

IV.B.2.3 Research and Resolution Services [ITB II.C.2.b]

Tier understands the need to keep Undisbursed Collections (UDC) under control, especially as the federal Office of Child Support Enforcement (OCSE) is considering it as an incentive category. Tier brings to the table experience working with our federal partners as well as a host of states and employers across the nation to identify common issues found in UDC and uniformly categorize UDC. The MiCSES Suspense Request Actions from the Invitation to Bid (ITB) Appendix B are defined as UDC in this proposal.

We understand the large majority of UDC/Misapplied are not created by vender error, but instead are caused by a variety of factors such as employer/non-custodial parent (NCP) remittance error and case maintenance issues. To better serve our clients Tier has developed a program that easily integrates with MiCSES to facilitate the process of adjusting receipts posted incorrectly and the posting of receipts held in suspense due to lack of identification (UNID) or held due to case maintenance issues.

Tier proposes to use our Online Resolution System (ORS) to track and respond to requests for receipt adjustments from the Friends of the Court (FOC) and the Michigan Office of Child Support (OCS). Tier's ORS, along with our state-of-the-art imaging software (Image Access), will give the state of Michigan complete real time access to the status of requests submitted for receipt adjustments and UNID posting. Tier will use the ORS in addition to posting to MiCSES UNID and working within MiCSES to make the receipt adjustments. We will form a team whose members are fully trained in MiCSES, the Michigan OCS, and federal (the Personal Responsibility and Work Opportunity Reconciliation Act [PRWORA]) policy guidelines and who are completely dedicated to the reduction of Michigan's UDC/Misapplied.

The Swat Team Approach to Reducing and Controlling UDC / Misapplied Payments

A 2.2 % UDC/Misapplied rate on an average of 30,000 transactions daily translates to more than 650 payments denied to Michigan families every day. It is our goal to reduce this rate by 30% in the first six months of operation. Based on our experience in Kansas—where the implementation of a Suspense Reduction Team and the ORS reduced their UDC/Misapplied by more than 40% in only a few months—we believe this is an achievable goal. The tracking of adjustments in ORS produces statistical reports that will aid Michigan in identifying areas where reorganization, training, and system changes may help in the effort to reduce UDC/Misapplied.

The cornerstone to any successful UDC/Misapplied reduction effort is training in the form of communication, via phone and mail, with all parties involved in creating the errors. This communication is a key element in Tier's UDC/Misapplied reduction process because without a strong effort to communicate and train customer service representatives (CSRs), the problems that cause UDC/Misapplied and the resulting cleanup efforts will continue.

Transactions are researched vigorously throughout the resolution process. If the research resolution is not found in MiCSES or other database resources available to Tier, the next step is making telephone calls. Telephone calls are followed by mail contacts. The Research Resolution Team makes, at a minimum, one telephone call and one successive mail contact to the payer.

- ◆ All telephone calls and mail contacts are tracked and recorded for audit purposes and are available for client review.
- ◆ It is Tier's policy to obtain at least two identifiers to confirm accuracy for posting each payment received. These identifiers may consist of Payor Name and social security number (SSN), Payee Name and one Court order, Court order and Child name, etc. Prior to the funds being

posted to the court order, verification is made to confirm all information matches what is shown in the database.

- ◆ All attempts to contact the payer are documented in Tier's database for audit purposes.
- ◆ Tier agrees to follow the State's policy of accepting IV-D case numbers alone as acceptable identification when posting interstate payments.

The Research Resolution Team will use historical MiSDU postings to help resolve subsequent unidentifiable payments. The research module of Kids1st[®] was designed to allow for quick payment research. This module displays the images of the payments along with the posting data. Kids1st provides the following ways to search for a payment:

- ◆ Financial Instrument
 - Check number
 - Check amount
 - ABA Routing/bank account number
- ◆ Maker Select
 - Check Maker Name
- ◆ NCP Select
 - NCP name
 - NCP SSN
 - Case number
 - Remit amount
- ◆ Batch/Envelope
 - Transaction ID

When searching by any of these methods, Kids1st will display the data associated to the payment in addition to the images of the payment and all associated documentation. When more than one payment meets the search criteria, the user can view each payment by simply clicking on the choices listed on the left side of the screen as depicted below in Figure IV.B.2.3-1.

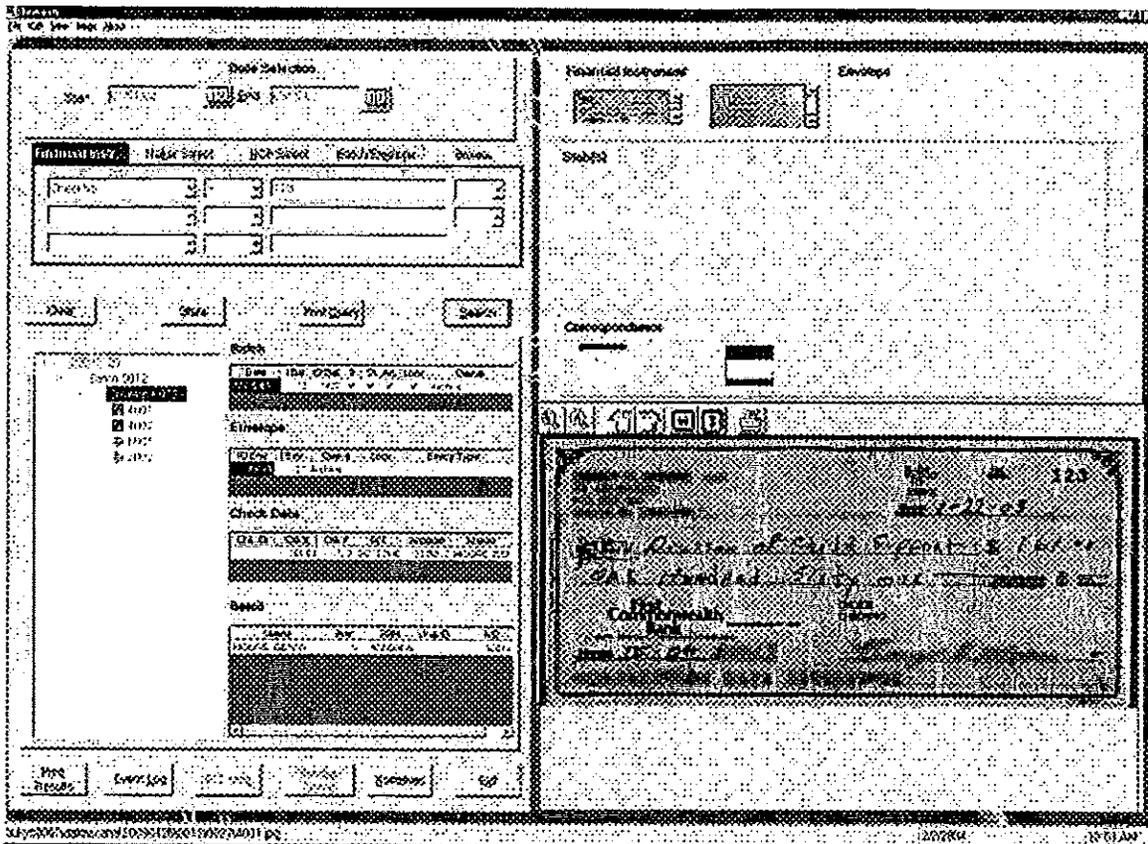


Figure IV.B.2.3-1. Users can view each payment by simply clicking on the choices listed on the left side of the Kids1st Researched Item Screen.

Tier's special handling procedures discussed above have been developed through years of processing child support payments. Our Kids1st application is constantly evolving to ensure we provide our clients with the best payment processing solution possible. Kids1st, combined with the workflow and skilled staff, provides an unmatched solution for the State of Michigan.

- ◆ When multiple identifiers are in conflict and telephone calls or research do not clarify the conflict completely, Tier prioritizes the use of those identifiers in accordance with the States business rules. When confronted with conflicting identifiers, using an IV-D case number over a non-matching NCP SSN would be an example of using the State's business rules. Tier will always attempt to make direct contact with payers to confirm payment identification.

- ◆ As part of the research process Tier considers the possibility of number transposition, misspelled names, and the CP or child's name if provided, to resolve unidentifiable payments
- ◆ Tier's ORS provides a variety of reporting options. Tier will work with the State to create the reports that best serve FOC and MiSDU. At the very least, on a daily basis the Research Resolution Team will provide MiSDU with an aged detail and an aged summary status report of all research transactions.
- ◆ At the end of each business day all receipts are resolved as:
 - Posted to a case
 - Unidentified
 - Resolved as sent in error and marked "misdirected".
- ◆ Tier's state-of-the-art Image Access and Kids1st applies a unique identifier to each receipt and image. This unique identifier stays with the receipt and the image throughout all the adjustments made to the receipt. This provides a complete and accurate audit trail.
- ◆ The Research Resolution Team procedure includes written notification to employers, NCPs and other payers of changes needed to prevent future remittance errors. Templates are created to streamline this process and ensure uniformity in communications.
- ◆ Tier will coordinate with the FOC, OCS Special Initiative Unit, and Central Functions Unit on customer service functions and issues. We will work as partners with all affiliated groups to ensure customer satisfaction.

Online Resolution System (ORS)

Tier takes pride in our innovative solutions for providing exceptional customer service to our clients. Our ORS is just one such solution we offer. This system allows state and county child support workers to interact with our world-class research specialists over the Internet: Michigan child support workers and FOC can submit electronic requests for our research

specialists to address. In addition, the ORS provides an immediate audit trail of the request to the worker.

Tier has worked with the state of Kansas in our Kansas Payment Center to fine-tune our ORS and is proposing to utilize the same system for Michigan's Research Resolution Services. The ORS will be customized to Michigan's requirements for each specific request and will have a MiCSES specific interface.

The purpose of the ORS is:

- ◆ To enhance customer relations
- ◆ Speed response times for requests
- ◆ Clear the backlog
- ◆ Provide research specialists with needed information required for appropriate research
- ◆ Provide immediate feedback that a researcher is actively working the request
- ◆ Invoke objective program metrics and configuration management of research and resolution service requests.

Tier's ORS, as depicted in Figure IV.B.2.3-2, provides the following:

1. Michigan OCS staff and FOC have preformatted forms to use for minimizing the amount of typing while maximizing the information collected to process the request.
2. All requests are assigned a tracking number automatically by the system. Confirmation emails are sent to the user as the requests are assigned to a research specialist for resolution.
3. Research specialists have a series of auto responses as well as work flow controls to enhance productivity and reduce thorough time for research.
4. All issues are under configuration management control from inception to closure with metrics-based reporting to facilitate process and system improvement.

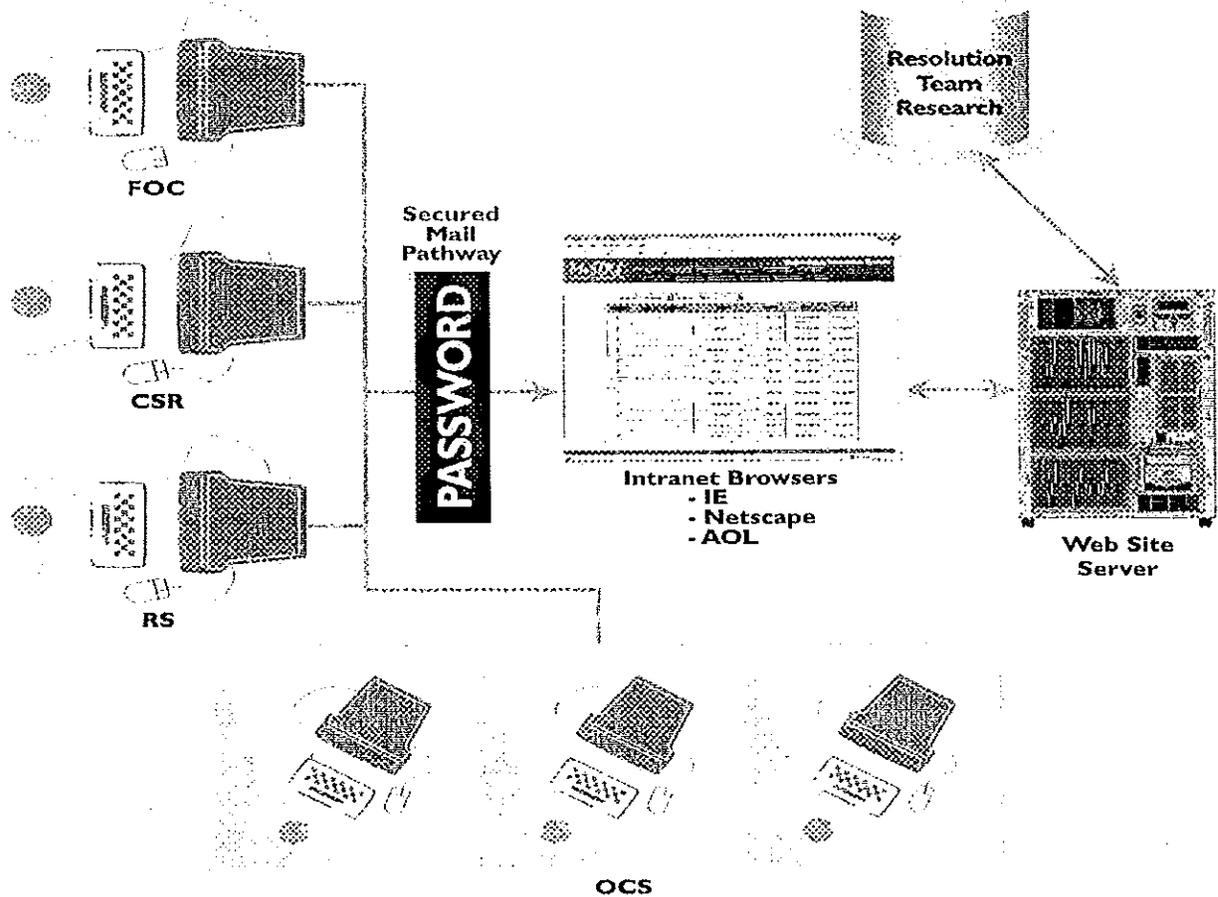


Figure IV.B.2.3-2. Tier's Online Resolution System (ORS) allows state and county child support workers to interact with our world-class research specialists over the Internet.

Tier's research specialists, Michigan child support workers, and FOC will use the system, housed on a secure website. The uniform resource locator (URL) will only be released to targeted users. Michigan child support workers and FOC will not require user IDs and passwords to access the system. The system responds to their submissions based on the email address that is supplied on the form. Upon accessing the URL, users are provided with a main menu from which to select their desired option. The menu, as depicted in Figure IV.B.2.3-3, allows users to enter research request regarding Missing Payments, Misapplied Payments, Adjustments to

a Payment History, Refund Requests, Additional Information, Unidentified Payments, all categories of UDC found on MiCSES Suspense Request Actions (Appendix B), and to Reopen an Initial Request.

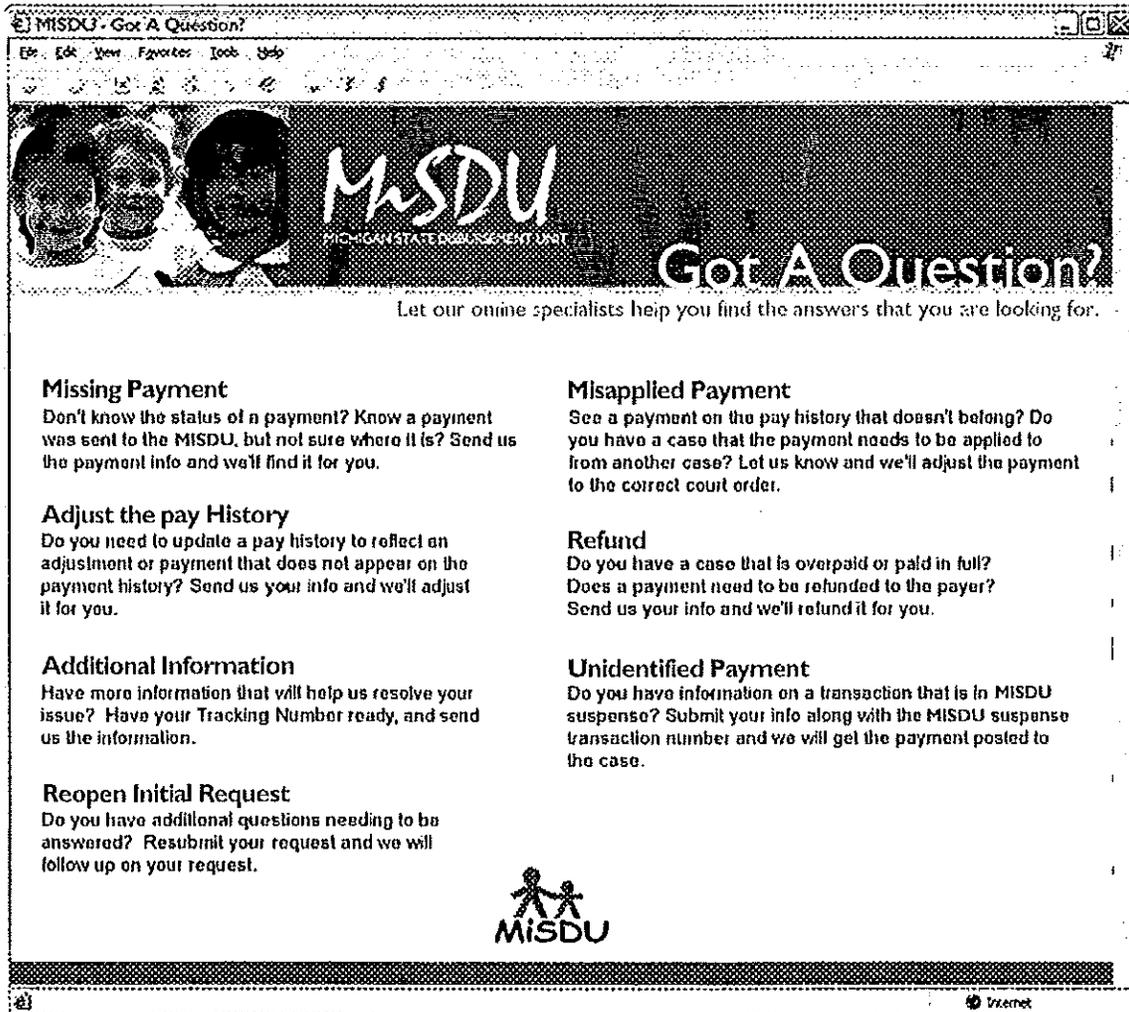


Figure IV.B.2.3-3. The ORS's Issue Resolution Main Menu offers users a number of options for beginning a request for research.

