mail messages and voice mail messages not responded to within the next business day. In general, the State expects:
 - The abandon rate not to exceed 5% of the daily calls unless an extenuating cause for a call spike can be identified.

**9. Conferences, Workgroups, Meetings and Partner Education**

- The Contractor participates in FOCA, Family Support Council conferences, and others, as required, to advance the cause of Child Support at the request of the State.
- Makes status and system/process change presentations to partners.
- Collaboratively develops requirements for changes impacting partners through workgroups and meetings. Includes OCS Workgroups and Work Improvement Teams, Employer Advisory Group and other related employer groups and activities, Family Support Council, MiCSES and NACHA/The Payments Authority related activities.
- Participates in FOCA Workgroup monthly meetings.
- Conducts periodic tours of the MiSDU for the benefit of partners upon request.

10. Work Tools and Interfaces for Customer Services

- A robust call management and ticket tracking software package must be provided as part of the customer services function. Features must include abilities to:
 - Initiate an entry with a text description of the discussion with the stakeholder or partner for all calls that require follow-up or are of a contentious nature.
 - Time spent on documentation will be outside the three minute targeted time for resolving customer inquiries without extended research.
 - Use identifiers that are common to those used in MiCSES such as social security, docket, IV-D case numbers, name and other identifiers found in MiCSES.
 - Categorize the call by type to provide metrics. As the types of calls change due to the questions being identified by callers, the call types for metrics capture may also change.
 - Date the call and establish a follow-up date, if necessary, to prompt further closure contact with the stakeholder or partner.
 - Easily access and add to the ticket as additional contacts are made with the stakeholder or partner.
 - Integrated between Customer Services, SDU Research, SDU Suspense and all other MiSDU entities responsible for customer services related activities for the recording of contacts to assure complete information is available to staff on contacts with a stakeholder or partner.
 - Escalate and identify to the State calls that have not had the required follow-up or closure that have aged beyond five business days.
 - Web-enabled to allow FOC's and the OCS to review the content of entries.
 - Automated update to MiCSES case notes to occur at such time MiCSES can be modified to accommodate.
 - The Contractor must have in place quality assurance practices to assure consistent, complete and accurate responses to customers, which should include that ability of the State to periodically monitor customer calls.
 - There must be an ability to capture and retain customer call audio to allow for further actions in the event of threats or other problematic discussions.
 - Participate in developing requirements for a customer services screen(s) in MiCSES that would be more efficient in authentication



and presenting financial data without navigation delays that prolong the customer services calls.

- Design, programming and implementation would be the responsibility of the State.

11. IVR

- An IVR must be provided by the Contractor that is to be integrated with the MiCSES distributed IVR system, which was installed and is supported by GovConnect.
- The MiCSES IVR system operates using premise based units in 29 counties and the remaining counties used a shared IVR in Cincinnati, Ohio.
- The MiCSES IVR's access stored procedures from MiCSES to provide standard responses to stakeholder financial inquiries in order to reduce the number of callers that require contact with a customer services representative. Approximately 80% of all calls to the MiCSES IVR's will not reach the MiSDU due to standardized responses and information on the IVR's.
- The MiCSES IVR's are the only point of access for custodial and non-custodial parties into the MiSDU customer services area.
- The MiCSES IVR's offer options to the stakeholders whereby they may transfer to the MiSDU IVR in order to:
 - Speak with a customer services representative about a financial issue regarding their case. Some Wayne County CP's and NCP's may request other information services from the MiSDU. Those are captured onto a form and faxed or emailed to Wayne County for resolution.
 - Request specified forms or update actions in MiCSES.
 - Inquire about a delayed receipt or disbursement.
 - Request that their IVR PIN be reset.
 - The MiSDU receives approximately 2,500 calls daily.
- The MiSDU will place and update emergency messages on the MiCSES IVR's in response to FOC requests.
- The MiSDU IVR receives stakeholder calls transferred from the MiCSES IVR's, and direct toll-free calls from employers, FOC's, interstate and other agencies.
- Accommodation must be made for Spanish and Arabic speaking peoples and the hearing impaired.
- A separate toll free line is provided of employers, and a separate toll free line is provided for FOC's and agencies.
- All stakeholder calls must be authenticated using OCS guidelines before confidential information is provided. This generally includes docket number, social security number or name and possibly other identifiers if there is inadequate information.
- Provision must be made for voice mail and the ability of a partner or stakeholder to leave a voice message in the event the call volumes abnormally increase beyond the levels that can be timely responded to by staff.
 - For such voice mails, the Contractor will respond to the caller within the following business day.
- Daily metrics must be provided weekly on incoming call volume, abandon rate, wait time, talk time, voice mail messages and voice mail messages not responded to within the next business day. In general, the State expects:
 - The abandon rate not to exceed 5% of the daily calls unless an extenuating cause for a call spike can be identified.



- Wait time must be kept to no more than 2 minutes unless an extenuating cause for a call spike can be identified.

- The State requests the Contractor to provide an alternate approach where access for the stakeholders are no longer required through the MiCSES IVR's. Instead the stakeholders would have a single toll free phone number to gain access to the MiSDU customer services. Authentication and standard responses to financial inquiries would be through use of the vendor IVR directly accessing the MiCSES stored procedures.
- The alternative must assess and present the total potential cost (start-up and continuing operations) of the IVR, connectivity to MiCSES stored procedures, and statewide toll free access for stakeholders, employers and partners.
- Access will be provided to MiCSES stored procedures to allow automated authentication of a stakeholder by the Contractor's IVR prior to a customer services representative engaging the stakeholder in a call.

12. Web Page Development and Maintenance

- As set out in Contractor's Final Transition Plan due 5 days after contract signing, establish and/or update MiSDU web site to have current transition information on new practices, transition dates, access, payment submission requirements, and forms.
- Transition the web domain-name "MiSDU.com" from the current contractor.
- Provide a map to facilitate page navigation.
- Provide for monthly updates of the web site to provide current information to stakeholders and partners.
- Develop a process to receive daily MiCSES updates on docket financial status to be implemented in conjunction with MiCSES.
- Develop a process to be used and managed by the State to place emergency ad hoc messages onto the web page without the need for vendor intervention.
- Establish secured areas of the web site applying State standards assuring confidentiality of the information and security for exclusive use of the various stakeholders and partners:
 - Password protected access for stakeholders to view financial status of their dockets; view some frequently asked questions (FAC's) and initiate email financial inquiries.
 - Password protected access to allow credit card payment, one-time debit authorization or recurring authorized withholding by obligors.
 - Password protected access for employers to establish a withholding database; updateable by the employer periodically to reflect employee turnover and IWN changes; and authorize account debits from each payroll cycle.
 - Password protected access for the FOC's to view payment images and initiate research or suspense adjustment requests to the MiSDU.
 - Public access for general stakeholder, interstate, agencies or employer information and forms.
 - Links to other FIA – OCS, Mi-Support, CSES Hotline, SCAO, OCSE and other State child support web sites through the appropriate secured page areas.
 - Information on telephone contact with the MiSDU.



- Business rules and operating practices of the MiSDU.
- All updates to the MiSDU web site require prior OCS review and approval.

13. Training, quality assurance practices, escalation processes

- The Contractor shall provide for staff training on all aspects of SDU operations. The Contractor must include a detailed plan showing how they intend to assure that initial training, new hire training, and ongoing maintenance training will be implemented such that staff will be able to provide exemplary service to all SDU customers (CP's, NCP's, Friends of the Court, Employers, etc). The training must assure:
 - **Knowledge of content and ability to navigate between screens within MiCSES.**
 - Knowledge of PRWORA and State guidelines on child support financials.
 - Knowledge of content and ability to navigate within vendor provided systems.
 - Use of any call tracking and management software provided by the vendor.
 - Knowledge of security and confidentiality requirements.
 - Effective, efficient interaction with stakeholders and partners with consistent and accurate responses.
- Quality assurance practices shall be implemented and maintained which will include:
 - The ability for supervisors to monitor call discussion content to assure customer services representatives' responses are appropriate.
 - Review the resultant entries to the Contractor's call recording, tracking and management system for completeness and accuracy.
 - Obtain information from stakeholders and partners on the effectiveness and responsiveness of the customer services representatives to allow identification for improved training and reinforcement.
 - Provide for supervisory participation in a telephone-call where there is conflict that needs resolution.
- Stakeholders and partners must be allowed to escalate calls in the event there is a problem with the response or handling of a call.
- The State shall have a capability of periodically monitoring the customer services calls for the quality of the responses.

14. Performance, Metrics and Reporting

Unless an event in accordance with Section I.W (Excusable Failure) or other period of impaired processing capability as defined in Contractor's Disaster Recovery Plan has been declared by the State, Attachment B – Supporting Documents, Performance, Metrics and Reporting defines the necessary levels of service Contractor must provide.