After a selection is made, the user is provided an online form for completion. The online form will prompt users to enter the required information that is needed to accurately complete their requests to full satisfaction. Each menu selection results in a different form presented. The form for an Unidentified Payment is depicted in Figure IV.B.2.3-4.

MISDU - Unidentified Payment Information

MSDU
MICHIGAN STATE DISBURSEMENT UNIT

Unidentified Payment Information

* * * fields are required back to help Home

Your Email Address *  Paste Previously Entered Info

Payor First Name * Last Name *

Choose ID Method * (SSN, SRS ID# or RFG Pin#) SSN ID Number *

Payor Street Address 1 Payor Street Address 2

City State

Zip Phone Number

County * (ALENAL) Court Order Number *

Payee First Name * Payee Last Name *

Choose ID Method * (SSN, SRS ID# or RFG Pin#) SSN ID Number *

Check Number Amount *

Date Range for Payment (mm/dd/yy) to Check Maker *

Do not exceed a 10 calendar day date range.

Bank Account Number Check Routing Number

Transaction Number *

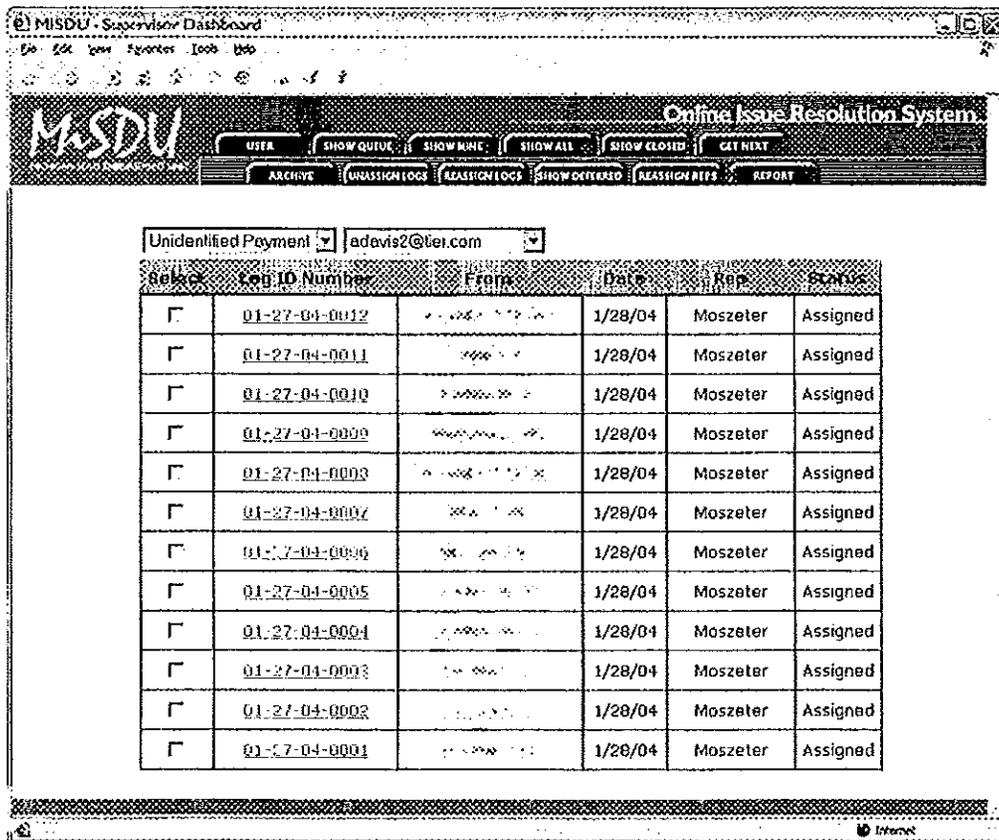
Please Type a Brief Description of Problem



Figure IV.B.2.3-4. The Input Screen facilitates users' ability to have their questions answered fully.

Once a user has completed all required fields and selects the Submit option, a message is displayed confirming their transmission has been successful. Additionally, the user will receive the first of three email confirmations with their tracking number and all information that was requested on this form. This provides an initial audit trail of the issue for the user.

Tier’s Research Specialist staff monitors the ORS daily. They access the system using a user ID and password. Each research specialist has access to all “unassigned” issues, which they can resolve. They also can view their assigned issues. Supervisors have the ability to assign specific issues to certain research specialists. A sample issue log is displayed in Figure IV.B.2.3-5. The system allows for updates of “open issues” and provides the option for supervisors to intercept a request or check the progression of a specific request that is being researched.



The screenshot shows a web browser window titled "MISDU - Supervisor Dashboard". The page header includes "MISDU" and "Online Issue Resolution System". Below the header are several navigation buttons: USER, SHOW QUEUE, SHOW AWC, SHOW ALL, SHOW CLOSED, GET NEXT, ARCHIVE, UNASSIGN LOGS, REASSIGN LOGS, SHOW DEFERRED, REASSIGN REFS, and REPORT. The main content area displays a table titled "Unidentified Payments Log" with a dropdown menu set to "Unidentified Payment" and a user ID "adavis2@tier.com". The table has columns for "Select", "Log ID Number", "From", "Date", "Rep", and "Status". All entries in the table show a date of 1/28/04 and a representative named "Moszeter", with a status of "Assigned".

Select	Log ID Number	From	Date	Rep	Status
<input type="checkbox"/>	01-27-04-0012		1/28/04	Moszeter	Assigned
<input type="checkbox"/>	01-27-04-0011		1/28/04	Moszeter	Assigned
<input type="checkbox"/>	01-27-04-0010		1/28/04	Moszeter	Assigned
<input type="checkbox"/>	01-27-04-0009		1/28/04	Moszeter	Assigned
<input type="checkbox"/>	01-27-04-0008		1/28/04	Moszeter	Assigned
<input type="checkbox"/>	01-27-04-0007		1/28/04	Moszeter	Assigned
<input type="checkbox"/>	01-27-04-0006		1/28/04	Moszeter	Assigned
<input type="checkbox"/>	01-27-04-0005		1/28/04	Moszeter	Assigned
<input type="checkbox"/>	01-27-04-0004		1/28/04	Moszeter	Assigned
<input type="checkbox"/>	01-27-04-0003		1/28/04	Moszeter	Assigned
<input type="checkbox"/>	01-27-04-0002		1/28/04	Moszeter	Assigned
<input type="checkbox"/>	01-27-04-0001		1/28/04	Moszeter	Assigned

Figure IV.B.2.3-5. The Unidentified Payments Log facilitates supervisors’ ability to update open issues.

As Tier’s research specialists access each issue, a second email notification is sent to the initiator that their issue is actively being worked. Once the issue is resolved, a third and final confirmation email is sent to the initiator describing the result of the issue.

The supervisors monitor the ORS throughout the day to ensure that queues are actively being worked. Figure IV.B.2.3-6 displays a sample summary report that the supervisor can use to monitor the issue queues. Most issues are cleared the same day received.

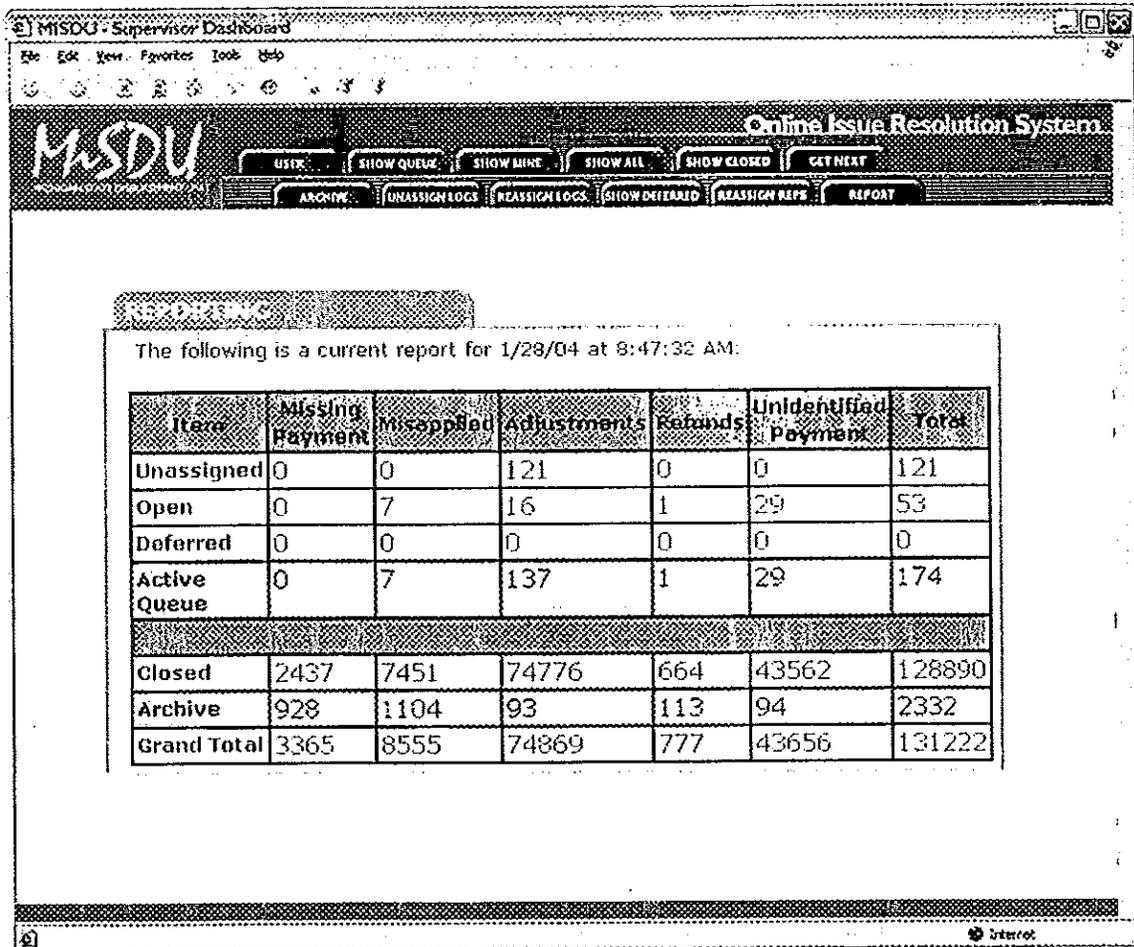


Figure IV.B.2.3-6. A Supervisor Summary Report permits issue queues to be monitored.

IV.B.2.4 Outputs, Print, and Distribution [ITB II.C.2.c]

Tier understands that the accurate and timely disbursement of child support payments is critical to the overall success of the MiSDU. As a group of dedicated child support professionals, we understand the importance of each child support disbursement, which often represents a Michigan family's rent, food, and/or utilities. The 48-hour timeframe established by the federal Office of Child Support Enforcement (OCSE) was implemented to ensure that child support funds are promptly available to recipients. The disbursement solution Tier proposes for Michigan was developed specifically to meet that requirement in high-volume states and guarantees that Michigan families will receive their child support promptly throughout the life of the contract.

Tier will provide services that deliver funds directly either to the custodial parent's (CP) bank account through direct deposit or to a prepaid debit card. Tier understands the benefits of increased electronic disbursement participation, including reduced costs, increased client satisfaction, and reduced undistributed collections. Our electronic disbursement card option is provided by U.S. Bank, a Tier team member with significant experience in providing these same services to human service agencies throughout the country. The experience of Tier's disbursement team will have a positive benefit for the State and will mitigate risk during transition activities and ongoing operations while providing an efficient and cost effective disbursement solution.

Introduction

Although disbursements are only one component of a State Disbursement Unit (SDU) operation, as a product of the operation, they are in many ways the most publicly visible component. CPs are most likely to find fault with the MiSDU or complain to the SDU if their disbursement is for the wrong amount or it's delivered late. Disbursements at most SDUs are made either by paper check or as an electronic direct deposit through

Solution Highlights

- *A disbursement solution based on experience of providing similar services to other large-scale SDUs.*
- *Check printing by Tier in the SDU facility achieves quality control and on-time production every day.*
- *Integrated electronic disbursement options that take advantage of US Bank's longstanding provision of electronic disbursement or debit card services.*
- *Professionally printed coupons include the option for Electronic Bill Presentation and Payment.*
- *Viewable images of paper and electronic disbursements available from the SDU's image repository.*

the Automated Clearinghouse (ACH) network. In addition, Michigan has taken a progressive approach to disbursement operations by requiring the use of electronic disbursement cards.

For the Michigan SDU disbursement operations to be considered successful, Tier must print and mail checks to the correct payee with exceptional accuracy and within very strict timeframes. Moreover, the State's desire to mail or transmit disbursements based on instructions received as late as 9:00 a.m. requires an infrastructure and associated procedures that are capable of processing large volumes in a very short timeframe. In addition, direct deposit and electronic disbursement card transaction files must be created and transferred to the SDU bank in a precise format and on an exact schedule to have funds available in the payee's bank account or card on the scheduled date.

Finally, the entire disbursement process must be accurately reconciled every day. The MiSDU requires a rigorous reconciliation process that accurately accounts for all disbursements and disbursement stock and mitigates the risk of check fraud. The reconciliation effort represents a challenging interaction between electronic processes and the production and accounting for paper items. Figure IV.B.2.4-1 shows an overview of the MiSDU disbursement process. Due to the federal and State timeframes, the sheer volume of disbursement transactions, and the number of disbursement options available, the State will be best served by a contractor that can deliver and manage the significant technical, accounting, and staffing capabilities simultaneously. Tier offers the benefit of our experience in implementing and operating similar disbursement operations for large SDUs including the skills and the knowledge required to successfully implement and operate the MiSDU disbursement function.

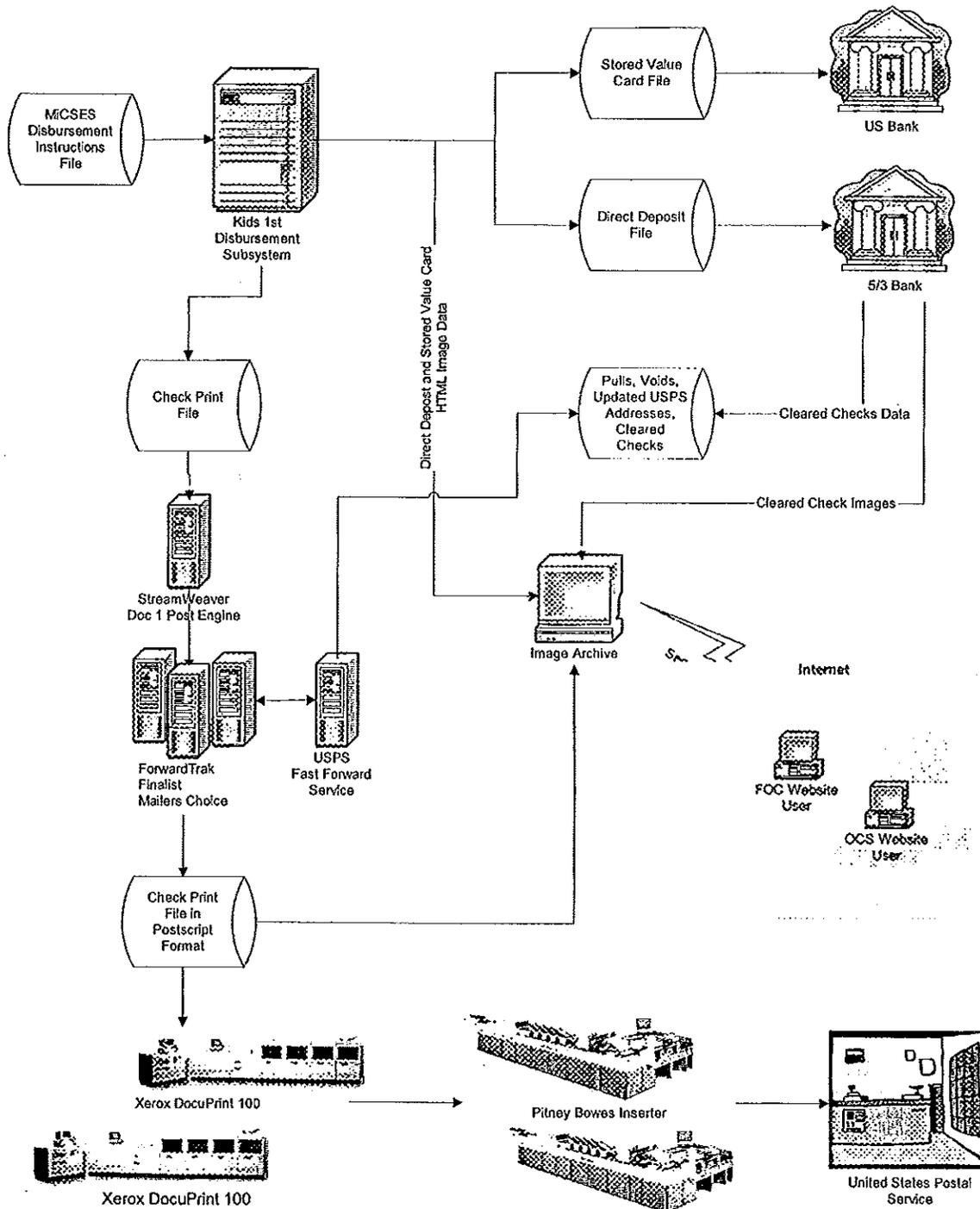


Figure IV.B.2.4-1. Tier's Disbursement operations provides a best-of-breed solution incorporating components from Xerox, Pitney Bowes, U.S. Bank, and the United States Postal Service.