(e) Suspend Resolution Services

1. Misapplied Payments – MiSDU Vendor Errors

- These may be identified by an FOC, client, employer, State or vendor.
- The Contractor will be responsible for researching and affirmation.
- The Contractor initiates and completes MiCSES transactions to correct the error.
- Makes whole from vendor account and transfers into the MiSDU account



- Reports occurrence levels and amounts made whole to the State.
- Establishes recovery account in MiCSES.

2. Misapplied Payments – FOC or State Error

- These may be identified by an FOC, client, employer, State or vendor.
- The Contractor will be responsible for researching and affirmation.
- The contractor escalates findings to State for decision and make whole, if approved.
- The Contractor initiates and completes MiCSES transactions to correct.
- Requests make whole from State account.
- Reports occurrence levels, source of error and amounts made whole by the State. Amounts reported should be reduced by items reapplied to the debt types a part of the back out process.
- Establishes recovery account in MiCSES.

3. Misdirected Payments –Payer Provided Incorrect Information

- These may be identified by an FOC, client, employer, State or vendor.
- The Contractor will be responsible for researching and affirmation.
- Neither the Contractor nor State will make whole.
- The initiator of the request will be advised of the findings.
- Reports occurrence levels, source of error and amounts.
- Amounts reported should be reduced by items reapplied to the debt types as part of the back out or recovery process.

4. Unidentified Payments From Any Source

- As last resort, posts payments with invalid identifiers to MiCSES Unidentified.
- After final 10 day period, moves to Unidentified or returns with State approval. The State may authorize the return of payments that were not intended for the MiSDU, payments where the payer has not provided adequate information and has not responded to documented telephone and mail contacts, or where a return address is available with no other identifiers.
-
- Approximately 15 to 20 transactions daily reach this stage. May work if FOC or other entity provides more information and needs to plan to continue to work as more data is received.
 - Consideration currently being given to an additional 10-day period to await responses to be received from letters sent to payers where there is a possibility avoiding the return or unnecessary posting to unidentified.
- If FOC identifies Unidentified, processes MiCSES Suspense Adjustment Request from the FOC.
- All items posted to unidentified in MiCSES shall continue to be reported and aged either until resolved or escheated by MiCSES.

5. FOC Requests for Adjustment, Release and Reposting

- Researches and verifies requests received from FOC's.
- Applies OCS and federal (PRWORA) policy guidelines in resolution of requests.



- Note: For non-standard requests involving a court order, obtains the court order from the FOC and escalates to the State for resolution.
- Enters necessary transactions into MiCSES to complete the request.
- Receipt adjustments require back out, reposting and funding.
- Reports to State items being backed out and reposted back to debt type so no funding is required.
- See Attachment B – Supporting Documents, Suspense Request Actions for suspense codes and actions.
 - Note: The State is in the process of identifying some suspense items for action and resolution by the FOC’s without the need for MiSDU research. These will be transactions not having multi-FOC impacts.

6. Updates MiCSES Notes for Suspense and Adjustment Actions

Any note or action entered into the Contractor’s call management and tracking system must also be entered into the appropriate docket case notes within MiCSES.

7. Performance, Metrics and Reporting

Specifically defined in Appendix B

(f) Banking and Account Reconciliation

1. Transition Existing State Bank Accounts with Bank One Currently Owned by the State to the Financial Institution Chosen by the New Vendor

- The State owns and is responsible for the current MiSDU bank accounts at Bank One being maintained by the current MiSDU contractor on behalf of the MiSDU.
- The current contractor maintains a separate bank account at Bank One for its own use to make whole on contractor errors. The new Contractor must establish a similar make whole account with Bank One, or a different bank it may select as a subcontractor.
- The State will accept the continued use of Bank One as a subcontractor providing the existing services with further refinement of those services, charges and providing a seamless operation.
- The Contractor may use a different bank as a subcontractor. Logistics for seamless transition would be the full responsibility of the vendor.
- If Bank One is retained, existing rate structures and fees charged by Bank One must be renegotiated between Bank One and the Contractor to minimize fees, maximize return on account float, and assure transition to a new vendor.
- Services and Fee Considerations:
 - No fees should be charged for client redemption of MiCSES-MiSDU checks at the vendor’s partner bank. A positive pay file generated by MiCSES for use by the bank eliminates risk to the bank.
 - Bank charges must be imbedded within the Contractor’s services unit rate structure.
 - Fees for Stop Pay, image requests and any other fees separately identified and specifically identified, must be competitive and are subject to negotiation in the event they are later found to not be competitive.



- There must be connectivity to the bank for on-line review of bank statements, current day activity and the status of the accounts in the course of a business day. All MiSDU accounts regardless of size must have this capability.
- There must be connectivity with adequate security to allow daily transmission of electronic positive pay files to the bank and the transmission of cleared check redemption files to the MiCSES.

- Electronic disbursements must not be disbursed prior to the issue date. They must be released on the date of issue contained in the MiCSES file.
- Float earnings belong to the State and may be used by the State to offset certain program expenses and must follow the guidelines in Section II-F of this Contract.
- The State retains the option of sweeping its accounts of uncommitted funds daily for purposes of obtaining a better earnings return.
- The Contractor is requested to propose methods for maximizing the State's earnings on the float without the risk of loss of capital and without significant additional effort in the management of the cash flow.
- The Contractor will coordinate the transfer of existing State owned MiSDU accounts with the current MiSDU contractor.
- The Contractor in collaboration with the banking subcontractor must provide for a strategy to implement lock box conversion of non-corporate payments to single entry ACH debit using the check data and represented check entry (RCK) as a single entry ACH debit via ACH rather than the standard check collection process.

2. Contractor Provides for Daily and Monthly Reconciliation and Resolution of All Banking transactions and Activity

The Contractor will provide the State with daily financial reports. The reports will include information from the previous day and will include the following:

- System balance report that shows that all money received was transmitted to MiCSES or sent for Additional Research.
- Receipts reconciliation showing the receipts received at the MiSDU reconcile to the receipts received per the bank statement for the ACH Credits and Cash Deposits Accounts. Outstanding items must be reported to the State on a daily basis using and aged account payable report at the detailed level.
- A bank reconciliation must be prepared daily for the SDU Research account showing the balance per the Bank Statements reconciles to the balance per an Aged Account Payable Report.
- A breakdown of the source of Receipts such as EFT, Paper Web system, etc. A breakdown of Disbursement destinations such as MiCSES, SDU Research, etc. Reports should include both dollar amounts and quantities.
- Disbursement reconciliation showing that electronic disbursements reconcile to the ACH Disbursement Account. Outstanding items must be reported to the State on a daily basis using and aged account payable report at the detailed level.
- Receipts and Disbursements in the Cash Concentration Account (excluding ZBA transfers) must be tracked and resolved by the contractor. An aged report showing outstanding items must be provided to the State on a daily basis. This report must be available in both a summary and detail level.
- Contractor will work and resolve with the bank all bank adjustments. An aged report showing Bank Adjustments outstanding must be provided to



the State on a daily basis. This report must be available on both the summary and detailed levels.

- Any mail items opened and not deposited at the end of each day must be reported to the State in a detailed level report and verified that it has been reconciled to the items being held on site. Mail not opened and carried over to the following day must be reported showing the number of unopened items.

A report must be filed the following day showing the dollar amount and number of checks/transaction not processed the previous day.

- Provide ad hoc reports upon request for financial information.

3. Contractor-Banking Seamless Services Requirements

- Identify and resolve out-of-balance conditions related to either MiSDU receipts, MiCSES-MiSDU disbursements, tax-offset receipts or FOC transfers for receipts entered on-line by the FOC to MiCSES.
- Notify the bank of stop-pay requests to be established by the bank and enters corresponding actions into MiCSES.
- Stolen Check Reporting, recovery of monies from the bank and disbursement to the client or third party.
- Present NSF checks twice and stage NSF representations to increase probability of clearance based on payer deposit cycles.
- Research and resolution of instances where MiCSES-MiSDU checks are rejected by Bank One or another bank.
- Request from the bank and respond to image requests from the FOC's or law enforcement agencies
- Reconciling and clearing of cleared check differences where checks are not matching to the positive pay file.
- Any checks not completely cleared but still in some type of pending condition within the bank shall not be applied against the account nor appear on the statements.
- Reconciling and maintaining positive pay file.
- Contractor is responsible for requesting make-wholes from the State for the first NSF and other Bank Return items presented by a payer as well as other activities as follows:
 - Vendor is responsible for the make-whole of all NSF subsequent checks after the first. Vendor must return all future checks received from the obligor or Employer unless the State approves removal of flags in the vendor system and MiCSES.
 - Contractor sends letter to payer with notification of NSF condition and requests payer make-whole. Assures if the payer makes whole, the monies are applied to the debt recovery and not applied as current support.
- Refers to Michigan Treasury Department for collections after 30 days.
- Responds to information requests from Michigan Treasury Department - Collections Unit, and if adjustment request, submits to the State for approval.
- Makes whole on any checks identified as replacement that were processed.
- Receipts payer and Treasury collections make-whole and applies against State or vendor recovery accounts in MiCSES to avoid payer receiving credit for additional support payments or applies for employer accounts receivable.



- Backs out receipts in MiCSES for NSF and Stop Payment Checks.
- Maintains NSF indicators for payers in vendor provided systems and MiCSES.
- Contractor tracks NSF and Stop Pay checks and must be able to report outstanding amounts at the detail and summary levels.

(g) EFT/EDI Outreach and Certification and Credit Card Promotion

1. EFT/EDI

- Receives and processes electronic collections using methods and formats prescribed by the Bankers EDI (Electronic Data Interchange) Council and NACHA (National Automated Clearing House Association) using either NACHA CCD+ or CTX formats. The Contractor is responsible for:
 - Assuring correct and complete addendum's for proper identification of case numbers associated with EFT payments.
 - Pre-note or Zero Dollars File clean-up.
- Maintains the existing payers using EFT/EDI without interruption.
- Vendor may not charge payers for any of these services.
- Provides outreach to both employers and other state disbursement units in the use of submitting EFT/EDI payments to the MiSDU or receiving EFT/EDI payments from the MiSDU with objectives to:
 - Achieve 80% or higher participation in both EFT/EDI outbound from the MiSDU and inbound from other SDU's within twelve months of the start of the Operational Phase of the Contract.
 - Achieve 95% or higher participation of the Contractor's list of the largest 100 Michigan employers not yet using EFT/EDI in the use of EFT/EDI inbound to the MiSDU within twelve months of the start of the Operational Phase of the Contract.
 - If any of the SDU's or employers in the largest 100 fails to participate in the use of EFT/EDI, documents contacts and identifies to State for the development of a collaborative effort to prompt the payer to use EFT/EDI.
 - Inadequate contact efforts will be referred back to the vendor for further effective contacts.
- Require certification of any new employer or other SDU EFT/EDI submissions to the MiSDU.
 - The Contractor will be responsible for making initial employer and other SDU contacts to prompt transition to EFT/EDI.
 - The Contractor is responsible for developing the certification process.
 - The Contractor will be responsible for receiving and editing test transmissions.
 - The Contractor will be responsible for making contact with the employers regarding results of test transmissions.
 - The Contractor will assist the other states and employers in the data cleansing of information as part of the certification process.
- The Contractor should develop a process to reject non-certified EFT/EDI transmissions.
- The Contractor will be responsible for notifying employers that they have met the SDU information requirements and are properly certified to submit EFT/EDI to the SDU electronically.
- The Contractor will identify the toll-free MiSDU Employer Assistance Line as the point of contact for resolution of any payment issues.



- There must be connectivity to the bank for on-line review of bank statements, current day activity and the status of the accounts in the course of a business day. All MiSDU accounts regardless of size must have this capability.
- There must be connectivity with adequate security to allow daily transmission of electronic positive pay files to the bank and the transmission of cleared check redemption files to the MiCSES.

- Electronic disbursements must not be disbursed prior to the issue date. They must be released on the date of issue contained in the MiCSES file.
- Float earnings belong to the State and may be used by the State to offset certain program expenses and must follow the guidelines in Section II-F of this Contract.
- The State retains the option of sweeping its accounts of uncommitted funds daily for purposes of obtaining a better earnings return.
- The Contractor is requested to propose methods for maximizing the State's earnings on the float without the risk of loss of capital and without significant additional effort in the management of the cash flow.
- The Contractor will coordinate the transfer of existing State owned MiSDU accounts with the current MiSDU contractor.
- The Contractor in collaboration with the banking subcontractor must provide for a strategy to implement lock box conversion of non-corporate payments to single entry ACH debit using the check data and represented check entry (RCK) as a single entry ACH debit via ACH rather than the standard check collection process.

2. Contractor Provides for Daily and Monthly Reconciliation and Resolution of All Banking transactions and Activity

The Contractor will provide the State with daily financial reports. The reports will include information from the previous day and will include the following:

- System balance report that shows that all money received was transmitted to MiCSES or sent for Additional Research.
- Receipts reconciliation showing the receipts received at the MiSDU reconcile to the receipts received per the bank statement for the ACH Credits and Cash Deposits Accounts. Outstanding items must be reported to the State on a daily basis using and aged account payable report at the detailed level.
- A bank reconciliation must be prepared daily for the SDU Research account showing the balance per the Bank Statements reconciles to the balance per an Aged Account Payable Report.
- A breakdown of the source of Receipts such as EFT, Paper Web system, etc. A breakdown of Disbursement destinations such as MiCSES, SDU Research, etc. Reports should include both dollar amounts and quantities.
- Disbursement reconciliation showing that electronic disbursements reconcile to the ACH Disbursement Account. Outstanding items must be reported to the State on a daily basis using and aged account payable report at the detailed level.
- Receipts and Disbursements in the Cash Concentration Account (excluding ZBA transfers) must be tracked and resolved by the contractor. An aged report showing outstanding items must be provided to the State on a daily basis. This report must be available in both a summary and detail level.
- Contractor will work and resolve with the bank all bank adjustments. An aged report showing Bank Adjustments outstanding must be provided to



the State on a daily basis. This report must be available on both the summary and detailed levels.

- Any mail items opened and not deposited at the end of each day must be reported to the State in a detailed level report and verified that it has been reconciled to the items being held on site. Mail not opened and carried over to the following day must be reported showing the number of unopened items.

A report must be filed the following day showing the dollar amount and number of checks/transaction not processed the previous day.

- Provide ad hoc reports upon request for financial information.

3. Contractor-Banking Seamless Services Requirements

- Identify and resolve out-of-balance conditions related to either MiSDU receipts, MiCSES-MiSDU disbursements, tax-offset receipts or FOC transfers for receipts entered on-line by the FOC to MiCSES.
- Notify the bank of stop-pay requests to be established by the bank and enters corresponding actions into MiCSES.
- Stolen Check Reporting, recovery of monies from the bank and disbursement to the client or third party.
- Present NSF checks twice and stage NSF representations to increase probability of clearance based on payer deposit cycles.
- Research and resolution of instances where MiCSES-MiSDU checks are rejected by Bank One or another bank.
- Request from the bank and respond to image requests from the FOC's or law enforcement agencies
- Reconciling and clearing of cleared check differences where checks are not matching to the positive pay file.
- Any checks not completely cleared but still in some type of pending condition within the bank shall not be applied against the account nor appear on the statements.
- Reconciling and maintaining positive pay file.
- Contractor is responsible for requesting make-wholes from the State for the first NSF and other Bank Return items presented by a payer as well as other activities as follows:
 - Vendor is responsible for the make-whole of all NSF subsequent checks after the first. Vendor must return all future checks received from the obligor or Employer unless the State approves removal of flags in the vendor system and MiCSES.
 - Contractor sends letter to payer with notification of NSF condition and requests payer make-whole. Assures if the payer makes whole, the monies are applied to the debt recovery and not applied as current support.
- Refers to Michigan Treasury Department for collections after 30 days.
- Responds to information requests from Michigan Treasury Department - Collections Unit, and if adjustment request, submits to the State for approval.
- Makes whole on any checks identified as replacement that were processed.
- Receipts payer and Treasury collections make-whole and applies against State or vendor recovery accounts in MiCSES to avoid payer receiving credit for additional support payments or applies for employer accounts receivable.



- Develop a process to be used and managed by the State to place emergency ad hoc messages onto the web page without the need for Contractor intervention.
- Establish secured areas of the web site applying State standards assuring confidentiality of the information and security for exclusive use of the various stakeholders and partners:
 - Password protected access for stakeholders to view financial status of their dockets; view some frequently asked questions (FAC's) and initiate email financial inquiries.
 - Password protected access to allow credit card payment; one-time debit authorization or recurring authorized withholding by obligors.
 - Password protected access for employers to establish a withholding database; updateable by the employer periodically to reflect employee turnover and IWN changes; and authorize account debits from each payroll cycle.
 - Password protected access for the FOC's to view payment images and initiate research or suspense adjustment requests to the MiSDU.
 - Public access for general stakeholder, interstate, agencies or employer information and forms.
 - Links to other FIA – OCS, Mi-Support, CSES Hotline, SCAO, OCSE and other State child support web sites through the appropriate secured page areas.
 - Information on telephone contact with the MiSDU.
- Business rules and operating practices of the MiSDU.
- All updates to the MiSDU web site require prior OCS review and approval.

f. New Equipment Being Proposed

1. State owned equipment and hardware currently located in the MiSDU is identified in Attachment B – Supporting Documents, Current State Equipment Inventory. This is a partial list of equipment used within the MiSDU. None of this equipment should be presumed to be available to any vendor in the presentation of their proposal nor in the continued operation of the MiSDU. The State requires the Contractor to propose and use more current technology.
2. The Contractor shall provide as part of their proposal a list of equipment and software being proposed to assure complete operation of the MiSDU and include identification of vendor, model and quantity as follows:
 - Mailroom Operations
 - Scanning, Imaging and Character Recognition
 - Image Storage and Retrieval
 - Data Entry and Processing Software
 - PC's
 - Communications and Internal Networking (voice and data)
 - External Connectivity (voice and data)
 - Printers
 - Servers
 - Central Processors
 - Copiers
 - Fax machines
 - Interactive Voice Response
 - Customer Services Call Management and Tracking



Problem Type

Corrective Action Plan

Technical/Data Reporting Problems

Within four business days.