Disbursement Operations

The Tier Team employs state-of-the art equipment, software, and processes to ensure that all disbursement functions consistently meet the daily performance standards set forth in the RFP.

Tier is proposing a dedicated, in-house printing and disbursement solution, consisting of proven technology and experience-based processes. Tier's use of the best available printing equipment and software together with procedures that are designed to maximize accountability and accuracy will have the MiSDU disbursement functions meeting or exceeding the daily performance standards set forth in the Invitation to Bid (ITB). The Tier disbursement solution is the result of our experience implementing disbursement operations for some of the country's largest human services programs, including the Ohio and Illinois SDUs. Tier is pleased to be able to propose a disbursement solution that uses proven state of the art equipment and software and best practices. Moreover, the solution we are proposing for Michigan provides a number of exciting innovations including the ability to display "images" of both paper and electronic disbursements in our image archive, which are discussed later in this section.

Tier will establish a secure disbursement operation in the MiSDU facility. With limited access, secured by our IrisScan security, the facility will accommodate all the equipment required to print and insert checks within the State's defined timeframes. The proposed disbursement process is very similar to the process Tier implemented and operated for the Ohio SDU and provides Michigan with a proven solution for the critical disbursement functions at the MiSDU. The remainder of this section is divided into a detailed description of Tier's disbursement solution for paper checks, direct deposit, and electronic disbursement cards.

Paper Check Disbursements

Tier's processes, state-of-the art software, and hardware solutions are designed to process disbursements within the timeframes mandated in the ITB. Our process, coupled with Xerox, Pitney Bowes, and Group 1, mitigates risk and ensures the long-term success for the MiSDU. Figure

IV.B.2.4-2 provides a high-level flowchart of Tier’s Michigan check disbursement operations.

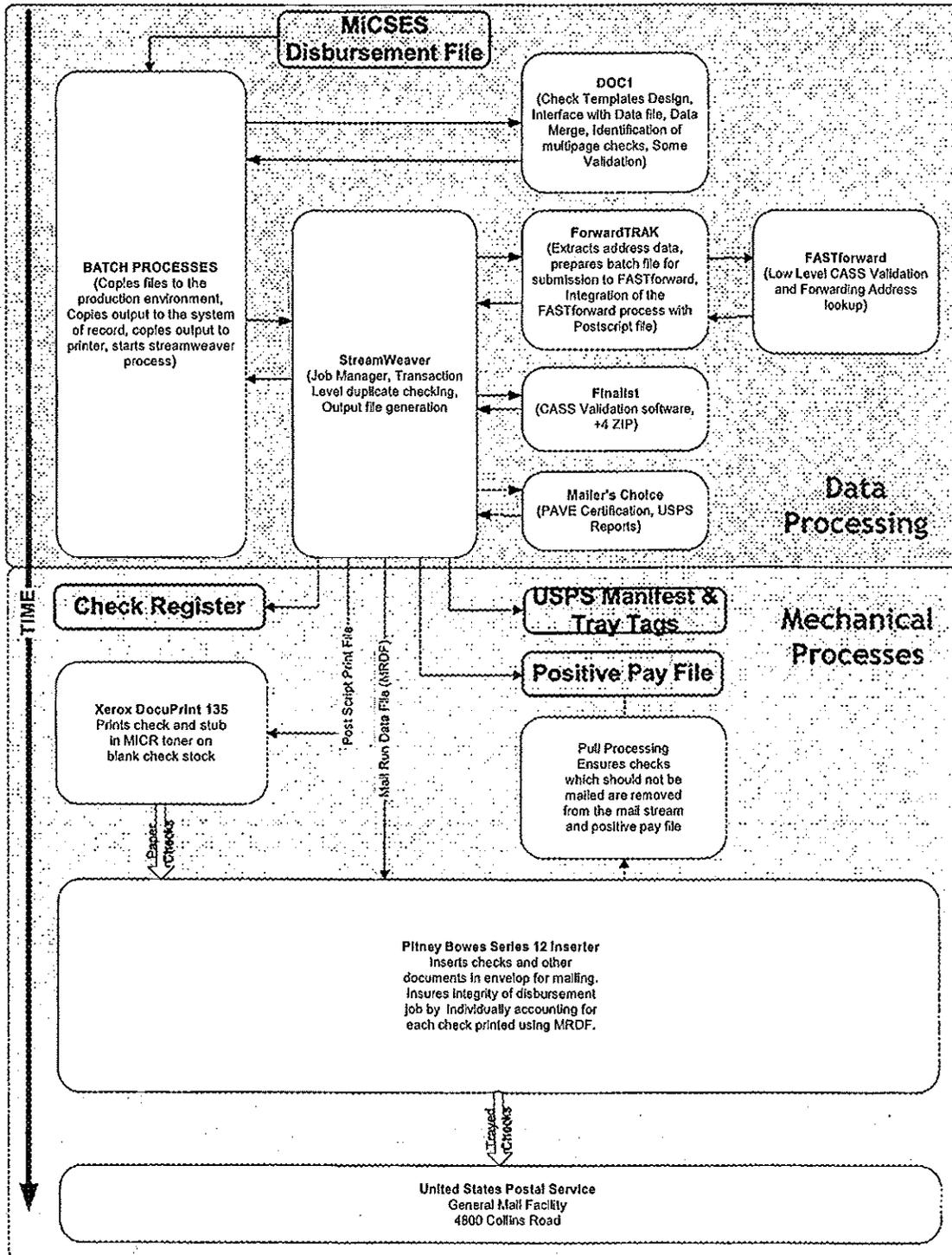


Figure IV.B.2.4-2. The MISDU disbursements flow will mitigate risk and facilitate success while also meeting the State’s requirements.

Tier will process each disbursement data file and format the data for check printing. The direct deposit and electronic or debit card disbursement records will be received and processed separately from the check file as discussed later in this section. The check disbursement records will be printed at Tier's Lansing facility. State-of-the-art software and hardware will be used for data integrity, data security, and to ensure the lowest possible postal rates (see Figure IV.B.2.4-3).

Tier's Robust Disbursement Platform	
HARDWARE AND SOFTWARE	
Description	Function
StreamWeaver	Pitney Bowes software product provides job management, transaction level duplicate checking, and output file generation
DOC 1	Pitney Bowes software product includes check template design, data merge, and identification
ForwardTRAK	Pitney Bowes software product extracts address data and prepares batch file for submission to the USPS FASTForward application for forwarding address lookup
FASTForward	USPS Application providing up to date forwarding address information
Finalist	Pitney Bowes software product performs CASS validation, appends +4 ZIP Code information, and creates POST Net barcode
Mailer's Choice	Pitney Bowes software product performs PAVE certification and creates tray tags and USPS Postal Manifest
Direct Connect	Pitney Bowes inserter control software uses barcode data for intelligent inserting and ensuring all documents printed are physically accounted for
DocuPrint 135 Printer	Xerox commercial MICR Printer creates printed check and remittance documents
Series 12 Inserter	Pitney Bowes inserter inserts checks and other documents into envelopes for mailing and optically tracks that all documents printed are inserted and mailed
<i>RDM Qualifier GTX</i> MICR Tester / model 2553 GE	MICR quality assurance tool tests MICR quality beyond ANSI and ABA requirements

Figure IV.B.2.4-3. Tier's disbursement process is based on hardware and software setting the standard for commercial printing throughout the world.

The Xerox DocuPrint 100/100MX MICR laser printer, seen in Figure IV.B.2.4-4, was designed for commercial printing of black-and-white documents at 600 dots per inch (DPI) with print speeds of up to 135 8.5 x

11 print images per minute and a standard paper capacity of 6,900 sheets. Tier currently prints checks on Xerox DocuPrint MX printers in our Ohio SDU operations and considers them easily capable of supporting the SDU disbursement print function in Michigan.

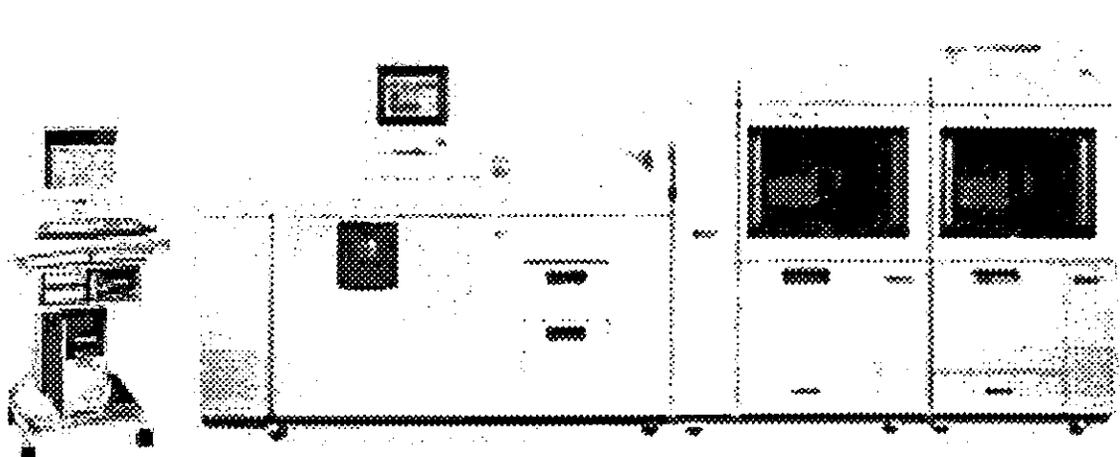


Figure IV.B.2.4-4. The Xerox 100/100MX MICR printer was designed for operations like the MISDU and has proven itself in the Ohio SDU project.

After printing and MICR verification, the printed checks are sent to the Pitney Bowes Series 12 Inserters, seen in Figure IV.B.2.4-5. The Tier solution uses the Series 12 for much more than just inserting the checks into the envelopes prior to mailing. In addition to being able to insert flyers, brochures, and other marketing material into the envelopes with the checks, the Series 12s are an innate component of our solution's accounting controls and audit trail. As discussed in more detail in Section IV.B.2.2 of this proposal, our solution monitors every disbursement transactions from receipt of the data file from MiCSES to the insertion of the checks into the envelope, and finally to the delivery of the items to the U.S. Postal Service (USPS) to ensure that every item is physically accounted for.

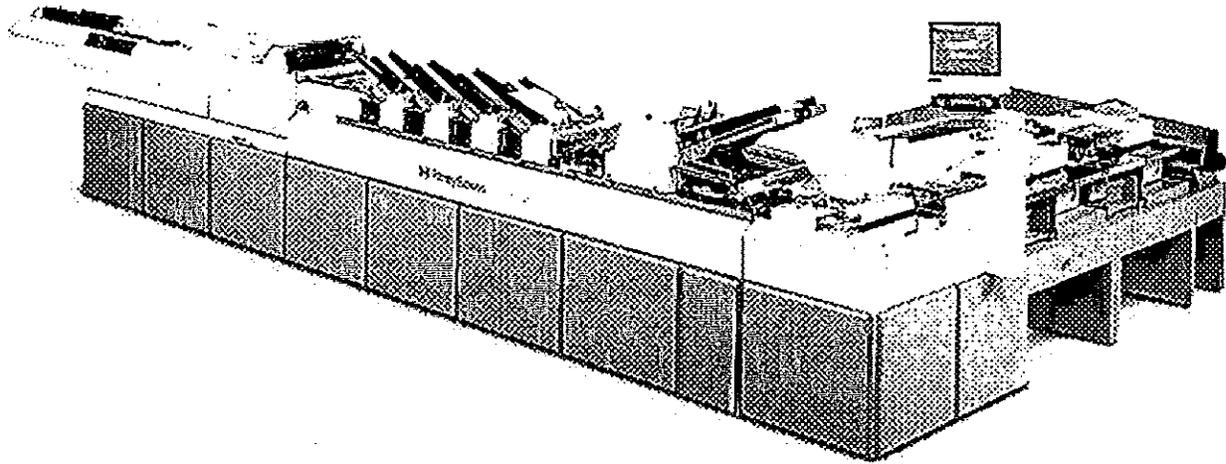


Figure IV.B.2.4-5. The proposed Pitney Bowes Series 12 Inserter is a robust solution designed for high- volume mail processing.

Check Stock and MICR Quality

Using MICR toner, the laser printer prints the checks on blank check stock. To achieve maximum security, the check stock contains the following security features: tamper-proof stock, graphics, watermark, micro-printed border or signature line, void pantograph, and a special endorsement reference. Figure IV.B.2.4-6 shows a sample disbursement check image. The stock and its security features are discussed in more detail in Section IV.D Security of this proposal. Tier will work with the State after contract award to develop the check and associated stub layout or we can easily exactly match the State's current stock for look and feel. (Because the bank on which the check are drawn will have changed from Bank One to Fifth Third Bank, the information related on the paying bank will change. However, the rest of the check can be easily matched.)

FAIRFIELD COUNTY CHILD SUPPORT ENFORCEMENT AGENCY
239 WEST MAIN STREET
LANCASTER, OH 43130-0000

Page 1 of 1
September 24, 2002

Trace Number: 223662673
Check Number: 223662673
BIC ID Number: 092720628533

Amount Paid: \$26.60

Inquiries: (740) 887-7155 (800) 459-2732
Payment Information/24 Hours A Day: (600) 660-2556

7811349933 223662673

JANE DOE
1010 NORTH UNION
LIMA, OH 45801

Order Number: 84DR0000070
Case Number: 7006207433
Payee Name: Jane Doe
Payer Name: John Doe

Check Number	Check Date	Check Amount	Date Received
223662673	09/24/2002	\$26.60	09/29/2002

Important Information about your Child Support Check
In order to safeguard the payments you receive, additional security features have been added to your check. Those features are outlined on the back of your check. In addition, you may also notice a slight change in the check color. These changes are being made in our continuing efforts to ensure the safest and most secure means of delivering your payments.

NEW LOOK SAME PAYMENTS!
Your new Ohio child support check will be issued from Fifth Third Bank and will carry State Treasurer's seal. The color of the check is modified to be light green; everything else stays the same.

PLEASE DETACH BEFORE DEPOSITING CHECK

FAIRFIELD COUNTY CHILD SUPPORT ENFORCEMENT AGENCY
239 WEST MAIN STREET
LANCASTER, OH 43130-0000

223662673

JOSEPH T. DUELS
TREASURER OF STATE

September 24, 2002 70028433

PAY TO THE ORDER OF JANE DOE
1010 NORTH UNION
LIMA, OH 45801

VOID AFTER 09/24/2003

Twenty-Six and 60/100 Dollars \$26.60

Fifth Third Bank
7th Fl Third Bk
Cincinnati, Ohio

Trace Number: 223662673

223662673 0440000370 6298174129 /0000002660/

Figure IV.B.2.4-6. Check stock incorporates a number of security features as shown in this sample check from Tier's Ohio SDU operations.

After printing, a sample of each print job is analyzed to verify that the MICR print quality meets ANSI 13B MICR specifications. If documents are determined not to meet the required MICR standard, immediate action will be taken to identify and correct the problem. In addition, routine maintenance on each MCIR printer will include evaluation of the MICR print alignment in order to verify that each check printed at the Michigan SDU meets all ANSI specifications. Tier is well aware that the MICR quality plays a significant role in the efficiency with which the disbursements move through the Federal Reserve and overall banking system. Poor MICR quality requires the Federal Reserve and/or banks to process

the checks on low-speed equipment, which can mean additional processing fees. In order to ensure that the project and ultimately the State receives the lowest banking fees, Tier places a significant emphasis on the quality of the MICR on each check printed and mailed.

Direct Deposit

Tier is well aware of the advantages of using the ACH network to process child support payments through the use of electronic funds transfer (EFT). EFT offers an efficient and highly automated alternative to paper checks. This translates into savings for both the State of Michigan as well as the other State IV-D agencies utilizing this method. Because of the great advantages associated with EFT, Tier has made EFT a cornerstone of its disbursement solution. In fact, Tier is a member of the National Automated Clearinghouse Association (NACHA).

Based on our experience as a NACHA member and as a leading provider of child support services to states throughout the country, our direct deposit solution was designed to conform to all aspects of the pertinent NACHA requirements. Specific examples include our use of the CTX 820 format versus the CTX 820 lite format some vendors use. We have worked with a number of states in implementing the 820 format for sending and receiving child support payments. This experience provides us the understanding to be not only technically compliant, but also to explain the requirement and the reasoning behind it to other states.

Members of the Tier project team are currently responsible for setting up direct deposit authorizations and terminations in multiple SDUs, including some of the largest in the nation (e.g., Ohio, New York, and Illinois) as well as smaller states (e.g., Kansas). Using this experience, Michigan can be assured that we understand the importance of processing direct deposit applications, and Notices of Change (NOC), or returns, quickly, as individuals may be moving or changing bank accounts. All di-

rect deposit payment transactions to individuals will be sent in NACHA's Prearranged Payment and Deposit (PPD) format.

Moreover, we understand the trauma that results from another child support agency deciding to unilaterally reverse an EFT file. In order to avoid the problems caused by this unilateral behavior, the CA SDU will never unilaterally initiate an EFT reversal, but instead will work with the State to determine pragmatic procedures for this process in general and specific procedures for any actual reversal occurrence.