Financial Management Problems

Within two business days.

Customer Service Problems

Within four business days.

f. Escalation of Issues

Early identification and review of problem conditions is essential to the mutually acceptable resolution of those problems. Recognizing the high-volume, levels of accuracy required and critical timeliness of performance, early resolution avoids compounding of a problem. There shall be a method by which the State may escalate issues within the vendor organization in the event of lack of performance by the vendor at the MiSDU site.

g. Systems, Processes, Reports and Files Documented and Accessible for Review by the State

The vendor shall maintain a documentation library accessible by the State of all vendor-MiSDU policies, processes, practices, reports and systems.

h. Software Used by Vendor in Operation of the MiSDU Escrowed with Third Party and to be Made Available to the State.

1 The following proprietary software used by Contractor for the accomplishment of the MiSDU functions shall be escrowed with an independent third party:
KidsFirst.

2. Pursuant to an escrow agreement, the State shall have access to use the software solely to operate the MiSDU, but only in the event Contractor declares bankruptcy or ceases to support KidsFirst and does not make adequate provision for continued support of KidsFirst.

i. Disaster Recovery Plan for Resumption of Operations (Attachment B, MiSDU Disaster Recovery System)

1. Continuation of Business – Site and Infrastructure Still Usable – Same Day Recovery

- Back-up files of databases and image files are to be stored off-site daily.
- Plans must be in place for retrieval, installation and reinitiating of full operations within one hour following restoration of power or occupancy of building is allowed.
- The plan must be tested and demonstrated to the State.

2. Hard Disaster – Site Not Usable – Requires Relocation of Operations

- Vendor must have designated an off-site location with hardware and software that emulates MiSDU operations and to be available within required time frames.
- The vendor must have a plan for reinitiating operations at this off-site location in the event of a hard disaster that prevents the use of existing MiSDU facilities and infrastructure for more than 24 hours.
- The plan must be tested and demonstrated to the State.
- Off-site operations will need to be initiated by the vendor as follows:
- Facility availability following a disaster must be determined and made available within 24 hours.
- Customer Services within 24 hours from date, time existing facility is determined unusable with MiCSES and voice connectivity ported to the new location.
- Receipting Operations within 48 hours from date, time existing facility determined unusable with ability to transmit receipt files to DEG.



- State Final User Acceptance Testing: As Defined in Contractor's Final Transition Plan
- Start-Up of MiSDU: As Defined in Contractor's Final Transition Plan

h. Hire/Transfer of Employees Between Vendor and Contractor

To assure stability of current operations, Contractor shall refrain from recruiting and hiring the current contractor's employees during those employees' regularly scheduled workday. However in the interest of retaining skilled contractor employees in the MiSDU environment, the State would encourage collaborative retention and transition of staff where it is mutually advantageous for the current contractor and Contractor.

i. Connectivity....MiCSES, DEG, Groupwise, MI-Support

The vendor must provide for connectivity to the State communications infrastructure to include access to:

1. MiCSES for customer services, suspense and payment research works.
2. Data Exchange Gateway for exchange of electronic files between MiCSES and the MiSDU.
3. Groupwise which is the State standard for email.
4. MI-Support, which is on the State's Intranet and contains OCS and MiCSES information on policies, guidelines, operations schedules and other operations related information.
5. IVR's in use by MiCSES.
6. Existing voice communications lines, excluding voice or data communications used for the vendor's administrative functions.

j. Site location and Preparation

1. The MiSDU must be located within the greater Lansing, Michigan area.
2. Pursuant to Governor's Executive Directive 2004-03, the Department of Management and Budget may require that any vendor or subcontractor providing call or contact center services to the State of Michigan disclose to inbound callers the location from which the call or contact center services are being provided. This could apply to any vendor partner that provides e-transaction customer services support on debit cards or other such electronic financial transactions, if not provided through the customer services center within the MiSDU to be located in Lansing, Michigan. Bidders are to identify in their response the location of their call center for e-disbursement card customer services.

II-C-4. Administrative Practices and Considerations

a. State On-Site Work Space

1. The vendor must provide at least 4,000 square feet to accommodate 8 to 12 State MiSDU staff with offices, meeting rooms and office furniture. Supplies, PC's, printers, voice and data connectivity for the assigned State staff will continue to be the State responsibility.
2. MiSDU State staff must be allowed access to the MiSDU 24 hours daily, seven days a week for the State MiSDU director, and 6:00 AM to 9:00 PM daily for



- Research and Suspense Operations within 72 hours from date, time existing facility determined unusable with MiCSES and voice connectivity ported to the new location.
- Check Print Operations within 12 hours from date, time existing facility determined unusable with ability to receive from and transmit electronic files to the DEG
- Coupon Print Operations within 48 hours from date, time existing facility determined unusable with ability to receive electronic files from the DEG
- Bank connectivity to be restored within 24 hours to allow receipt of a positive pay file

3. Performance and Liquidated Damages

Following Contract signing, State and Contractor will negotiate mutually-agreed performance levels and Liquidated Damages, if any, that will be applied to relocated operations resulting from the declaration of a disaster and will supersede those prescribed in Attachment B – Supporting Documents, Performance, Metrics and Reporting.

II-D PROJECT CONTROL AND REPORTS

1. Implementation Project Control

- a. The Contractor will carry out this project under the direction and control of the Family Independence Agency, Office of Child Support (FIA – OCS) Contract Compliance Inspector / Contract Manager (or other FIA-OCS designee).
- b. Although there will be a continuous liaison between the entire Contractor's team and the purchasing agency, the purchasing agency's Contract Compliance Inspector / Contract Manager (or other designee) will meet weekly, as a minimum, during initial implementation or subsequent implementation of new systems functionality's, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
- c. The Project will consist of two phases: "Implementation Phase" and "Operational Phase." The Implementation Phase concludes upon the successful completion of the User Acceptance Test using mutually agreed acceptance criteria. The Operational Phase will commence upon successful completion of the User Acceptance Test and continue for the remainder of the Contract period.
- d. Within five (5) working days of the award of the Contract, the Contractor will submit to the FIA – OCS, MiSDU Contract Compliance Inspector / Contract Manager for final approval a work plan. This final implementation plan must be in agreement with Section IV-C subsection 2 as proposed by the bidder and accepted by the State, and must include the following:
 - (1) The Contractor's project organizational structure.
 - (2) The Contractor's staffing table with names and title of personnel assigned to the project. This must be in agreement with staffing of accepted proposal.



other State staff assigned to the MiSDU within areas of the MiSDU based on functional responsibility.

3. The vendor must also provide an additional 15,000 square feet separately billable to the State for relocation of Non-MiSDU State staff supporting the MiCSES and the OCS. Access for that staff will be limited to their functional areas. The physical areas occupied by this State staff will have separate secured access. The State will provide all necessary office furniture, PC's, fax machines, printers, servers, voice and data connectivity. Cost shall be identified in the cost model, A-III. Other Unit Billable Charges, item (b).

b. Days of Operation

1. Customer Services – All State workdays. Customer Services not available on State Holidays. Hours from 7:30 AM to 6:00 PM.
2. Receipting, validating and transmission to MiCSES for posting – Monday through Saturday except on days the US Post Office is closed and mail is not available. For reporting purposes, Saturday is not considered a business day, but files must be transmitted to MiCSES.
3. Transaction research and suspense management - All State workdays, except when MiCSES is not available on State Holidays. Hours from 7:30 AM to 6:00 PM.
4. As required, additional staff time may be scheduled by the vendor to assure the workloads are completed daily and within contract requirements. Need for off-hours access to MiCSES must be coordinated with the MiCSES recognizing the current MiCSES commitments to evening and weekend production.

c. Billing Methods and Timeliness

Services billings shall be received no later than fifteen days following the close of each month.

d. Operations Incident Report

Any event or occurrence that interferes with the functioning of the MiSDU and the accomplishment of its performance requirements must be reported to the State as soon as possible after discovery. This may include, but not be limited to mail delivery delays, loss of voice or data connectivity, hardware or software failure, staffing issues, etc. The incident report shall indicate the cause, impacts and expected time for restoration of the services. Similarly if there are positive developments, an incident report should be made to assure State awareness.

e. Problem Tracking and Resolution:

1. The vendor will be required to establish and maintain a Problem Tracking and Resolution system. The objective is to ensure there is a single point, to which all problems can be identified, logged, managed and status reported until closure. Vendor, FOC and State staff (MiSDU, OCS and MiCSES) will initiate the identification of such problems to this system. The vendor will be responsible for providing, operating and maintaining this Problem Tracking and Resolution system.
2. Corrective action plans must be prepared as follows:



review and storage of video tapes for oversight of access and critical operations areas.

14. Contractor is to propose and apply methods for preventing duplicate electronic receipt files and resultant data being processed from payers, subcontractors, and from the vendor to the MiCSES. The vendor will be responsible for duplicate files, resultant correction and make whole when created in error by the Contractor or subcontractors to the Contractor.

This includes:

- Duplicate full or partial bank transfers.
- Duplicate postings from the Contractor's research area within two business days to the same docket.
- Employer duplicate postings within two business days.
- Identification of instances to the state where an employer submits several checks for the same docket/SSN over a two business day period.
 - The Contractor is to describe the feasibility and cost-effectiveness of accomplishing as well as alternatives that may be available through the Contractor's processes.

II-C-3. Transition Planning and Execution

a. US Post Office Boxes

If necessary for the Contractor, existing US Post Office boxes shall be transferred for use, maintenance and payment by the Contractor. Logistics for transfer must be developed by the Contractor with the current contractor.

b. Electronic Submissions Redirection – Transfer to New Bank/Account

The Contractor would be responsible for redirection of all payments being transmitted electronically from the current bank accounts to any new bank accounts. This must also include continuing redirection of payments and transfer arrangements so that the electronic payments flow timely to the MiSDU.

c. Customer Services Toll Free Telephone Numbers

The State pays the direct charges for the existing voice telephone lines. The toll free numbers must be transitioned to the contractor. The Contractor will provide for the logistics to accomplish.

d. FOC and Payer Impacts

Transition communications with partners are the responsibility of the Contractor. This should include plans, dates, PO Boxes, electronic submissions, web-based direct debit, and any other facet of operations affecting how the partners or stakeholders shall interact with the MiSDU.

e. Web Site Transition

- As defined in Contractor's Final Transition Plan, establish and/or update MiSDU web site to have current transition information on new practices, transition dates, access, payment submission requirements, and forms.
- Transition the web domain name "MiSDU.com" from the current contractor.
- Provide a map to facilitate page navigation.
- Provide for monthly updates of the web site to provide current information to stakeholders and partners.
- Develop a process to receive daily MiCSES updates on docket financial status to be implemented in conjunction with MiCSES.
-



Necessary substitutions due to change of employment status and other unforeseen circumstances may only be made with prior approval of the State.

- (3) The project breakdown showing sub-projects, activities and tasks, and resources required and allocated to each.
- (4) The time-phased plan in the form of a graphic display, showing each event, task, and decision point in your work plan.

- e. The Contractor will submit brief, written weekly summaries of progress during implementation, which outlines the work accomplished during the reporting period; work to be accomplished during the subsequent reporting period. Problems, issues, constraints, or opportunities, real or anticipated, should be brought to the attention of the Contract Compliance Inspector / Contract Manager (or other designee), with vendor notification of any significant deviation from previously agreed-upon work plans to all agency contacts as well as the contract administrator.

2. Implementation Phase Reports

- Weekly reporting shall specifically identify information and status as follows:
 - Overall Project Status
 - Project Activities
 - Accomplishments
 - In Progress
 - Late
 - Planned for Next Period
 - Planned Tasks/Hours
 - Hours Budgeted
 - Hours Expended
 - Variances
 - Estimates to Completion
 - Milestone Status
 - Issues for Resolution
 - New/Open
 - Project Changes
 - Approved/Rejected
 - New/Pending
- Quarterly a summarized report with the aforementioned information shall be provided by the vendor to the Contract Administrator referenced in the RFP, with copies to the purchasing agency's contacts as also referenced in the RFP.

3. Weekly Operational Reports Following Implementation

- Weekly reporting shall specifically identify information and status as follows:
 - Overall Status
 - Performance Metrics as Required by Contract
 - Other Indicators of New or Emerging Problems
 - Incidents Interfering with MiSDU Operations



g. Transition Period Tactical Plan and Future Enhancements

1. The Contractor shall present a draft tactical plan within their response, which the State will use as part of assessing the Contractor's understanding of the scope and complexity of the transition.
2. All transition and enhancement activities will be preceded by a plan to be prepared by the vendor and concurred in by the State assuring the identification of the participants, timelines and responsibilities.
3. The transition tactical plan shall show tasks, staffing, hours, milestones, decision points, bar and critical path charts demonstrating understanding on the part of the vendor with regard to the scope, complexity and time criticality of the project.
4. The plan shall identify when and for what purposes the vendor requires participation by the current contractor and subcontractors, critical task dependencies and mitigation efforts to assure timely transition.
5. The plan shall identify activities, State staff or organization participation (MiSDU, MiCSES, OCS), state provided training needs, critical decision points and mitigation efforts required to assure timely transition.
6. The vendor is required to actively participate and provide required information to facilitate any future transition to a successor vendor that may be selected for future continued operations of the MiSDU when the contract resulting from this RFP is terminated.
7. Portions of the project tactical plan must address the transition from the current MiSDU contractor to vendor.
8. The new vendor must, at a minimum, provide an overall plan for critical events and deliverable dates as follows:
 - Final transition plan to be delivered to the State within five days following contract award.
 - State MiSDU staff, current MiSDU contractor, OCS, MiCSES, bank and FOC participation requirements identified.
 - Vendor interaction with any workgroups or organizations identified.
 - Project reporting, milestones, decision points and deliverables identified.
 - Deliverables acceptance, lead times and acceptance periods.
 - Attendance at State project director weekly meetings.
 - A partial list of tentative milestones and dates are as follows
 - Deliver tactical plan: 5 business days after award
 - Affirm detail requirements: 30 calendar days after award
 - Acquire site for operations: To identified in tactical plan
 - Complete site renovations: To identified in tactical plan
 - Acquire hardware and software: To identified in tactical plan
 - Present plan for installing hardware: To identified in tactical plan
 - Establish test environment: To identified in tactical plan
 - Testing acceptance: To identified in tactical plan
 - Establish processing environment: To identified in tactical plan
 - Benchmark: To identified in tactical plan
 - Pilot: As Defined in Contractor's Final Transition Plan
 - State Initial User Acceptance Testing: As Defined in Contractor's Final Transition Plan



3. Hardware and software vendor or other literature should be attached to the vendor's response to the RFP, which provides information on reliability, system availability, processing rates and off-line maintenance requirements. The Contractor is responsible for assuring configuration capabilities adequate to support normal workloads as well as spikes in workload that can at least double following a holiday or weekend.
4. All hardware and connectivity shall be provided by the Contractor to accomplish MISDU Contractor contractual responsibilities with a seamless operation with sufficient capacity to accomplish daily transaction volume for the life of the contract.
5. Any disruption due to hardware or software failure is to be resolved and production brought current within the next business day. Such failures are to result in immediate incident reports to the State.
6. Repetitive failures of hardware and software over a one week period resulting in failure to meet applicable performance levels set forth in Attachment B – Supporting Documents, Performance, Metrics and Reporting, will result in a review of maintenance records, identification of the problem and a plan of correction. Continued failure is to be determined by the performance factors not having been accomplished and may result in Liquidated Damages as provided in Attachment B – Supporting Documents, Performance, Metrics and Reporting.
7. The Contractor will be responsible for upgrade and replacement of any equipment or software that State and Contractor mutually agree in writing to not be performing adequately during the life of the contract.
8. The State will access fax and copy machines for use as needed.
9. Any equipment, software or MISDU facilities may be used for contractor support of its other SDU sites, such as in the event of a disaster at another site or continuing operations after all Michigan workload is and remains current. Prior plans, expected capacity requirements, workload priorities, testing, benchmarks and deployment strategies must receive prior approval by the State.
10. The State may retract the use of the MISDU as a disaster recovery site with 30 days notice at any time plans appear to be a potential interference with Michigan production workloads and the vendor has not taken adequate precautions to mitigate the adverse impacts.
11. If the use of the MISDU facilities for disaster recovery interferes with the accomplishment of State workloads, Liquidated Damages may be applied by the State reflecting the performance factors impacted in Attachment B – Supporting Documents, Performance, Metrics and Reporting.
12. Other hardware considerations include:
 - Development of hardware, software, communications and physical capacity to allow operation of the MISDU as a cost-effective facility serving the child and spousal support collection requirements of other states.
 - In the interest of further efficiencies to benefit employers and other states, establish a multi-state centralized operation that would be able to receipt employer payments for multiple states and remit to the appropriate states.



- Identification of Opportunities for Services Improvements
- MISDU Operations
- Services to Stakeholders or Partners
- Issues for Resolution
- New/Open Issues Identified by the State or Partners
- Assessment, Actions Planned and Resolution

II-E PRICE PROPOSAL

1. Prices quoted for on-going services are the maximum for the entire effective period of the original contract. Nonetheless, revisions to the rates per unit of service may be requested by either party for either increases or decreases.
2. The contractor may request that the unit-rate-prices be revised at the end of the initial 1,095 day period (end of the first three years) and each subsequent 365-day period (yearly):
 - Such requested revisions to the unit-rate prices shall be based on general industry changes and must be supported by adequate detail to document same.
 - Requests for price changes or revisions shall be received in writing at least ninety (90) days prior to their effective date, and are subject to written approval and acceptance by the State.
 - The prices quoted and approved for each 365 day (yearly) period shall be firm for that fiscal period.