To ensure the success of the direct deposit component of our disbursement operations at the MiSDU, Tier has selected Fifth Third as our banking partner. Fifth Third Bancorp is a diversified financial services company headquartered in Cincinnati, Ohio. Fifth Third operates 17 affiliates with 952 full-service locations in Michigan, Ohio, Kentucky, Indiana, Illinois, Florida, West Virginia, and Tennessee. They serve 5.7 million customers through their affiliate-banking network with Western Michigan being the second largest affiliate in the Fifth Third network. This infrastructure and focus on the State of Michigan provides the State's constituents with a proven banking partner. With approximately \$91 billion in assets, Fifth Third is among the 15 largest bank holding companies in the United States, and its market capitalization of \$33 billion places it among the 10 largest bank holding companies in the United States. Moreover, Fifth Third handled 9.0 billion automated teller machine (ATM), point-of-sale, and e-commerce transactions in 2003, a 10% increase compared to 8.2 billion in 2002, and the Bancorp's world-class capabilities as a transaction processor position the Bancorp well to continue to take advantage of the opportunities of e-commerce including direct deposit.

Integrating Tier's experience providing direct deposit disbursement services to child support clients with Fifth Third's extensive e-commerce technical and process infrastructure creates a winning disbursement solution for Michigan's families. The United States is rapidly moving towards

an economy dominated by electronic commerce. In fact, banking experts are predicting that check volumes will decrease 40% between 2003 and 2010 (“Forecasting Check Volumes,” *Today: The Journal of Work Process Improvement*, June 2004, p. 34). This decrease in check volumes means that number of electronic transactions, including child support disbursements is going to increase. Therefore, the vendor selected to run the MiSDU must provide not only a vision for electronic disbursements, but also a banking partner with the e-commerce infrastructure and ability to meet the changes the next 5 years will bring to e-commerce and the child support program. Together Fifth Third and Tier provide the State with a comprehensive direct deposit solution that meets today’s volumes and tomorrow’s challenges.

Debit Cards

Like direct deposit, debit cards will continue to become more important as the percentage of electronic commerce increases. In addition to providing another method for disbursing child support electronically, debit cards also provide a viable option for the State’s constituents for whom a bank account is not possible. Debit cards, also known as stored value or electronic disbursement cards, represent the latest electronic method for disbursing funds to recipients from government programs. Tier is very excited to name U.S. Bank as our partner for the debit card requirement on the MiSDU project. U.S. Bank will be implementing the U.S. Bank ReliaCard VISA (see Figure IV.B.2.4-7) program for the State of Michigan. ReliaCard is the largest prepaid card program in the United States, designed exclusively for the disbursement of government funds.

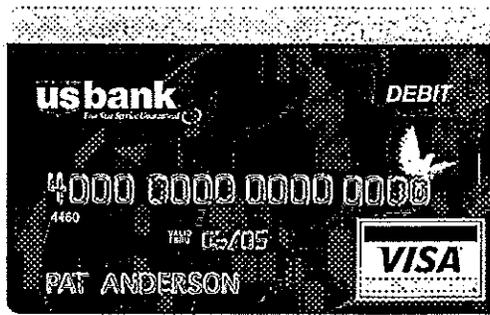


Figure IV.B.2.4-7. The U.S. Bank ReliaCard is accepted for payments or cash withdrawals just like any other VISA card.

Some highlights of the ReliaCard VISA program include:

- ◆ It is a VISA-branded payment card designed to replace costly paper checks.
- ◆ It is not a credit card. Cardholders will be able to access only the funds that have been deposited on the card by the State through the SDU disbursement process.
- ◆ Funds are deposited to the card via ACH using the standard NACHA file format and procedures.
- ◆ Cardholders have multiple ways to access their funds including the following:
 - Make purchases at well over 20 million VISA debit merchant locations worldwide.
 - Make purchases at over 1 million merchants that accept Interlink personal identification number (PIN)-based debit cards, many of which provide “cash back” functionality at the point of sale.
 - Withdraw cash at
 - Allpoint surcharge-free ATMs (over 700 in Michigan and more than 25,000 in the United States)
 - VISA/PLUS ATMs (over 870,000 worldwide)
 - U.S. Bank ATMs (over 4,500 in the United States)

In addition to having a tremendous number of options for accessing their funds, individuals that choose the ReliaCard as their disbursement method enjoy dedicated customer service provided 24 x 7, 365 days a year by live, multilingual CSRs.

Coupon Printing and Electronic Bill Presentment

Tier understands that coupons are an integral component of the State's child support program and that these documents are used for more than remittance processing. In fact, the coupons also contain the balance information the State is required to provide non-custodial parents (NCPs) by federal regulation. Therefore, as a document serving two distinct functions, the coupons printed by the MiSDU must be well designed, accurately printed, and mailed in a timely manner.

Tier has experience printing coupons that are used for this purpose for two large child support programs. In New Jersey and in Ohio, through our service provider, Allison Payment Systems (APS), Tier prints over 900,000 coupons every quarter. APS is a nationally recognized provider of printing services to the child support community. They have been an active participant in government printing and mail applications for more than 20 years, and are particularly well suited to provide the type of high quality coupons required by the MiSDU. In fact, APS mails over 130 million mail sets each year. Moreover, their services embrace a culture of technological and operational innovation, that provides not only "state-of-the-art" print and mail products, but also additional value-added services and support products that improve overall customer service activity and increase the efficiency of the billing and production process.

Especially pertinent to Tier's MiSDU operation, these additional services will include Electronic Bill Presentment and Payment (EBPP). As an early adopter of e-commerce initiatives, Tier understands the value of providing multiple communication and payment methods for interacting with our clients and their constituents. For coupons, this includes the ad-

dition of EBPP where individuals can sign on to a secure website and view their coupon. In addition, from the same website they can select to pay the child support due either through a credit or eCheck transactions or they can simply print the coupon and mail it with their check to the SDU. Moreover, our EBPP solution includes email notification to the NCP that a coupon is available for viewing at the MiSDU website. Child support professionals understand that any additional reminder that a child support payment is due is helpful in ensuring the payment is ultimately made on time.

While no individual will be required to utilize the EBPP option, it will be made available to anyone receiving a coupon. We believe that together with our professionally printed coupons, the EBPP option enhances our service offering to the State and subsequently to the State's constituents and forms yet another component of Tier's best value offering to Michigan and its citizens.

Summary

Tier's solution integrates a technically solid solution with staff experienced in child support disbursement processing and represents a significant investment in the latest in printing and inserting technologies. Moreover, it provides redundant equipment to provide recovery in the event of equipment failure. The proposed solution takes advantage of experience gained at the Ohio, Kansas, and Illinois operations to produce a best-of-class child support printing solution that can be further refined to address Michigan's specific requirements. In addition, Tier is proposing a number of progressive e-commerce based initiatives to provide an increased level of service to the State and its constituents as well as to ensure the viability of the solution during the entire 5-year period of the contract. Including direct deposit, debit cards, and electronic bill presentment and payment, Tier's print and distribution solution truly offers the State a best value e-commerce solution for the 21st century.

Paper Check Disbursements

As the most visible component of Michigan's child support program, the SDU bears a tremendous fiduciary and operational responsibility. To be successful, the MiSDU must process accurately and in a timely manner four and a half million paper check disbursements each year. Failures related to timeliness or accuracy mean that a Michigan family does not receive the child support to which it is entitled. Tier takes this responsibility seriously and has developed a comprehensive check disbursement solution based on years of SDU experience to ensure that Michigan families will view the SDU project as a model government program. Functional components of the print solution, represented in Figure IV.B.2.4-8, include the following and are discussed in detail in the rest of this section:

- ◆ Data Processing
 - CASS Certification
 - PAVE Certification
 - Forwarding or Change of Address
 - Disbursement Status File
 - Positive Pay File
 - Cleared Check File
- ◆ Physical Printing
 - Xerox DocuPrint 135 MX
 - MICR Quality
 - Check Stock
- ◆ Inserting
 - Pitney Bowes Series 12 Inserters
 - Audit Trail and Controls
 - Direct Connect – file based processing
 - Pull Processing
- ◆ Best Postal Rates
- ◆ Print Schedule/Operational Capacity

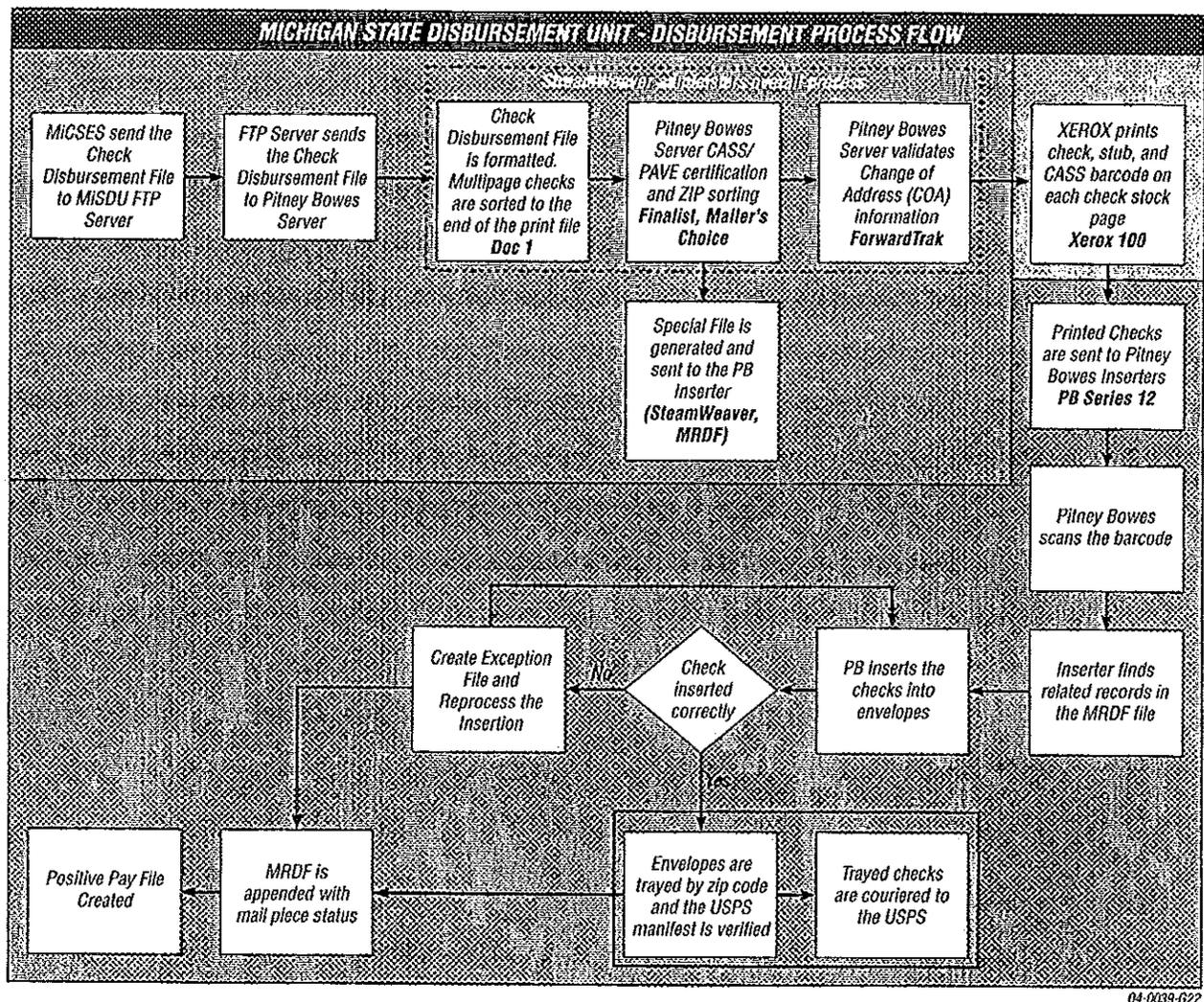


Figure IV.B.2.4-8. The paper disbursement process requires the intricate interaction of a number of data processing and mechanical processes.

The print solution proposed by Tier for the MiSDU disbursement operation is a pragmatic solution based on an understanding that the checks must always be mailed the day the disbursement file is received. This stringent requirement necessitates the use of printing and inserting hardware, software, and processes that have been proven not only in one of the largest child support operations in the United States, the Ohio Child Support Processing Center, but are also used to support some of the largest commercial printing and mailing operations in the world. Implemented and operated by Tier in the Ohio SDU since December 2002, the check

printing solution proposed for Michigan prints an average of over 815,000 paper checks each month and has never missed our same-day mailing deadline. We are proud to be able to offer the same reliable and functionally rich solution to the State of Michigan.

Data Processing

Data processing plays a critical role in the success of the MiSDU disbursement printing operations. Successfully preparing the MiSDU disbursement file for printing indicates that a number of complex data processing functions have succeeded. This success means that:

- ◆ The printed disbursement is legible and presents the data to payee in a manner that is easy to understand.
- ◆ The MICR line on the disbursement meets all ANSI specifications and can be easily read by the banking industry.
- ◆ Security was maintained and only those checks included in the disbursement file are printed and only with the data included on the file.
- ◆ Postal regulations for address formatting and bar-coding and ZIP sorting have been meticulously followed to ensure the best postal rates.
- ◆ The Check Print Confirmation and Positive pay files include the correct data and are properly formatted for MiCSES and Fifth Third Bank.

As highlighted in Figure IV.B.2.4-9, data processing is the first step in creating the checks each day.

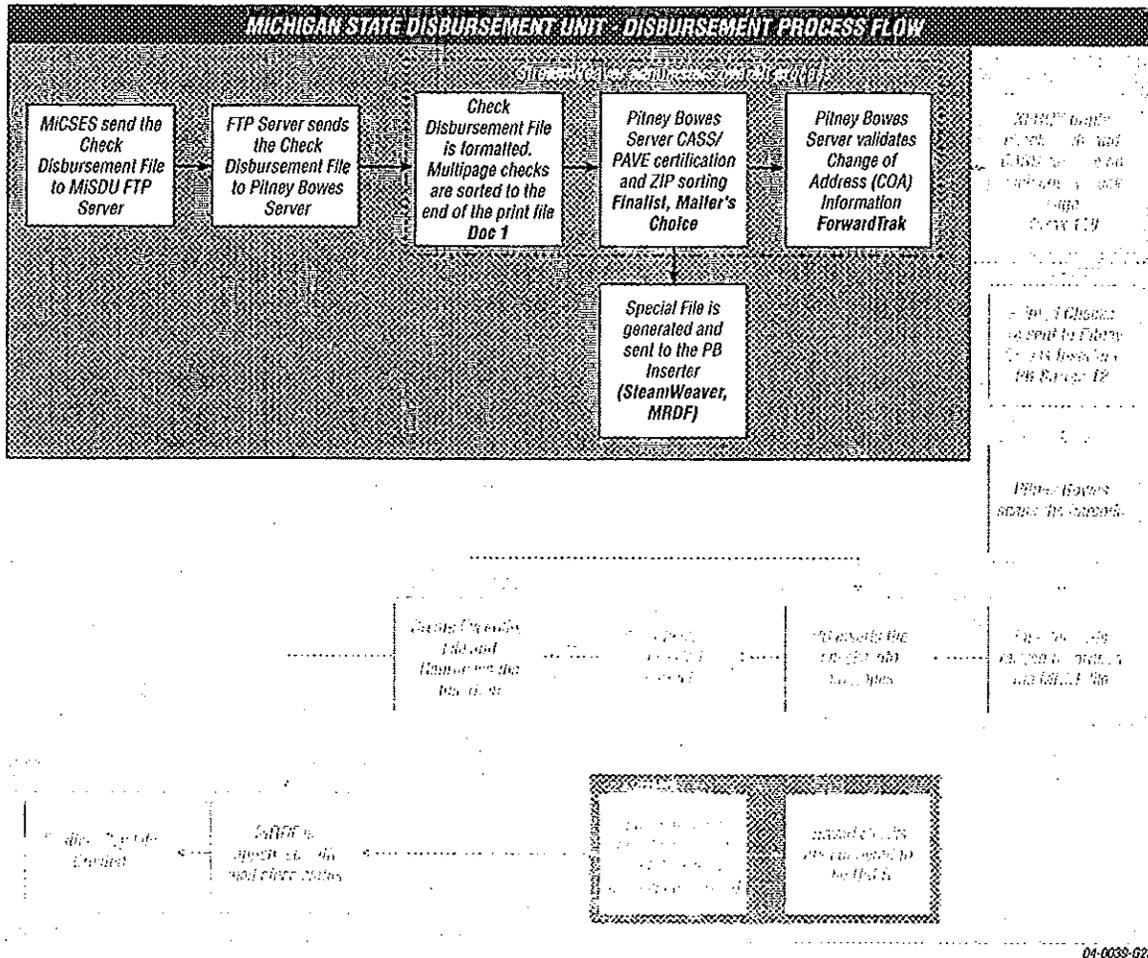


Figure IV.B.2.4-9. Data processing is the first step in the daily disbursement process.

File Transfer

The first step in the daily disbursement process is the receipt of the disbursement file from MiCSES. Tier understands that we will receive the file in the format indicated in the ITB by 9:00 am daily and that it will be transferred through the State's data exchange gateway. Tier will work with the State to automate this process, if possible, as an automated transfer has worked well in the Ohio SDU operation. As discussed in Section IV.D Security, the file transfer ensures the security and integrity of the file during the transfer process.

In addition to the Disbursement file, Tier understands that we must also deliver a Check Print Confirmation file to MiCSES each day. Tier pro-

poses a disbursement operation that is reconciled not only at the summary level, but also at the individual transaction level. In the disbursement process, this requires that the status of each disbursement be individually updated on MiSDU. In the Michigan SDU operation, the disbursement update information is provided to the MiCSES by the Check Print Confirmation file. The file will be generated and transmitted to MiSDU by 6:00 pm each day for that day's disbursements.

The Check Print Confirmation file will be in the required format, as defined in the ITB, and includes a record for each check printed and mailed that day. In addition, Tier will work with the State to determine if the file should include pulled items. With the inclusion of pulled items in the Check Print Confirmation File, MiCSES is updated with the status of every disbursement record received in the daily disbursement file, including the items that ultimately are not mailed. Tier will archive each confirmation file sent, maintaining a historical record, as well as facilitating the retransmission of the file if required.

The first step in processing the disbursement file is to create the Post-Script print images. Creation of the print images is handled by the Doc 1 application. Doc 1 merges the data received in the disbursement file with the appropriate check template. Tier assumes that there will be at least two types of check templates: Custodial Parent and Other State Child Support Agency. Doc 1 determines the payee on the check and after selecting the correct template populates each data field on the template with the appropriate data from the disbursement file.

Tier has selected Group One's Doc 1 application to process the incoming disbursement files, initially from MiSDU, ARS, and CASES in Phase I and from MiSDU in Phase II. Tier currently uses the Doc 1 software for this same function in the Ohio disbursement operation and considers it a reliable, flexible, and effective solution.

CASS Certification and PostNET Bar-coding

Coding Accuracy Support System (CASS) software will be implemented through the use of Finalist, a Pitney Bowes address hygiene package. Finalist is responsible for thorough preparation of addresses in the disbursement file for correct handling by the USPS. Finalist verifies, standardizes, and corrects address elements and appends +4 ZIP codes as necessary (see Figure IV.B.2.4-10).

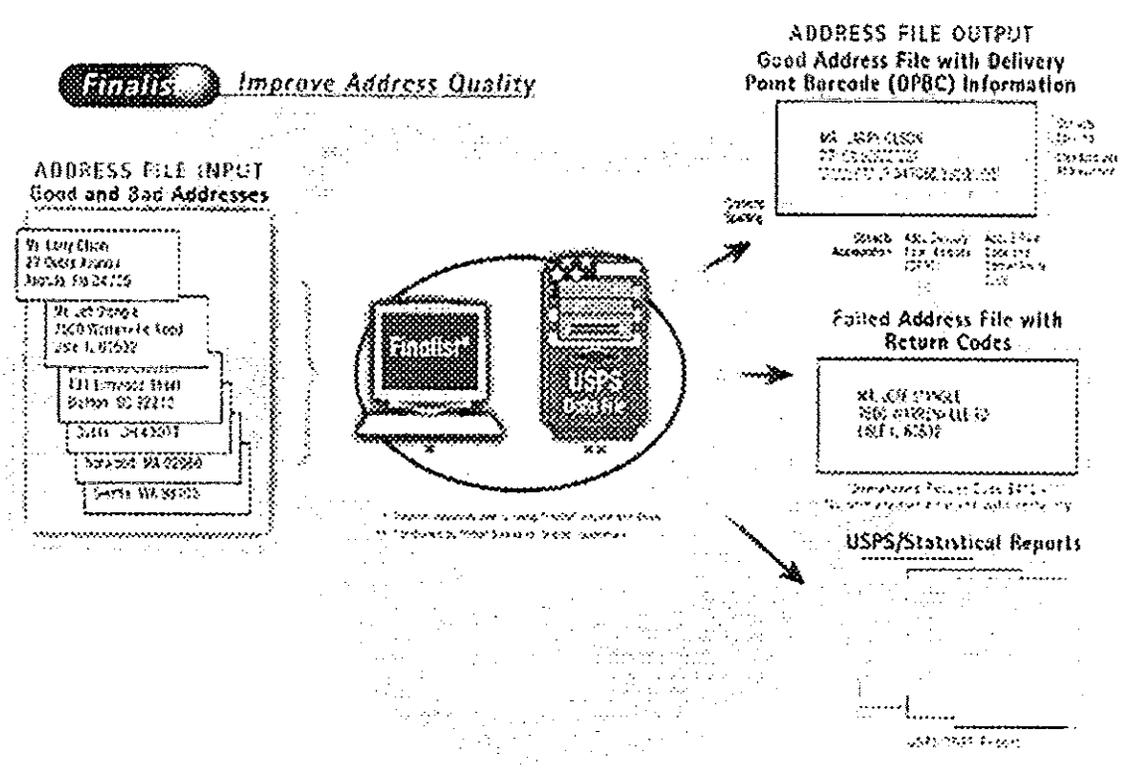


Figure IV.B.2-4-10. Tier will use Pitney Bowes’s Finalist to scrub every aspect of an address to bring it into precise alignment with strict USPS standards, resulting in the lowest postal rate.

To cleanse addresses, the billing document file with the address information is sent to Finalist to match against the USPS database. Finalist will verify, add, standardize, and correct street names, directionals, suffixes, city names, states, and ZIP+4 codes. When the address is cleansed, Finalist adds carrier route codes and delivery point barcodes. Finalist’s output

is flexible in that it allows for control of whether it will overwrite the address information in a database. Tier will work with the State to determine what, if any, address information will be updated. Finalist provides an extensive list of return codes to help with a diagnosis of addresses that are returned because they were not matched to addresses in the USPS database.

Use of Finalist ensures that the address on each check meets the USPS requirements for formatting as well as ensuring consistency of data within individual addresses. For example, possible changes to an address contained in the disbursement data file are represented below in Figure IV.B.2.4-11.

Before Finalist

Sam Jones
123 E. Main Street
Delaware, Ohio 43015

After Finalist


SAM JONES
123 EAST MAIN STREET
DELAWARE OH 43015-1234

Figure IV.B.2.4-11. The Finalist program will format addresses so that they meet USPS requirements.

Note that the update address includes a number of significant changes all designed to make processing the document easier for the USPS. Specifically, a PostNET barcode has been added to the address, the entire address is capitalized, all punctuation has been removed, and the +4 ZIP code has been appended to the five digit ZIP code. In addition to these formatting changes, Finalist will also compare the address information with its internal database of addresses in the United States. Using the database information, Finalist has the option of correcting data that are not consistent with the USPS records. Tier will work with the State to determine the level of updates consistent with the agency's mailing protocols.

Presorting (PAVE)

After each address in the file is standardized, the records are sorted by ZIP code to ensure concentrations meet minimum volume requirements under postal regulations. This ZIP sorting functionality is provided by Pitney Bowes Mailer's Choice software. Meeting the Presort Accuracy Validation and Evaluation (PAVE) requirements, Mailer's Choice assures presort accuracy and maximum postal discounts (see Figure IV.B.2.4-12). Since Mailer's Choice sorts the disbursements down past the +4 ZIP code all the way to the exact carrier route it also expedites delivery of the disbursement to the Michigan family waiting for it (see Figure IV.B.2.4-13).

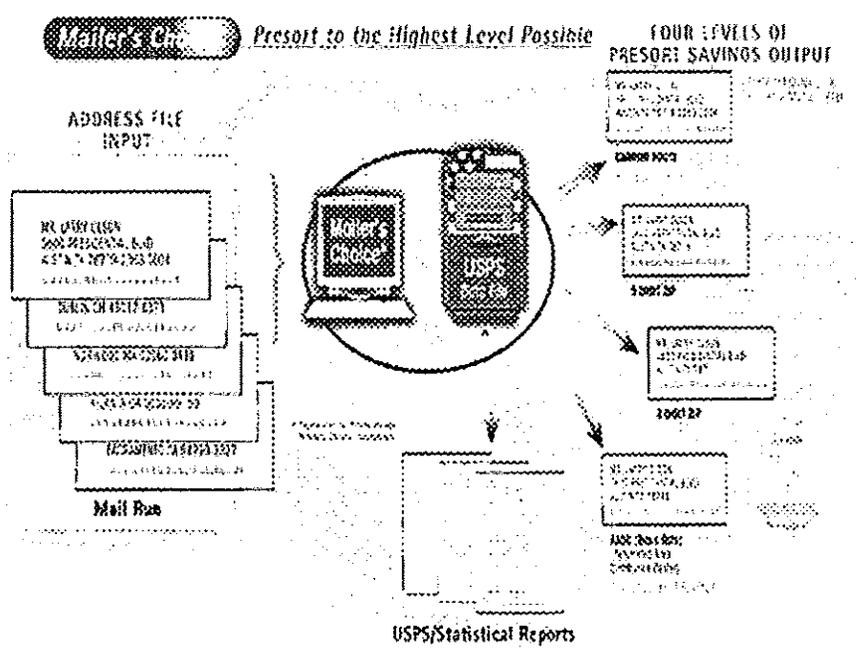


Figure IV.B.2.4-12. Tier has chosen Pitney Bowes's Mailer's Choice to meeting assure presort accuracy and maximum postal discounts.

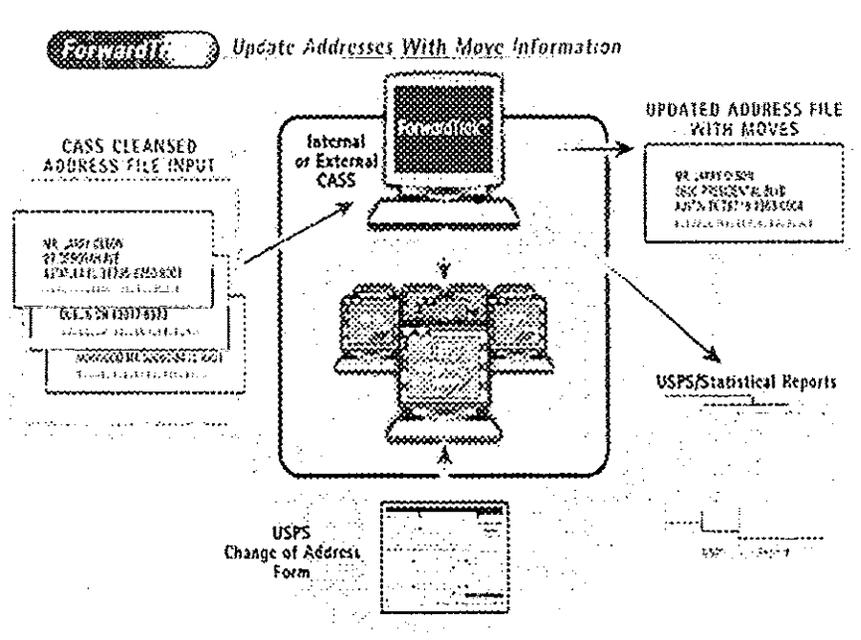


Figure IV.B.2.4-13. Mailer's Choice sorts disbursements even more closely than to the +4 ZIP code to speed disbursement delivery.

As part of the process to maximize postal discounts and expedite mail delivery, Mailer's Choice also creates the final address sort, tray, barcode, and sack tags. Mailing labels, processing reports, and required USPS reports for final mail preparation and USPS acceptance are also generated. The finished check disbursement product at the Tier operated MiSDU are trays of checks sorted by zip code. Each tray is labeled with a tag that contains the barcode information that allows the USPS to deliver that tray of mail to the correct postal facility without any additional sorting, reducing delivery time and ensuring the maximum postal discounts.

Forwarding or Change of Addresses

Pitney Bowe's ForwardTrak application is a client server system that interfaces to the USPS' *FASTforward*®, system. *FASTforward* is a collection of all the permanent change of address cards filed with the USPS within the last 13 months. Used to automate the move update process in our operations ForwardTrak compares the name and address include on each disbursement with the USPS database of all change of address cards

filed in the previous 13 months. As forwarding addresses are identified, the old address can be automatically updated and the new address returned to MiCSES as the new address. Tier will work with Michigan to determine the parameters under which the forwarding address information should be applied in our MiSDU operation. Capturing the forwarding address prior to mailing provides a number of tangible benefits to the State including reducing returned mail and the associated cost of re-mailing and, more importantly, ensuring that each Michigan family receives their child support check as expeditiously as possible.

Together Mailer's Choice, Finalist, and ForwardTrak provide a comprehensive solution for managing mailing operations. Properly utilized in our MiSDU operations, disbursement postage costs will be reduced by ensuring that addresses meet all USPS formatting and standardization requirements. Moreover, all disbursement records will be concentrated based on 3- or 5-digit zip codes to ensure the smallest allowable postage cost per unit. In fact, in our Ohio operation, we current average 27.9 cents per disbursement mailed without having to commingle the disbursements with other types of mailings.

Output Data Files

Tier is familiar with the creation of the files required by the disbursement operations at the MiSDU. In fact, these are the same type of files required by the Ohio SDU disbursement function. Tier understands the file layouts as defined in the ITB and each day will create a Check Print Confirmation File, Positive Pay File, and Cleared Check File. Tier's solution ensures that each record received in the disbursement file generates a check and that that check is mailed. The record of each mailing will be recorded and provided to MiCSES in the Check Print Confirmation File.

Simultaneous with the creation of the Confirmation File, Tier will create the Positive Pay file for Fifth Third Bank. Using the positive file, Fifth Third is able to ensure the validity of each disbursement presented for

payment. Additionally, while not directly part of the disbursement printing process, Tier will transfer the daily Cleared Check file from Fifth Third. This file contains a record of each disbursement that cleared the MiSDU disbursement account at Fifth Third Bank each day. The Positive Pay and Cleared Check files are discussed in greater detail in banking sections of our proposal.

Physical Printing

In many ways the physical printing of the disbursements is the simplest component of the operation. Tier's solution, based on industry standard commercial printing equipment from Xerox, ensures that the printers seldom experience mechanical problems and that the print quality is always excellent.

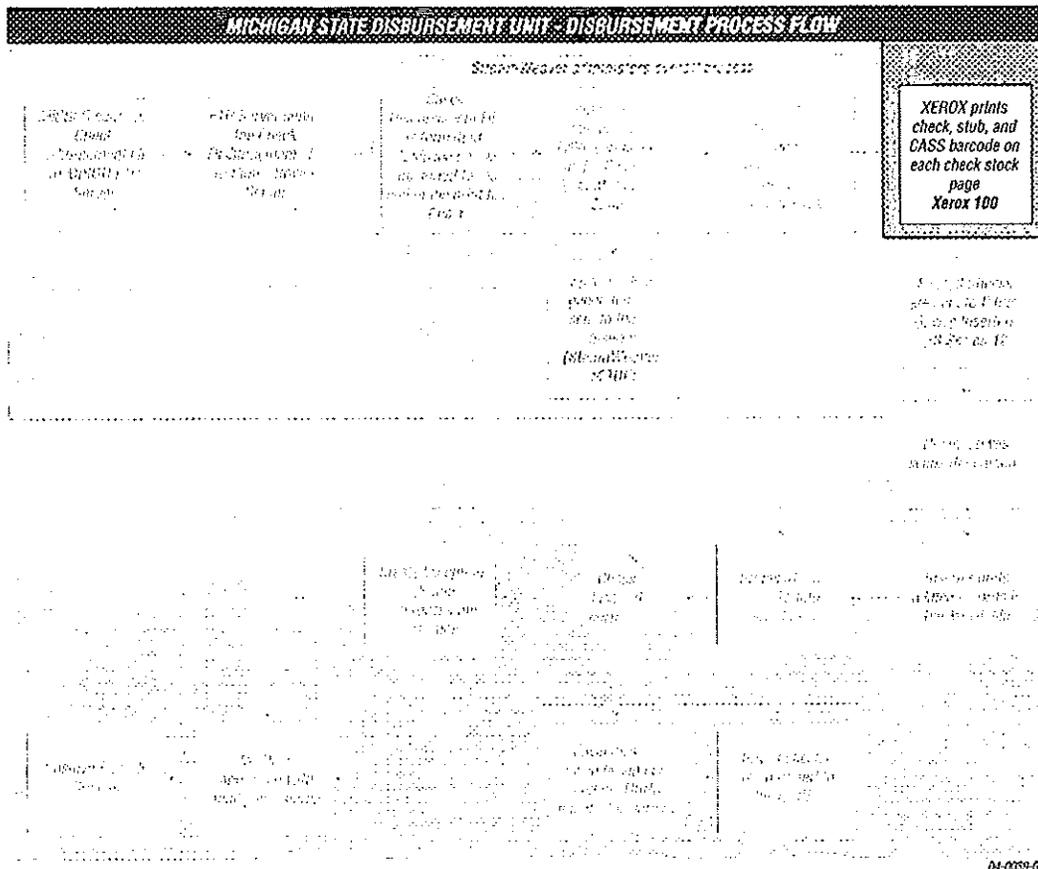


Figure IV.B.2.4-14. Printing in Tier's Disbursement Operation will be done on the Xerox DocuPrint 100, a proven printer for Child Support printing.

As will be discussed later in this section, print quality has a significant impact on how efficiently checks move through the Federal Reserve and Banking system and ultimately can impact the banking fees paid by the operation for checks clearing the bank account. By ensuring the print quality exceeds all ANSI standards, Tier is assured of the lowest banking rates for cleared checks and can pass that savings on to the State.