II-F CONTRACT INVOICING AND PAYMENT

1. Invoices / Billings

- The specific payment schedule for any Contract(s) entered into, as the result of this RFP will be mutually agreed upon by the State and the Contractor(s).
- The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates.
- As a general policy, statements shall be forwarded to the designated representative by the 15th day of the following month in which the work was completed.
- Emphasis is on vendor responsibility for successful deliverable completion on schedule and with payment based on a rate per unit of service payment method.
- The State retains the option of withholding payment in the event of an uncured material breach. At such time, an evaluation would be undertaken



immediately with the contractor to assess the remedial actions necessary to recover and return to the planned schedule. Under such circumstances, either a mutually acceptable plan for recovery will be developed by the vendor or the State may exercise the options available under section II-E Tasks/Acceptance of Deliverables.

- The State anticipates a float of approximately \$90.0 million. Payments for this portion of the RFP shall be made to the vendor using a combination of available State funds appropriated for the SDU and a compensating balance resulting from earnings on the float, i.e. earnings credit. The contractor shall provide an Account Analysis Statement by the 15th of each month for the previous month. The monthly Account Analysis Statement shall reflect actual work done.
- In the event that the earnings credit is less than the total price of the vendor's services, the State shall cover the net charge through available State funds appropriated for the SDU.
- The vendor must prepare a cost analysis for the project no later than two weeks after the month ending in which compensating balance was withdrawn.

II. G. EARNINGS CREDIT RATE

- a. Prospective bidders must state in their proposal the exact earnings credit rate they used for business accounts for the month of March 2004 (or the rate the bidder chooses to bid). This rate will be used evaluation of the vendor proposals and in determining the final award of the contract.
- b. For each month of the contract, the contractor shall calculate the Earning Credit Rate as follows:
 - (1) Determine the 3-month T-Bill "ask Yield". The contractor is to use the last Monday of the month's Wall Street Journal, unless the Monday is a holiday and the financial markets are closed. In such cases, the next business day's Wall Street Journal is to be used. In the Wall Street Journal, refer to the sections titled "Treasury Bonds, Notes, and Bills." The close date is noted near the title. Under the subsection "Treasury Bills", determine the 91-day "ask Yield."
 - (2) Proportionately adjust the rate the vendor had identified in "1." above for changes in the 3-month T-Bill "ask Yield" change from the start of the month to the end of the month and apply to the average daily float for the month.

Example:

 - Vendor identifies 3% as the earnings credit rate in their response to the RFP.
 - 3-month T-Bill "ask Yield" rate increases from 2.5% to 2.7%, i.e. 1.08% increase.
 - Vendor increases the earnings credit rate by 1.08% from 3% to 3.0324%.
- c. The Earnings Credit Rate calculation using the contract differential will be calculated monthly by the Contractor and verified with the Contract Administrator before the account analysis statement is prepared.



d. A bid proposal will be disqualified if these Earnings Credit Rate terms are not accepted. To assure a common understanding on the application of this earnings credit section, the vendor shall provide an example in their response identifying how the available float balance is calculated and how the earnings would be calculated over a three-month period using varying 3-month T-Bill "ask Yields."

II.H. SAS 70 Audit

A bid proposal must include a copy of the vendor's most recent SAS 70 audit. A proposal will be disqualified if a copy of this audit is not included.

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

Topic:			
#01	Administrative Practices and Considerations: Cost Model	Question: [Pgs 66 & 67: RFP - Section II-C-4 (f), (g), & (h)] Is the State expecting costs for these to be included in price proposal or in technical proposal?	State's Response: The float earnings proposal and calculations must be presented in the technical proposal, whereas the Cost Model should stand on its own. The State will evaluate float earnings within the technical proposal with the objective of obtaining the best return to the State.
#02	Administrative Practices and Considerations: Cost Models	Question: (RFP II-F, II-G and II-H) Should the information requested in II-F, II-G and II-H be included in II-E - Price Proposal due to the financial aspects of these sections?	State's Response: Responses to II-F, II-G and II-H should be part of the technical response and not part of the Cost Models. None of these items represent separately billable costs. Earnings on float will be evaluated separately from the Cost Models.
#03	Administrative Practices and Considerations: Cost Models	Question: (RFP II-F-1) Please clarify the last paragraph on page 66. Which portion of the RFP is being discussed?	State's Response: The paragraph establishes the need for timeliness in determining monthly float earnings so that the float earnings may be used by the State, if it so chooses, to offset vendor billings to the State. However as stated in the RFP, the float earnings are income to the State, and the State retains the option as to how and when the float earnings shall be used.

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and

Written Inquiries through May 13, 2004

#04	Administrative Practices and Considerations: Cost Models	<p>Question: (RFP – Appendix A.2.) Many of the tasks, functions and services to be proposed cannot be independently isolated down to a line item cost. To what level and degree does the state retain the option of selecting services it deems necessary? Is the selection of services limited to the major Cost Models A-I through A-VIII, or is it possible that selection would be made within an individual Cost Model such as choosing not to include web inquiries under Cost Model A-IV?</p>	<p>State's Response: The State retains the option of selecting or rejecting individual items within the Cost Models or an entire Cost Model component. The State is interested in acquiring the best value for each component and its member parts, but may choose to not acquire a component or its parts if it is not cost-effective or responsive to the State requirements.</p>
#05	Current Contract: Performance	<p>Question: (RFP - Appendix B) Supporting Documents; Performance Metrics: Has the current contractor failed to meet any of the performance metrics outlined in the current contract? If so, please specify for each incident the standard that was deficient, the standard goal and the actual performance level, the amount of penalty assessed, and the corrective action taken.</p>	<p>State's Response: The RFP contains additional performance measures than what had been specified in the current contract. Information on the current contractor's past performance is not required for a bidder to respond to this RFP.</p>

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

#06	Current Contract: Staffing	<i>Question:</i> (RFP – General) Please provide current staffing levels for the MISDU.	<i>State's Response:</i> Staffing levels of the current contractor are not available.
#07	Current Contract: Staffing	<i>Question:</i> (RFP – General) Please provide total number of staff hours by position in the current operation for the State Disbursement Unit?	<i>State's Response:</i> The number of staff hours by position in the current contractor environment is not available. The State focus is on contractor performance.
#08	Current Contract: Payment Method	<i>Question:</i> (RFP – General) Can the state provide a copy of the current vendor's invoices by month for the last year of operations?	<i>State's Response:</i> Current contractor invoices are based on a billing structure, which differs significantly from that being proposed in the RFP. Current vendor invoices is not needed in order for bidders to respond to this RFP.

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

#09	Employers	<p><i>Question:</i> (RFP § II-C-2 (a) 3) Please provide additional information on the non-standard electronic payment method utilized for the State of Mi payroll and Ford Motor.</p>	<p><i>State's Response:</i> The State of Michigan transfers an electronic file of withholding information for State employees separately from the electronic banking transfer. The MISDU is required to connect the two and validate prior to processing into MICSES. Ford Motor provides an electronic file of withholding information to one of its servers, which the MISDU pulls into the MISDU. At that point the MISDU connects the information with an electronic banking transfer from Ford. This represents only Ford employees that have income withholding orders issued by Wayne County.</p>
#10	Employers	<p><i>Question:</i> (RFP II-C-2 (d) (3)) Has the State preformed any assessments of the outreach provided to employers to date? Will the State share the assessment with vendors?</p>	<p><i>State's Response:</i> No formal assessments are available. However, the State currently assesses outreach based on the percentage of employers remitting payments. 28% of employer payments are receipted electronically by the MISDU. The level of employer participation is higher than many other SDU's, and the MISDU intends to continue with an aggressive employer outreach strategy.</p>
#11	Employers	<p><i>Question:</i> (RFP: general) Is there a standard Employer Remittance document generated by MICSES or by the current vendor? If so, please provide a copy.</p>	<p><i>State Response:</i> There is no standard employer remittance document. No design has occurred.</p>
#12	Employers	<p><i>Question:</i></p>	<p><i>State's Response:</i></p>

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

		[RFP Page 35 § II-C-2a (5)] Vendor is to capture FEIN's of employers. Does the Michigan MICSES currently have this information as part of an employer table?	The Federal Employer Identification Number (FEIN) is part of the employer table in MICSES. The State has required employers to identify FEIN as part of their withholding payments.
#13	Employers	<i>Question:</i> [RFP - Page 42, II-C-2d (3)] Can the State provide a list of the 100 largest employers currently remitting child support payments to the MISDU electronically?	<i>State's Response:</i> This list is not currently available. The State expects the vendor to focus on the 100 largest employers not yet remitting electronically to the MISDU. Identification of that group of 100, outreach strategy development and execution will need to be part of the Transition Period Tactical Plan.
#14	Equipment	<i>Question:</i> Current equipment should not be taken into consideration for use by new vendor; so then, is any of this equipment available to be purchased as "used?"	<i>State's Response:</i> Current equipment reverts to the State and may be available for public auction following normal State policies and practices. However it will be fully in use by the MISDU until the transition to a new vendor on 02/01/05. Availability for purchase would not occur until after the current contractor has completed their engagement and then must be disposed of according to State disposal practices.
#15	Equipment	<i>Question:</i> (RFP - Page 57 § II-C-3-f-1) Does the requirement, ...to propose and use equipment other than that (which is) currently in use at the MISDU, apply to the current vendor as well (as any other vendor competing for the award), ...?	<i>State's Response:</i> Yes: The requirement for new, current technology equipment applies to all vendors, including the current vendor.