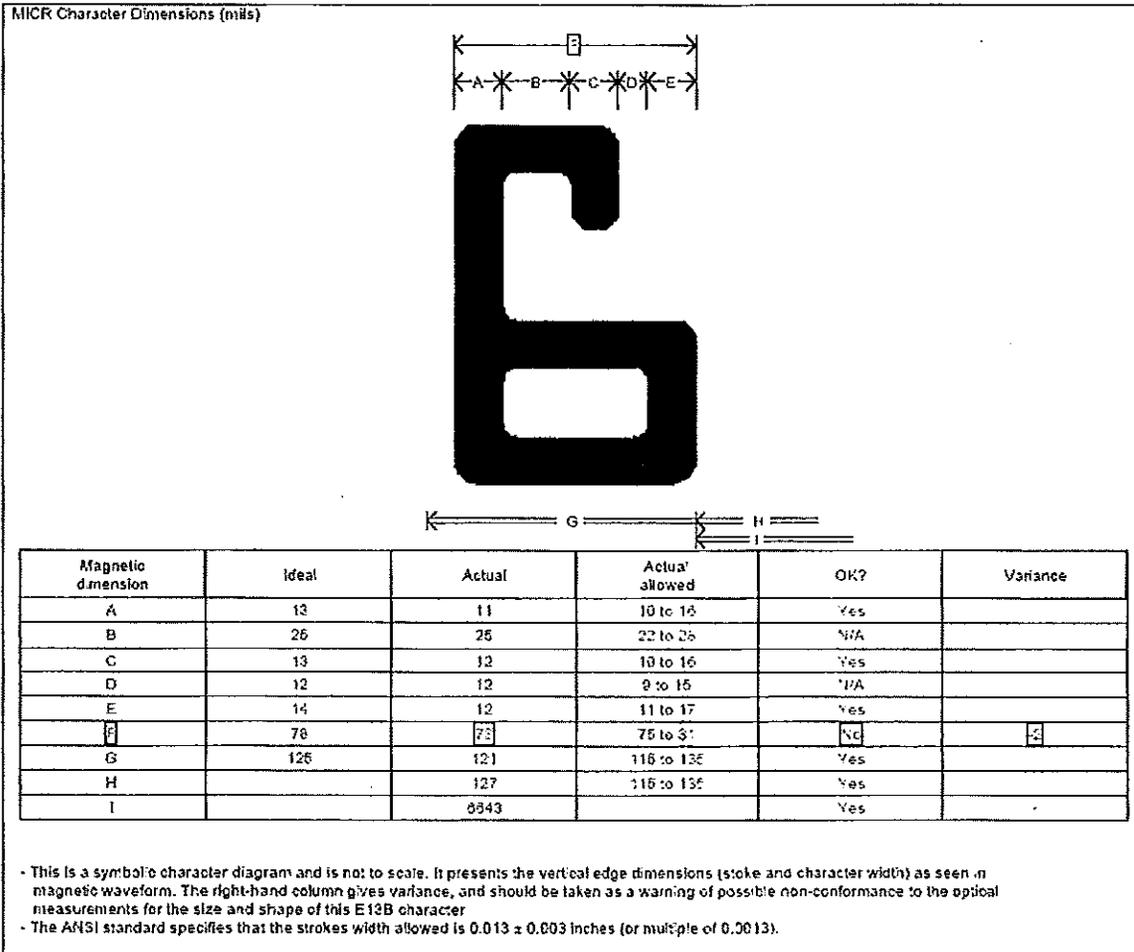
For our MiSDU operation, Tier is proposing the Xerox DocuPrint M/MX 100 as shown in Figure IV.B.2.4-14, above. The DocuPrint 100/100MX is a MICR laser printer designed for commercial printing of black and white documents at 600 DPI. It is capable of printing up to 96-8.5x11 print images per minute and has a standard paper capacity of 6,900 sheets. We are currently using a larger model of the MX 100, the MX 135 in the Ohio SDU where it has proven a reliable solution printing over 100,000 checks in a single day. However, Tier understands that no piece of equipment is infallible and is proposing two MX 100 printers for our MiSDU operation.

MICR Quality

Magnetic Ink Character Recognition (MICR) is a process in which documents, usually checks, are printed using magnetic ink or toner and special fonts to create machine-readable information for quick document processing. In our MiSDU solution, we will use the magnetized toner in the Xerox DocuPrint 100/100MX printers discussed previously. The MICR lines on the bottom of each MiSDU check will be printed not only using MICR toner, but also using the E-13B font set. The E-13B font set contains the numbers from 0 to 9 as well as four special characters. All of the E-13B characters are designed on a 7 by 9 matrix of 0.013-inch squares (see below). The minimum character width is four squares (or 0.052-inch) for the numbers 1 and 2, while the maximum width is 0.091-inch for the number 8 and four special symbols. All characters, except for the On-U's and dash symbols, have a height of 0.117-inch. This does not

correspond to an exact point size usually specified for fonts, but lies between an 8- and 9-point type size. The height of the On-Ups symbol is 0.091-inch, while the dash is 0.052-inch; both still multiples of the basic 0.013-inch unit.

While the specifications of the MICR character set may seem trivial, the quality of the MICR printing has two distinct components: the magnetic signal generated by the toner must be sufficient and the characters must be accurately formed. Ensuring the quality of these two components make the document easy to read and reduces misreads. Ensuring MICR quality requires a QA process that accurately evaluates both of these factors. For the MiSDU, Tier is proposing the use of the RDM Corporation MICR Qualifier GTX. The GTX is the only MICR test equipment fully compliant with the TG 6-2000, Quality Control of MICR Documents, standards of the Accredited Standards Committee, X9, and Financial Services. While the actual analysis of MICR output is very technical, the GTX provides easy to read reports detailing the signal strength and character formation on the analyzed document. Using this information, our Print as well as QA staff can easily determine if the sample document meets the ANSI requirements. Same reports are included below in Figure IV.B.2.4-15 and Figure IV.B.2.4-16. If any document is found not to meet the required MICR standards, immediate action will be taken to identify and correct the problem to ensure that all checks mailed meet or exceed the requirements for MICR banking documents.



Comments:
 The 6's are all too narrow by 1 or 2 thousandths/inch.
 The Transit symbol in position 33 is too narrow by 1 thousandth/inch.
 The 3's in positions 22,27 are too wide on the left edge by 1 thousandth/inch.
 The 7 in position 20 is too narrow by 1 thousandth/inch.

Figure IV.B.2.4-15. The GTX provides a MICR signal strength analysis.

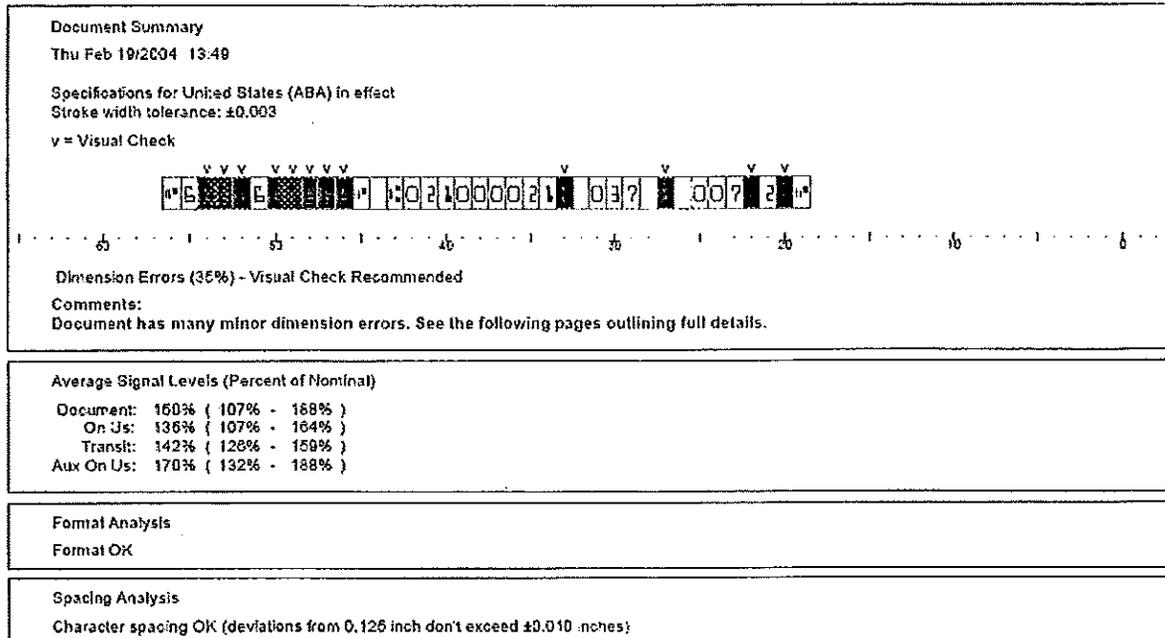


Figure IV.B.2.4-16. The GTX MICR reports provide exact information as to a deficiency found in the analyzed document.

Tier’s printing solution leaves nothing to chance as we formally analyze the physical characteristics of the checks printed in the MiSDU operation. Quality MICR printing guarantees that the MiSDU checks easily traverse the Federal Reserve and banking operations and ultimately reduce the banking fees for the operation.

Check Stock Security

Tier is proposing check stock that meets not only the State’s requirements for check stock security, but also the requirements of ANSI Standard X 9.51 or the Fraud Deterrent Icon Standard. Tier understands the significance of our fiduciary responsibility to the State as the disbursement agent for Michigan’s child support checks. Check fraud is a growing problem throughout the United States and the large volume of checks printed make the MiSDU disbursement operations a viable target for independent and coordinated fraud activities. Tier is proposing a two-pronged

approach to deterring check fraud at the MiSDU. First, our disbursement operations include positive pay reporting for each MiSDU check written. The positive pay function operates through Fifth Third Bank to ensure that only checks that are written by the MiSDU are cleared against the MiSDU account and then only in the amount for which they were written. Moreover, as discussed in Section IV.B.2.7 Banking and Account Reconciliation of our proposal, Tier is offering the increased security of payee name positive pay functionality. Second, each check written at the MiSDU will be printed on sophisticated security check stock designed specifically to protect against fraud.

Our proposed check stock conforms to the American National Standards Institute (ANSI) standard X 9.51 or the Fraud Deterrent Icon Standard and is in use at the Ohio Child Support Processing Center (CSPC). This standard defines document security features for acceptors of checks. It establishes the location and meaning of the security feature identifier which is the padlock symbol shown at the right. (The Padlock Icon is a certification mark of the Check Payment Systems Association.) When used on a document, this identifier indicates the presence of security technologies used to prevent copying, alterations, casual counterfeiters, or any other fraudulent methods of defrauding the author or paying financial institution. The Padlock Icon is a certification mark of the Check Payment Systems Association.



In order to use the Padlock Icon, the check stock must include presence of a minimum of three features that protect against both alteration and counterfeiting (i.e., the feature chosen shall protect against at least one method of counterfeiting and at least one method of alternation). These can be paper features; physical features, involving design or printing; or a combination of both. Only overt security features that are visually detectable or are disclosed on the document itself can be counted toward fulfill-

ing this requirement. Covert security features, such as ultraviolet threads in the check stock, do not count toward fulfilling this requirement.

Tier's proposed check stock exceeds the standard required by ANSI by incorporating five security features, including watermark, tamper-proof stock, graphics, Micro printed data, Void pantograph, and a special endorsement reference as described in detail below.

- ◆ Watermark – An EPA approved watermark certification seal that cannot be photocopied and is visible when viewed at a 45-degree angle.
- ◆ Tamper proof stock – Black and blue dye(s) react to a wide variety of chemical solvents used to remove information from documents. Black or blue stain clearly visible upon placement of alteration solvents.
- ◆ Graphics – Each check will include two graphics components including the Padlock Icon discussed above and a MiSDU logo.
- ◆ Micro-printed data – These data consist of very small letters (less than 0.010 of an inch tall) that can be easily read through a magnifying glass, but which appear to the unaided eye to be dashed or solid lines. Micro-printed data will be included either in the signature or border line and cannot be copied or scanned without becoming unreadable.
- ◆ Void Pantograph – An intricate design on the front of the check which, when copied or scanned, produces a hidden void pattern across the face of the check.
- ◆ Special Endorsement Reference – The Padlock Icon itself and its corresponding descriptive verbiage printed on the front of the check, along with the padlock icon and warning box printed on the back of the check indicates to anyone accepting the item those security features which must be reviewed prior to honoring the check.

Tier believes that these security features, embedded in each piece of check stock we will produce, greatly reduce the likelihood that MiSDU checks will ever be counterfeited or altered without detection. In conjunction with the positive pay reconciliation included on each disbursement,

As with the printers, the insertion equipment will be located within our Lansing facility and operated by Tier staff. As noted previously, Tier feels that locating the disbursement processing within our facility provides us and the State the strongest assurance that we can be proud of both the quality and accuracy of each child support check mailed from the MiSDU.

Our insertion solution is based on the Pitney Bowes 12 Series Inserter and associated software. The 12 Series inserting system, seen in Figure IV.B.2.4-18, is designed specifically for high-volume billing and statement applications and processes envelopes at speeds up to 12,000 pieces per hour. To ensure that disbursements are mailed each day as specified in the ITB, Tier has included two 12 Series Inserters in our solution. This means that on our busiest day, we can meet the required schedule even with the complete failure of one of the inserters.

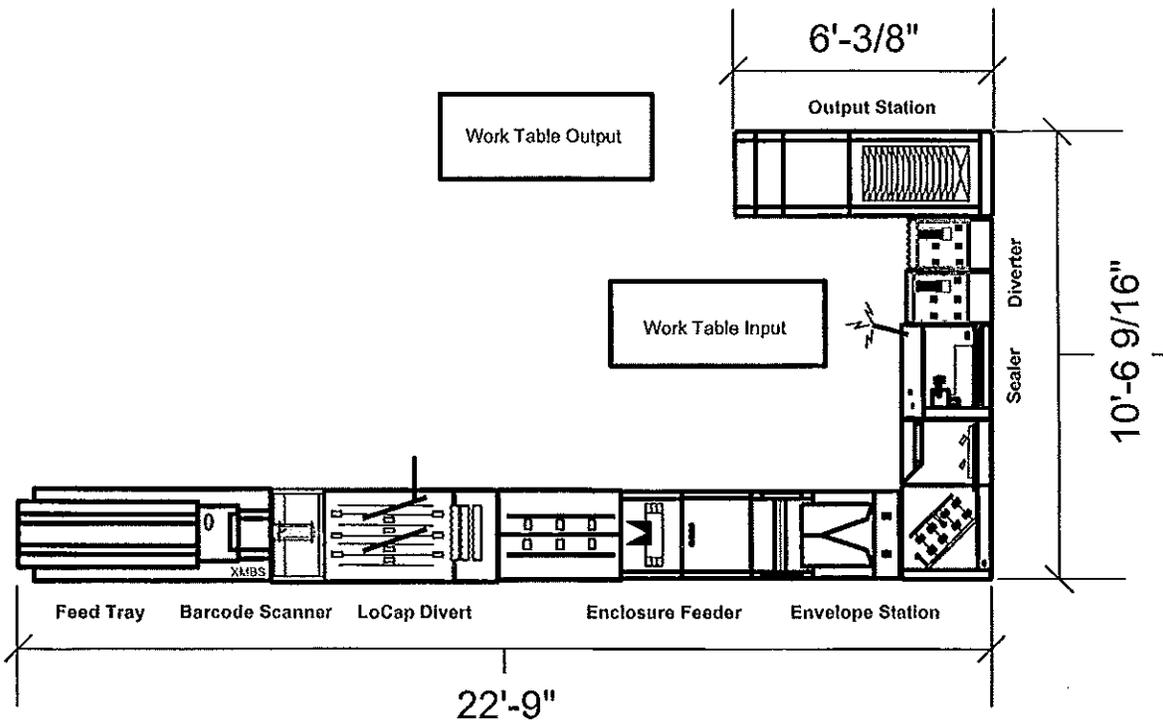


Figure IV.B.2.4-18. The 12 Series Inserter provides commercial-grade inserting technology.

The 12 Series processes all standard envelope sizes with complete reliability, providing the State with flexibility if there is ever a need for other mailings that do not fit in the same size envelope as those used for the checks. Features such as a split drive and continuous motion insertion provide increased reliability and greater system availability. In fact, the 12 Series is the same inserter used in at the Ohio CSPC operation and we have found that with the split drive, downtime on this equipment is insignificant. Moreover, the inclusion of upstream document control codes assures document integrity throughout the mail production process. The document control code will be accomplished through the use of a barcode printed on each disbursement and is used to inventory each check inserted. Only by physically accounting for each disbursement printed, inserted, and trayed can the State be assured that all checks received in the disbursement file are ultimately mailed to the proper destination. An additional discussion of the document control and inventory process is included later in this section of the proposal. In addition to the features already discussed the 12 Series also has the following features:

- ◆ “Both sides” control allows operation from either side of the transport
- ◆ Materials are fed face up, making it easier for the operator to monitor proper insertion
- ◆ Split drive feature allows the main system to idle (in case of a feeder delay) for faster recovery and maximizing throughput
- ◆ Completed mail pieces are logged in the mail run data file for verification and documentation of the entire mail run.

Use of the 12 Series provides more than a mechanically robust insertion solution: it provides Tier’s disbursement operation the ability to ensure complete accountability for each record received in the disbursement file. To ensure complete accountability of each record in the disbursement file, a disposition status file will be created during the insertion phase of the operation. Capturing the status as the last step of print and mail operation

reduces the chance the something may happen to the item after the status is captured. The integration between Printing and Insertion modules, to facilitate the capture of the disbursement status, is based on the file-based processing system developed by Pitney Bowes. This processing system consists of the following phases detailed in Figure IV.B.2.4-19.

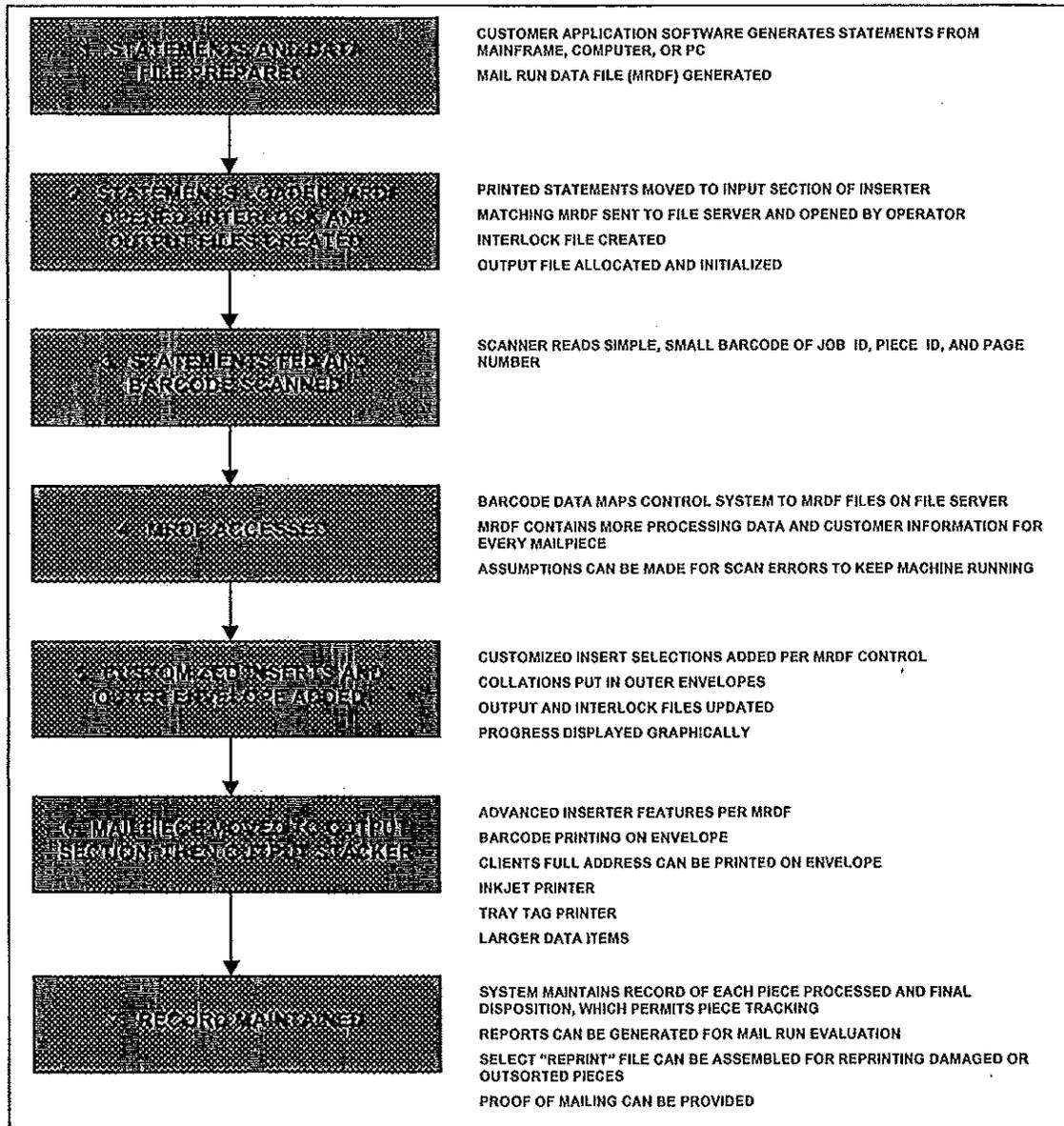


Figure IV.B.2.4-19. File-Based Processing ensures that each check received in the disbursement file is printed and mailed.

Specifically, the file-based application flow required to insert the checks, reprint damaged documents, and ensure accountability for all items are detailed in Figure IV.B.2.4-20 and on the following pages.

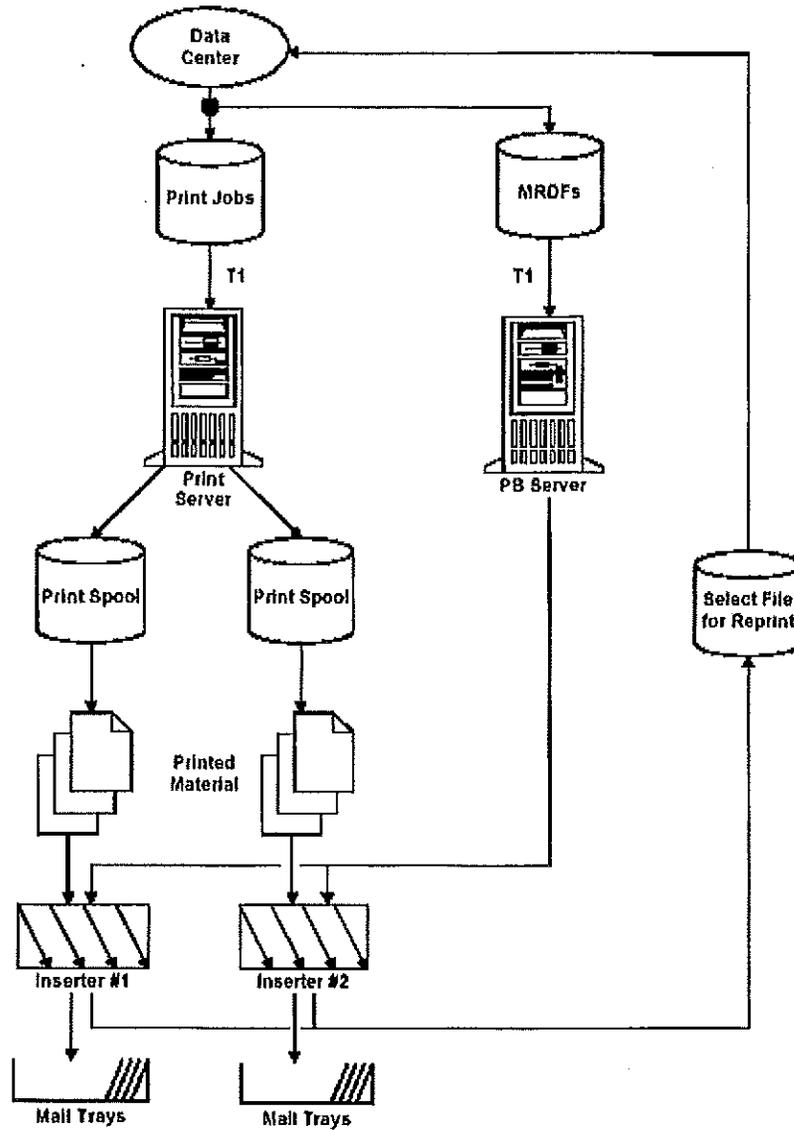


Figure IV.B.2.4-20. File-based application flow for the Tier’s MISDU disbursement operation.

Using *Direct Connect* file-based processing provides many advantages, as summarized in Table IV.B.2.4-1. Mail piece appearance is significantly improved, mail processing performance and reliability are improved, and

multiple inserters can be networked to share a project and complete it more quickly.

Table IV.B.2.4-1. Components and Benefits of *DirectConnect* File-Based Processing

Component	Benefit
Piece ID	Faster piece location in a mail run Faster recovery from scan errors
Barcode	Smaller Improved scanner performance More accurate assembly Improved document appearance More white space available on document
File Server	Linked to the host application for simple file transfer Interfaces with multiple mail inserters Permits job splitting among inserters
Data Files	
Mail Run Data File	Automatic scan error detection More processing flexibility Advanced inserter capabilities
Interlock File	"Big picture," real-time tracking of multiple inserter mail runs Piece by piece, real-time tracking More processing flexibility
Output File	Detailed mail piece records Configurable format and content
Select File	More efficient reprints Configurable format and content

Direct Connect file-based processing solution proposed for our MiSDU operation including the following processes:

- ◆ Print image files of the checks are generated by Doc 1, as discussed previously in this proposal. These documents can consist of one or more pages; the page count can be different for each mail piece to allow for those checks with multiple associated remittances. The process using Pitney Bowes software will produce an input file, or Mail Run Data File (MRDF). The MRDF contains one record for each check to be printed in the order that the material is printed and is used to account for each piece printed and mailed. The key data field in the MRDF is the Piece ID field, which is discussed in further detail below.

- ◆ The checks are printed and loaded onto the input section of one or more inserters to be assembled into finished mail pieces. The matching MRDF is transmitted to the mailroom file server and the operator opens it. An interlock file is created the first time the MRDF is opened. The interlock file contains one record for each mail piece and is used to record status. *Direct Connect™* allocates and initializes an output file with one record for each mail piece in the input file. As the material is run, the output file and the interlock file are updated to reflect which pieces were inserted correctly and which were outsorted or removed.
- ◆ As each check moves from the input section of the inserter, a scanner reads the barcode on the documents.
- ◆ The *Direct Connect™* inserter control system uses the barcode data to access separate data files on a server. The data from the input files control all aspects of the processing of each check such as the number of input pages to be accumulated, and selection of additional inserts.
- ◆ On the machine, additional inserts, such as notices or reply envelopes, are added to the collation in the inserting section or chassis. The selection of inserts can be the same for every mail piece, or be unique for each individual mail piece. After collating the check and any other required materials, the entire package is inserted into an outer envelope.
- ◆ The collation then proceeds through the output section, where it may be outsorted if it has been identified as an item to be pulled. The mail piece finally ends up on the output stacker.
- ◆ Once all the material is run, a select file can be built from the data in the output file. The select file can be transmitted back to the Streamweaver server and used to produce reprints for damaged checks. Depending on how the reprints are produced, they will be either run against the original MRDF or by using the select file as the index. In addition, the data may be provided back to the mailing application via reports generated from the inserting process.

Mail Run Data File

The MRDF, or input file, contains one record for each finished mail piece. The data from the computer file are used to control the assembly of each mail document. This record contains all the information normally contained in the set of dash marks or bar codes to control the number of pages to be accumulated, feeder selects, and selective outsourcing. Depending on the inserter configuration and application determined to be most appropriate for the MiSDU operation, the MRDF may contain any of the following information:

- ◆ Piece identifier, like an account number or the recipient's name, preferably data that are printed on the mail piece
- ◆ Control document page count for checks with a variable number of pages
- ◆ Feeder selections for the inserter's input section
- ◆ Match codes for adding matched, personalized, barcoded documents from insert feeders to the main document
- ◆ Presort level and breaks
- ◆ Output selections for inserter's output section, such as outsourcing or marking envelopes with an edge marker

Piece ID

The piece identification number is the critical link in the system, connecting each physical page to an associated data record. The piece ID appears in the barcode on each primary document (or "check") page, and in every record in the data file. For easy recovery, the piece IDs in a mail run are organized sequentially. This makes it easy for an operator to find a piece in a mailing and for the system to recover from scan errors.

Barcode

The file-based method implemented by the MRDF functionality uses a barcode to identify each page to the system. The barcode is scanned on the

inserter is used to find the control information in the data file and to determine how to collate the incoming pages. This barcode will be:

- ◆ Code 3 of 9.
- ◆ Printed laterally along the outside edge of the top third of the page.
- ◆ Printed on every page.

One of the benefits of file-based processing is that it uses a small, unobtrusive barcode. Each document needs only a job ID of the current run, the piece ID for the individual mail piece, and the page number (if the check has more than one page) included in its barcode. This feature greatly improves scanner performance because the smaller barcode is easier for the scanner to read. Better scanner performance leads to more accurate assembly and higher mail piece throughput. Not only is inserter performance improved by the smaller barcode, but so is document appearance. The small barcode is less noticeable than a conventional dash array.

Automatic Scan Error Correction

One of the benefits of the MRDF is that it allows the inserter to compensate for scanning errors. When scanning problems occur, *Direct Connect* uses information from the data files to process the pieces without stopping the inserter. System stoppage from scan errors or poor print quality is virtually eliminated. Basically, file information and the parameters defined in the job setup are used to fill in missing data. An “assumption” algorithm uses the data from the next file record to ensure that the current document is processed correctly, thus maintaining integrity and control of the collation. The assumption settings are flexible and can be configured to accommodate multiple sequential read errors.

All missed scans that are assumed as good are labeled as “maybe” pieces. Routing the maybe pieces is entirely flexible with *Direct Connect*. For the MiSDU operation that requires absolute, positive verification of each page entering the inserter, all maybe pieces (no-reads) will be out-

sorted. The status of a piece is set and saved (i.e., good, bad, maybe, or corrected).

More Processing Flexibility

Since MRDFs can easily accommodate last-minute changes, using MRDFs increases mail piece flexibility. With traditional barcode control, the code on the source document must be changed when mail processing instructions need to be changed. Basically, the “bad” document has to be located and physically removed from the batch of checks, a revised document with new barcode must be printed, and then the document is run through the inserter.

With file-based control, the mail processing instructions are maintained in electronic form and can be changed even after the check, or primary document, is printed. As long as the job ID, piece ID, and page number do not change, the corresponding data files can be opened and modified. Last minute changes can be made to inserter processing information, like feeder selection and outsorting.

MRDFs also provide a simple means to pull a customer check, right up to the moment of inserter processing. For instance, if an FOC calls and needs to ensure that a particular check is not mailed, the file-based system allows that item to be easily pulled even though it may already be printed and ready for processing. If a mail piece or multiple mail pieces need to be pulled, the system can be flagged to divert the mail piece when it enters the inserter. In a non-file-based environment, an operator would have to manually locate the respective stack of material and then find the mail piece within the stack by hand. The ability to correct errors or make last-minute insert/outsort decisions in a data file provides operational flexibility and saves time and materials.

Interlock File

The interlock file is a file created by *Direct Connect* to track the status of each piece in a given MRDF. The interlock file for an MRDF is automatically created the first time the MRDF is used on a *Direct Connect* inserter. It is the basis of the "minesweeper" display shown in Figure IV.B.2.4-21.

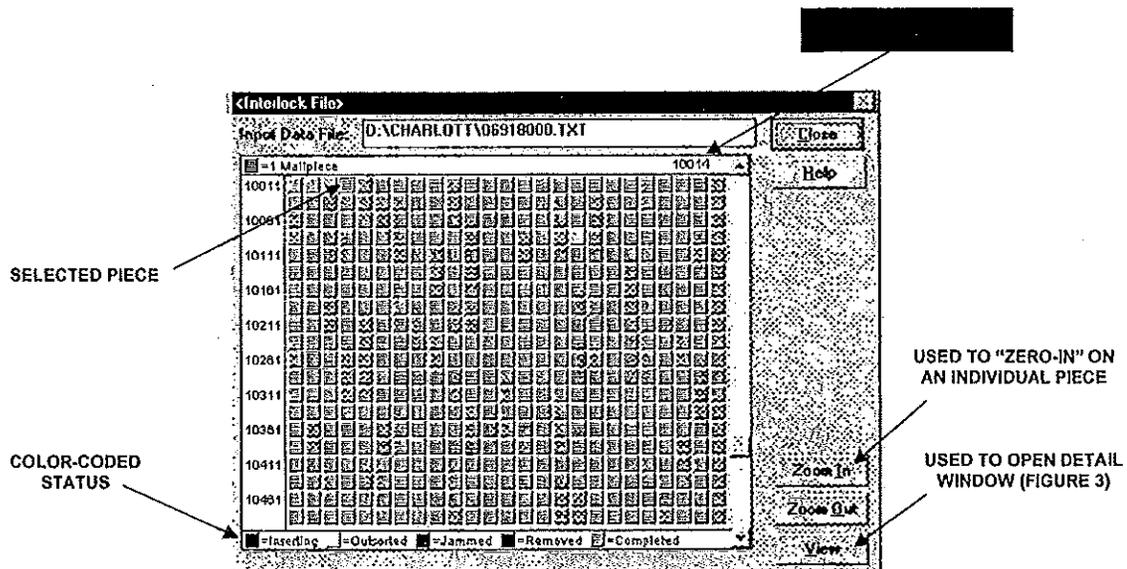


Figure IV.B.2.4-21. Interlock file display provides real-time information concerning the status of the day's mail run.

One-to-One, Real-time Job Auditing

The interlock file display allows a mailroom manager to view the status of all mail pieces on the floor in a graphical fashion—from a remote workstation, if desired. Another benefit of the display is that the mailroom manager can view progress towards completion of the run in real time as the mail is processed on one or more inserters. The interlock file display provides the mailroom manager with "the big picture," which is especially helpful when checking the status of a multiple inserter run. The State can be provided access to this information from its offices if so desired.

Each block in the dialog represents the status of a mail piece or group of mail pieces. Depending on the number of records in the input file, a block in the display can represent more than one mail piece. In Figure IV.B.2.4-21 above the status of the mail piece in that block is summarized.

As was shown in Figure IV.B.2.4-21, an operator "zooms in" to the point where each block is an individual mail piece. Zooming in allows more details to be displayed (Figure IV.B.2.4-22) on the following page. The operator or mailroom manager can open the real-time mail piece status dialog to check critical information (e.g., status, disposition, reason) on a piece-by-piece basis.

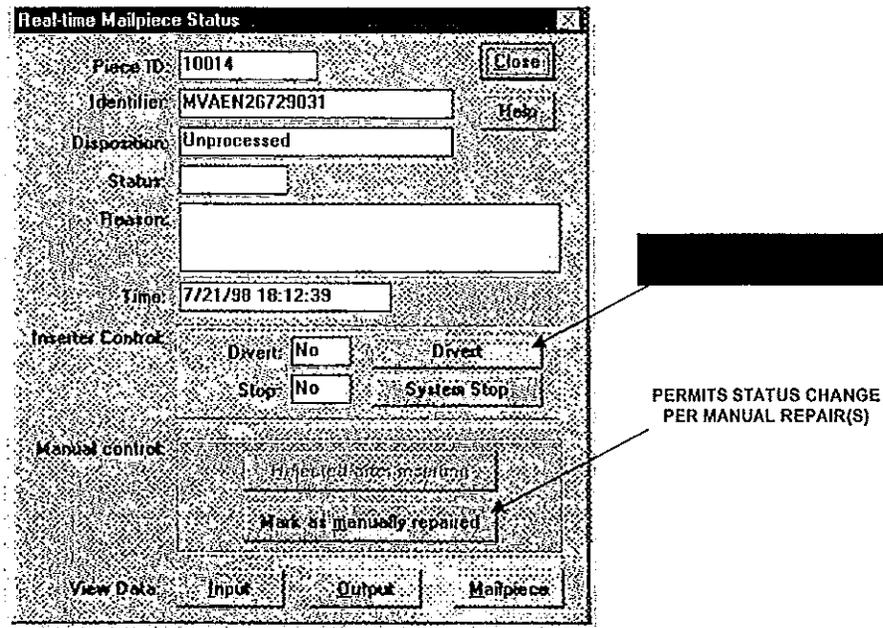


Figure IV.B.2.4-22. Individual Mail Piece status is displayed and can be changed in real time using the interlock file interface.