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

#16	Facilities	<p><i>Question:</i> Office space: big difference between 4000 and 15000 sq feet of space:</p> <ul style="list-style-type: none"> - Any requirements for lease hold improvements? - If so, then what is the minimum? - What would space be used for? 	<p><i>State's Response:</i></p> <ul style="list-style-type: none"> - The purpose for the 15,000 sq foot location is to have an opportunity to centralize other state staff, in order to be in a closer proximity to the SDU. Those State staff would have their own equipment, supplied by the State, and have access to only their specific assigned area and subject to appropriate vendor security; - Vendor must provide a finished area, including necessary building support facilities, that the State would occupy and furnish with its own equipment and modular furniture, to accommodate State staff. Proposal should reference the Cost Model (added) for further clarification. Any additional changes and associated costs for future renovations would be negotiated at that time. - Vendor must meet State requirements for minimum standards of space per FTE and local building standards for support facilities such as restrooms, communications connectivity, electrical power, heating and cooling, hallways and ADA access, etc.
#17	Facilities	<p><i>Question:</i> [RFP II-C-4 (a) (1)] Does the state require 12 separate physical offices for each state staff or will cubical space be acceptable? How many meeting rooms are required? Is there a minimum square</p>	<p><i>State's Response:</i> Within the 4,000 square feet for the State MISDU staff, the State requires ten full wall offices, six modular cubicle offices, two conference rooms, a break room, and related storage space. One office will be for a division director: nine will be for manager, technical</p>

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

		footage per staff office? Is this 4,000 square feet of space required to be in the same contiguous space as the collection center?	or auditor staff; six modular units will be for accounting technical staff. It must be contiguous to the collection center. A floor plan will be collaboratively developed with the vendor immediately following award of this contract.
#18	Facilities	<i>Question:</i> [RFP II-C-4(a) (3)] Does the state require any leasehold improvements for the 15,000 square feet of office space? If so, is there a minimum square footage per staff office and will cubicle space be acceptable? Is this 15,000 square feet of space required to be in the same contiguous space as the collection center? Please provide the number of staff that will be working within this space in order for vendors to provide an appropriate facilities plan to include parking and restrooms.	<i>State's Response:</i> Approximately 100 State office staff will be housed in the 15,000 square feet. It is required the space be contiguous to the collection center. Office space use will follow State guidelines, which can be found at www.michigan.gov/dmb .
#19	Financial Considerations: Banking – Sub-contractor Account	<i>Question:</i> [RFP - Page 37 § II-C-2a (6)] Proposal says vendor is allowed to use the existing MISDU bank accounts with Bank One and owned by the MFIA. Please confirm the assumption that the vendor will still be responsible for all banking fees even if the contractor uses the existing accounts. If the vendor will be responsible, please	<i>State's Response:</i> The bank account will be owned by the State, but vendor is responsible for all banking fees. There is no provision for the vendor to charge the State separately or additionally for banking fees. Fee costs must be included with the unit rate charges quoted by a vender (see Cost Models). Vendor is responsible for establishing its own relationship

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

		provide a copy of the last three months Bank One charges for the project.	with any sub-contractor, and responsible for negotiating its own costs or fees so that its quoted price-rates per unit of service in this RFP are competitive. Current information is not readily available to the State; however, copies of any approved sub-contracts may be accessed via FOIA.
#20	Financial Considerations: Banking - Account Reconciliation	<i>Questions:</i> [RFP § II(C)(2)(f)] With respect to ACH transactions, will the state please verify whether "RCK" transactions should be ARC?	<i>State's Response:</i> Represented Check (RCK) or "Re-Represented Check" entries are the result of a new electronic payments application available through the Automated-Clearing-House Network (ACH). For some time now, the banking industry has permitted conversion of physical checks to electronic transactions for the purpose of clearing. RCK Presentment is the version of this function used to convert paper check returns to electronically resubmitted checks. The State is also interested in the application of the Accounts Receivable Entry e-check application (ARC). In the ARC check conversion process, a consumer's check sent to a remittance location is converted into an ACH debit.
#21	Financial Considerations: Banking - Sub-contractor	<i>Question:</i> (RFP II-C-2 (a) 6) If the vendor chooses to establish Bank One as a sub-contractor, will the existing MiSDU bank account owned by the FIA be utilized or will a new account(s) be required?	<i>State's Response:</i> The existing bank account utilized by FIA will continue to be used as part of that sub-contractor relationship.

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

#22	Financial Considerations: Banking – sub-contractor	<i>Question:</i> (RFP I-C-2 (a) 6) If the vendor chooses to establish Bank One as a subcontractor, and the existing MISDU bank account owned by the FIA can be utilized, who is responsible for banking fees?	<i>State's Response:</i> The vendor is responsible for the banking fees that accrue from the use of that account. As indicated in the RFP, those banking fees must be embedded within the unit services rates that are identified within the Cost Models. No separate banking fees may be billed to the State except for exception conditions such as bank images or stop pays as identified in the Cost Models.
#23	Financial Considerations: Banking - EFT/EDI	<i>Question:</i> (RFP - Page 53, Section II-C-g-1) EFT/EDI requires the vendor to meet certain levels of both incoming and outgoing EFT transactions. Can the State please provide the current EFT percentages seen by the State and current vendor for these EFT transactions?	<i>State's Response:</i> The MISDU receives approximately 22% of inbound transactions electronically, and it disburses approximately 29% electronically.
#24	Financial Considerations: Banking - EFT/EDI	<i>Question:</i> (RFP - Page 53 Section II-C-g-1) Would the State consider passing legislation requiring the use of EFT for the payment and receipt of child support payments?	<i>State's Response:</i> At this time, the State has considered such legislation, but it continues to assess the potentials and impacts.
#25	Financial Considerations: Collateral	<i>Question:</i> RFP - Requirements, Bulletin BT-10001 and schedule of deposits of State Funds and Collateral requirements will this meet the collateralization requirement?	<i>State's Response:</i> The Michigan Treasury Department Bulletin BT-10001 Effective 4-1-2002 is the current State policy on Deposit of State Funds and Collateral Requirements.

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Chlld Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

#26	Financial Considerations: Collateral	<p><i>Question:</i> [RFP Page 32 § II-C-1] Collateral requires the contractor to provide collateral to cover all monies left in the bank account. If the contractors banking model includes the use of a sweep account into which the funds are moved each night, and the funds are invested in only securities meeting the requirements for collateral as defined in Attachment B, Supporting Documents, Michigan Treasury Department Requirements, Bulletin BT-10001 and schedule of deposits of State Funds and Collateral requirements, will this meet the collateralization requirement?</p>	<p><i>State's Response:</i> Collateral is required for demand accounts and time deposits of funds. If a sweep account is used and the swept-funds are invested in securities, meeting the State Collateral requirements and processes, those securities must then be placed in the name of the State with an independent custodian, as defined in the RFP's Appendix B (BT-10001). Under those conditions, collateral would not be required for those invested funds.</p>
#27	Financial Considerations: Escheats	<p><i>Question:</i> [RFP Page 44, II-C-2d (2)] The vendor understands that no current experience is available for this function. However, can the State provide the number of unidentified transactions currently encountered annually at the MISDU?</p>	<p><i>State's Response:</i> The State will be initiating its first escheat process in July 2004. Current accrued monies that are unidentified represent a partial view of the transactions qualified for escheats and are as follows: 7985 Unidentified - \$954,535.13 52 Unidentifiable - \$4,256.66 1791 Interstate - \$198,615.95 The vendor is required to have processes in place and staff capability to research and resolve unidentified receipts and undeliverable payments.</p>

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

#28	Financial Considerations: Float Earnings	<i>Question:</i> Since banks will not give earnings on float, rather only on the invest-able balance (not on the float balance), so does the state actually need the float earnings rate or the regular earnings credit?	<i>State's Response:</i> The State must know how the rate will be applied. If any idiosyncrasies exist with regard to how the interest bearing float balance is determined, those should be identified in the proposal. A definition of "investable balance" should be included, and as indicated in the RFP, the vendor must prepare and submit as part of its response an example showing how the float would be calculated over a three-month demonstration period.
#29	Financial Considerations: Float Earnings	<i>Question:</i> (RFP II-C-2, #6) Please provide information regarding current application of account float to charges?	<i>State's Response:</i> The current application of float earnings is not the way in which the State wants float earnings to be applied under the new contract. The vendor should respond specifically to the requirement of the RFP.
#30	Financial Considerations: Float Earnings	<i>Question:</i> [RFP - Page 37 § II-C-2a (6)] The last bullet on this page references the fact that "The State will retain earnings on account float and apply to charges it deems appropriate." Is the depository account for the SDU to be owned jointly with the State, or is it "owned" by the Vendor?	<i>State's Response:</i> The reference is to the MISDU bank accounts established in support of the daily MISDU operations. Those accounts will be owned by the State.
#31	Financial Considerations: Float Earnings and Float Credit	<i>Question:</i> Pg 32 – collateral – verify 90 mill is for banking service; Pg 50-66 & 67: clarify what is meant by "float earnings and earnings credit?" and methodology of how those	<i>State's Response:</i> The State has estimated collateral requirements at \$90 million for the banking service that must then be reevaluated throughout the life of the contract. The State owns and is to be

FIA-OCS
 Michigan State Disbursement Unit
 Request for Proposal
 Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
 and
 Written Inquiries through May 13, 2004

		<p>earnings are calculated; could it be part of award negotiations . . . ?? rather than a requirement to include w/proposals?</p>	<p>allowed to apply the float earnings however it feels it is appropriate. Float earnings will not belong to the vendor.</p> <p>Two options are available in calculating float earnings: (1) propose a specific return on float; or (2) propose float on current business relationships, i.e. the earnings credit rate which the vendor used for business accounts for the month of March 2004;</p> <ul style="list-style-type: none"> - However, the State expects float earnings receipts will go to the State. <p>Vendor proposed float earnings will be evaluated by the State to assure the best return to the State. The prime vendor must establish its own relationship with its banking partner and assure the float earnings are available for use by the State.</p>
--	--	---	---

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

#32	Financial Considerations: Suspense	<i>Question:</i> (RFP: general) Please provide volumes for each category the vendor is expected to work on the Suspense Report.	<i>State Response:</i> The vendor responsibilities for working suspense are identified the RFP, Attachment B, 12. MICSES Suspense Request Actions. An overall estimate is provided in the RFP Cost Model. The volumes by types of suspense code requests have evolved as MICSES deployment has been completed. Currently it is estimated that of some 800 +/- suspense action requests per week, an estimated breakdown is: SCBA 1%, SFEX 12%, SIWI 4%, SJTO 2%, SNAO 50%, SNEX 10%, SSRE 5%, Misc. 16%. These will fluctuate based on fuller implementation of MICSES functions and greater accuracy of information in the MICSES database.
#33	Financial Considerations: Suspense	<i>Question:</i> (RFP: general) Please describe the role of the vendor in working suspense items that are dated prior to 2/1/05.	<i>State Response:</i> The vendor would be responsible beginning 02/01/05 for the processing of all suspense action requests that arrive at the MISDU 02/01/05 or later. Any residual requests previously received by the preceding contractor will be brought to closure by that contractor.
#34	Financial Considerations: Suspense	<i>Question:</i> (RFP: General) Are any volume-estimates available (for suspense payments)?	<i>State's Response:</i> Refer to the response to question 36 for further volume estimates for specific types of suspense payments.
#35	Financial Considerations: Payments	<i>Question:</i> (RFP - page 52) NSF's: Please provide total number of NSF checks and	<i>State's Response:</i> Until October 2003, there were counties that receipted all of the obligor payments. Transition has continued to occur with April 2004 achieving a peak level of

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

		NSF dollar value received by month for the last year of operation.	\$140,000,000 in total receipts. For the month of April 2004, NSF and Stop-Pay volumes were: <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;"><u>Items</u></th> </tr> <tr> <th style="text-align: left;"><u>Amounts</u></th> <th></th> </tr> </thead> <tbody> <tr> <td>NSF</td> <td style="text-align: right;">127</td> </tr> <tr> <td>\$42,612</td> <td></td> </tr> <tr> <td>Stop-Pay</td> <td style="text-align: right;">49</td> </tr> <tr> <td>\$29,968</td> <td></td> </tr> </tbody> </table>	<u>Items</u>		<u>Amounts</u>		NSF	127	\$42,612		Stop-Pay	49	\$29,968	
<u>Items</u>															
<u>Amounts</u>															
NSF	127														
\$42,612															
Stop-Pay	49														
\$29,968															
#36	Financial Considerations: Payments	Question: (RFP – General): Please provide the total number and dollars associated with the misapplied payments by month for the last year of operations.	State's Response: This information is not currently collected but will be required under the new contract.												
#37	Financial Considerations: Payments	Question: Are payments posted to the member level, or the docket level, or the IV-D case level? (Two identifiers were needed and all fields were mandatory; so to which levels is MISDU posting?)	State's Response: The State requires two identifiers. The State posts specifically to a docket and a client (obligor); any further allocation action in terms of other cases for the obligor is handled by MiCSES automatically. Interstate receipts can post using only a IVD number as identified in the RFP. Posting criteria and rules are in the RFP Appendices. There is some federal interest in using IV-D number on a broader scale in the future for all receipts. The vendor must be prepared to make such a transition in its business rules and software if such a new direction is established by the federal OCSE. No additional one-time charges would accrue at such time a transition is made to IV-D posting for non-interstate												

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

			receipts. MiSDU posts specifically to a docket and a client; any action in terms of other cases is handled by MICSES to a specific docket, also related to a specific client; interstate cases post using a IVD number.
--	--	--	--

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

#38	Financial Considerations: Payments	<i>Question:</i> (RFP § II-C-2 (a) 3) Please provide additional information on the electronic transfer of monies receipted by the FOC's and identified within MICSES. Does the FOC post into MICSES or do they forward posting information to the SDU for posting within MICSES?	<i>State's Response:</i> The FOC's post directly into MICSES. The related monies are pushed to the MISDU electronically by the FOC's through their banks. The MISDU vendor will assure adequate monies have been pushed to equal the entries made by the FOC's to MICSES. The MISDU vendor either resolves any discrepancy with the FOC or releases the transactions in MICSES for processing if in balance.
#39	Financial Considerations: Payments	<i>Question:</i> (RFP: general) Please confirm that payments are posted to the docket & client level except for Interstate payments which are posted to the IVD# level.	<i>State's Response:</i> Refer to State's response to question above.
#40	Financial Considerations: Payments	<i>Question:</i> (RFP: general) What is the current percentage of error free posted payments?	<i>State's Response:</i> The MISDU posts 97.8% of the transactions the day of receipt based on complete and correct identifiers having been provided.
#41	Financial Considerations: Payments	<i>Question:</i> (RFP: general) Please provide a sample of the current Obligor NCP Coupon utilized?	<i>State Response:</i> An image of the coupon can be found at http://misdu.com under Client FAQ's, What Other Forms are Available?"
#42	Financial Considerations: Payments	<i>Question:</i> (RFP I-C-2 (a) 6) Is the vendor required to continue to accept checks from a payer that has submitted a NSF or a stop-pay check?	<i>State's Response:</i> When a payer has submitted a NSF or stop-pay check, the vendor must notify the payer that the MISDU will only accept certified checks or money orders thereafter. The notice must also request the payer to make-whole on the NSF. The

FIA-OCS
Michigan State Disbursement Unit
Request for Proposal
Accounting / Child Support Collection /and Payment Services

Pre-Proposal Conference - Monday, May 10, 2004
and
Written Inquiries through May 13, 2004

			letter must also provide the payer the opportunity to explain any extenuating circumstances and the opportunity to request reinstatement of check writing privileges after making whole.
#43	Financial Considerations: Payments – Current Contract	<i>Question:</i> [RFP Page 27] The State notes that, "The receipting of payments and disbursement of payments must be made more efficient and less costly." Please provide the pricing under which the current vendor operates.	<i>State's Response:</i> The current payment method (or method of reimbursement) under the current contract is not based on a rate per unit of service. This RFP asks for a proposal for operation of the MISDU that is substantially different from the original contract that developed the initial operation. This section of the RFP emphasizes the State's need for the next vendor to promote the use of electronic technology for receipts and disbursements and customer services functions, with an expected result of a reduction in overall operating costs. Further information from the current contract is available under FOIA.
#44	Financial Considerations: Vendor Make Whole – Payment Recovery	<i>Question:</i> [RFP Page 37 § II-C-2a (6)] RFP states the vendor is not able to collect on remaining misapplied payments after the contract has ended with the State of Michigan. Please provide the maximum allowable offset amount, the collection percentage of misapplied payments for the last year of operations and the contractor's anticipated remaining misapplied balance at the end of their contract with the State.	<i>State's Response:</i> If the vendor has been misapplied monies vendor, but not yet disbursed them, recovery can be accomplished immediately through adjustment transactions within MICSES. If disbursed, the MICSES allows the vendor to establish a recovery account on a case where the vendor has misapplied monies and has made whole. There is no maximum recovery amount. Vendor recovery only occurs after requirements have been met for current support, arrears, welfare assistance