The interlock file allows an operator to change the status of a mail piece when it is manually repaired. This feature can prevent the need for the piece to be reprinted and reprocessed unnecessarily and prevents the customer from receiving a duplicate check.

In addition, an operator can manually reject a piece (which will force it to be outsorted after it is inserted), force it to be diverted, or force an inserter to stop when it encounters the piece. The ability to correct errors or make last minute divert decisions in a data file provides more operational flexibility and again saves time and materials.

Output File

Using a file-based method closes the loop in the inserter process by recording the “fate” of the individual pieces with a mail output or confirmation file. The output file consists of a record showing the final disposition of every processed piece in a mailing. The system maintains a record of each piece processed and its final disposition. In the MiSDU operation, this file will be formatted to provide the data required in the check print confirmation file.

Detailed Mail Piece Records

The detailed data from the output file provide enhanced benefits to the SDU and the State:

- ◆ *Records of damaged pieces.* The information in the output file is used to generate a select file for reprinting of damaged pieces, streamlining the production flow and getting all the mail out on time—even the corrected pieces. Every record received each day from MiCSES will be mailed, even if the item must be reprinted. Nothing will carry over to the next day in the Tier’s MiSDU operation.
- ◆ *Records of duplicate or missing pieces.* The system detects pieces that were identified in the MRDF but never presented to the inserter. It also provides duplicate piece detection to ensure a customer does not receive the same mailing twice. Duplicate pieces commonly occur in cases where a job is mistakenly printed twice, or if there is an error in clearing a printer jam.

- ◆ *Better proof of mailing.* Tracking individual mail pieces through all assembly stages provides the State with the best verification of a mailing, which helps prevent customer service and legal issues.

Select File

The select file is created from the interlock and output files based on a select filter. It contains one record for each collated package that meets a certain criteria. Typically this includes pieces that have been damaged and need to be reprinted or that need to be outsourced. Once all the material is run, a new file is built and used to produce reprints for damaged checks. The MiSDU operation will reprint any check with the same mailpiece IDs used in the first run to ensure full accountability for each check run.

Configurable Format and Content

Direct Connect allows multiple select file formats and contents to be configured and maintained in the field to meet unique customer needs. Each format includes a record layout as well as a read and write map. Only one select file format can be active at a time, but different modes are allowed to use different select file formats. The active format can be selected from a mail manager dialog (Figure IV.B.2.4-23). The directory list box allows you to select the directory in which the output files will be created.

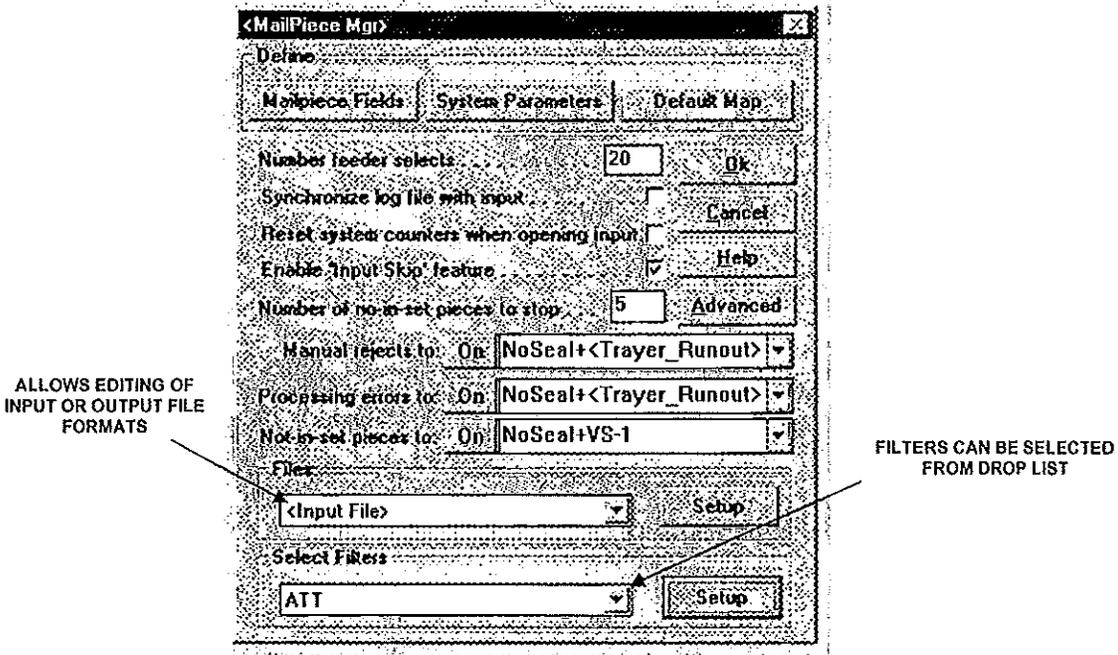


Figure IV.B.2.4-23. Multiple Select File Formats and Contents

Direct Connect also allows multiple filters to be defined. The bottom of this dialog contains an area for defining select filters. Each filter is a complete set of criteria for determining which collations get written to the select file. Different filters can be used to create different select files for multiple applications.

More Efficient Reprints

A major benefit from the select file is that it simplifies the process of reprinting damaged checks. Once filters are set to isolate damaged and outsorted mail pieces from the output file, a select file is simply generated and sent back to the mailer's printing application for processing and reporting.

Summary

Tier is proposing a comprehensive and robust check insertion solution for the MiSDU. It is based on providing the definitive solution in disbursement processing and mail handling. Designed to ensure that every

data record received in the disbursement file is accounted for no matter what its final disposition is, the Tier solution has proven successful in meeting the exacting requirements of child support disbursement processing at the Ohio CSPC since December 2002. With this in mind, Tier looks forward to discussing with the State the provisional of optional printing and inserting services that may be required by the State.

Pull Processing

Tier understands the need for pulls when printing child support disbursement since case status can change literally overnight. We are proposing pulled disbursement procedures for the Michigan based on experience providing the same service to the Ohio child support program. The pull process is required to ensure that disbursements that should not be mailed are "pulled" prior to reaching the USPS. Disbursements are often pulled because the status of the associated case has changed or the original payment should have been applied to another debt. Once the disbursement is in the mail, the only certain way to ensure that the item is not paid at the bank is to place a stop payment on the item at the bank. There is a financial and public relations cost associated with a stop payment that Michigan and Tier, as its SDU partner, want to avoid. Tier proposes to eliminate as much of these costs as possible. By implementing a comprehensive disbursement pull process that provides the greatest window of opportunity to pull the check prior to its being mailed, Tier will work to ensure that any request to pull a check is transparent to the State's clients.

The initial component of any disbursement pulling process is notification. Typically, either a caseworker in the field or a member of the SDU's quality assurance team are responsible for notifying the disbursements unit that a check needs pulled. Tier is proposing a website that allows those individuals to request that an item be pulled. The website will provide the exact information directly to the disbursements team to ensure that those individuals who have immediate access to the physical disbursements are

immediately aware of any pull requests. The website will be backed up by a dedicated pull email address as well as a fax and phone number. We will work closely with the State and FOCs to establish the latest possible deadline by which pull requests must be received without negatively affecting the disbursement operations.

Once the Pull Request form has been received, staff determine the location of the item to be pulled based on the piece ID number assigned to each disbursement through the *Direct Connect* process. The status of the requested item can then be changed in the select file to have the inserter direct the item(s) to be pulled into the outsort tray. Allowing the system to automatically outsort the item to be pulled adds efficiency and accuracy to the process. However, we understand that some pull requests may be received after the item has already been inserted. In these cases the item can be manually pulled from the appropriate mail tray based on the zip code and piece ID. Any pulled disbursement, once removed from the processing stream, is immediately stamped VOID and the item destroyed. Once the item is physically voided, the status of the disbursement is updated through the user interface.

Including a comprehensive process to pull checks that should not be mailed provides a number of tangible benefits to the State. First, there is no need to place a stop payment on an item that should not be honored by the bank. Reducing stop pay requests ultimately reduces the banking fees on the project and subsequently the price the State pays. Second, there is a significant amount of stress placed on the State's constituents when a stop pay is placed on a item. Often the individual has already cashed or deposited that item and even written other checks on the associated funds. When the item is returned as non-negotiable, the individual can incur significant bank fees on the original item as well as any other items that may bounce because the funds are no longer available. Tier is proud to be able to offer Michigan a proven solution to pull checks that not only guarantees

the accuracy of each item pulled, but provides the longest window possible during which items to be pulled can be identified.

Postage

Postage represents a significant component of any mailing operation. In fact, based on the metrics provided in the ITB, postage represents about 10% of the total cost of the operation. As described previously, there are a number of processes that Tier will use to ensure that the MiSDU recognizes the lowest possible postage rate. These processes are the same ones used in the Ohio SDU and include the following:

- ◆ CASS-certified software to normalize address
- ◆ PostNET barcode to automate the processing of the items by the USPS
- ◆ PAVE-certified software to zip sort the items and create the required USPS manifest for each day's mailing

In addition to the applications discussed previously, the permit is an important component of the outgoing mail process. Tier will acquire a USPS permit specifically for use on this contract. There are options related to the indicia printed on an envelope associated with a permit account. The first option requires that the indicia for First Class must show city and state, applicable markings (e.g., "First Class Mail"), "U.S. Postage Paid," and permit number. The indicia may also show the mailing date, amount of postage paid, or the number of ounces for which postage is paid. The zip code of the permit holder may be shown directly after the state name or in a separate inscription reading "ZIP Code 00000," when that zip code does not create uncertainty about the permit holder's correct address or permit number. Instead of printing the city and state of mailing in the indicia, the mailer may print "Mailed from ZIP Code," followed by the 5-digit zip code assigned to the postmaster of the mailing office. Examples of these imprint options are shown in Figure IV.B.2.4-24, below.

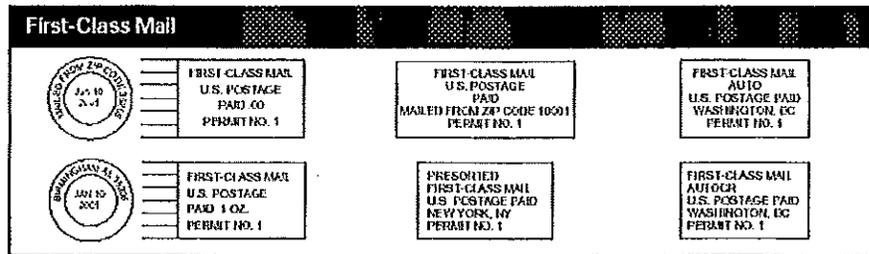


Figure IV.B.2.4-24. Tier will acquire a USPS permit specifically for use on this contract once we clarify which of the imprint options (depicted here) is most appropriate for the MISDU.

The second option allows the use of a company permit imprint. This is an imprint in which the exact name of the company or individual holding the permit is shown in the indicia in place of the city, state, and permit number. There are a number of requirements if a company permit is to be used. Tier selected this permit type for our SDU print operations in Ohio. A copy of the envelope used for disbursement mailings in Ohio, including the company permit imprint, is shown in Figure IV.B.2.4-25. Tier will work with the State to determine the type of permit imprint that meets the State’s mailing requirements and/or regulations.

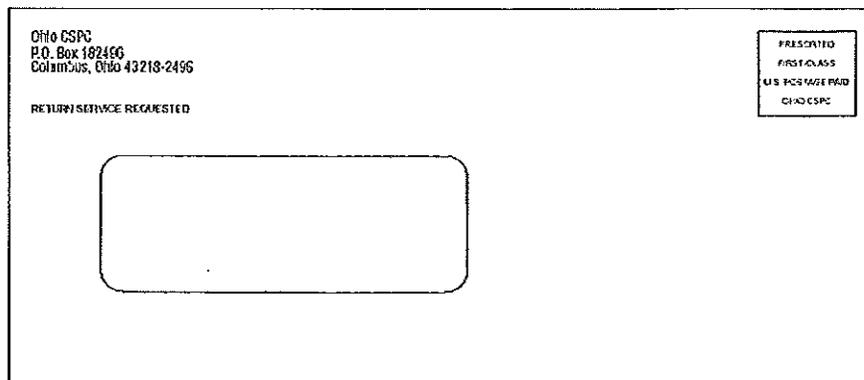


Figure IV.B.2.4-25. This sample of an Ohio Child Support Processing Center envelope shows the company permit imprint.

Independent of the imprint type selected, all print jobs will be reported to USPS on USPS Form 3602 R. This form is generated by our mail printing and insertion system and meets all USPS requirements. A copy of the

form is shown in Figure IV.B.2.4-26 on the following page. A copy of the form will be provided to the State as a record of the pieces mailed and associated cost each month.

United States Postal Service Postage Statement -- Standard Mail Letters and Flats Permit Imprint				Post Office: Note Mail Arrival Time	
For letters subject to the nonmachinable surcharge and pieces subject to the residual shape surcharge, use Form 3802-RS.					
Permit Holder's Name and Address, and Email Address if Any Telephone		Name and Address of Mailer, Agent, or Other (If not permit holder) Telephone		Name and Address of Individual or Organization for Whom Mailing is Prepared (if other than permit holder)	
USPS Cust. Ref. ID Date & Broadcast No.		Date & Broadcast No.		Date & Broadcast No.	
Post Office of Mailing Permit No.		Processing Category (DMM C050) <input type="checkbox"/> Letters <input type="checkbox"/> Flats <input type="checkbox"/> Automation Flats (DMM C050)		Mailing Date Federal Agency Cost Code Bulkletter Seq. No. Number of Certificates	
For Mail Enclosed Within Another Class <input type="checkbox"/> Periodicals <input type="checkbox"/> Bound Periodicals <input type="checkbox"/> Mailer		For Mail Enclosed Within Another Class <input type="checkbox"/> Library Mail <input type="checkbox"/> Media Mail <input type="checkbox"/> Parcel Post		Weight of a Single Piece Total Pieces Total Weight No. of Pieces with Reproduction Boxes Attached (DMM C050-7)	
For Automation Rate Pieces, Enter Date of Address Mailing and Coding (DMM A950-3-0)		For Enhanced Carrier Route Rate Pieces, Enter Date of Address Mailing and Coding (DMM A950-3-0)		For Enhanced Carrier Route Rate Pieces, Enter Date of Carrier Route Sequencing (DMM A950-4-0)	
For Automation Letters and Flats (3.3 oz. or less)		Total From Part A (On reverse)			
For Presorted Letters and Flats (3.3 oz. or less)		Total From Part B (On reverse)			
For Enhanced Carrier Route Letters and Flats (3.3 oz. or less)		Total From Part C (On reverse)			
For All Letters and Flats More Than 3.3 oz.		Total From Part D (On reverse)			
Postmaster: Report total postage in AIG 130.		Total Postage (Add lines above)			
For USPS Use Only: Additional Postage Payable (Other reason)					
Postmaster: Report total adjusted postage in AIG 130.		Total Adjusted Postage (Add additional postage to total postage)			
The mailer's signature certifies acceptance of liability for and agreement to pay any revenue deficiencies assessed on this mailing, subject to appeal. If an agent signs this form, the agent certifies that he or she is authorized to sign on behalf of the mailer, and that the mailer is bound by the certification and agrees to pay any deficiencies. In addition, agents may be liable for any deficiencies resulting from matters within their responsibility, knowledge, or control. The mailer hereby certifies that all information furnished on this form is accurate, truthful, and complete; that the mail and the supporting documentation comply with all postal standards and that the mailing qualifies for the rates and fees claimed; and that the mailing does not contain any matter prohibited by law or postal regulation. I understand that anyone who furnishes false or misleading information on this form or who omits information requested on this form may be subject to criminal and/or civil penalties, including fines and imprisonment. Privacy Notice: For information regarding our Privacy Policy visit www.usps.com.					
Signature of Mailer or Agent		Name of Mailer or Agent		Telephone	
Weight of a Single Piece Total Pieces Total Weight		Are figures of left rejected from mailer's address? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," Reason			
Total Postage		Date Mailing Mailed Contact		By (City/State) Record Stamp (Required)	
Check One <input type="checkbox"/> Printed Verification Not Scheduled <input type="checkbox"/> Printed Verification Performed as Scheduled		I CERTIFY that this mailing has been inspected concerning: (1) eligibility for postage rates claimed; (2) proper preparation (and presort where required); (3) proper completion of postage statement; and (4) payment of required ancillary fee.			
Verifying Employee's Signature		Verifying Employee's Name		Date AM PM	

Figure IV.B.2.4-26. USPS Form 3602R, generated by our mail printing and insertion system, details the total number of items and associated postage cost and meets all USPS requirements.

Using the automation tools described above in addition to working closely with our local USPS representative allows Tier to provide the State with the lowest postage rates available. Figure IV.B.2.4-27 indicates the postage savings realized in our Ohio Child Support Processing Center operation using a similar solution.

Postage Rate	Monday	Tuesday	Wednesday	Thursday	Friday	% of total	Lower Cost	Cost at \$0.37	
0.278	2,238	46,627	691	395	5,034	28.0%	\$15,286	\$20,344	
0.292	23,127	31,905	17,244	17,413	26,823	60.0%	\$34,022	\$43,109	
0.301	-	1,349	-	-	-	0.7%	\$406	\$499	
0.309	2,028	4,267	1,502	1,612	2,452	6.0%	\$3,665	\$4,389	
0.352	1,557	4,464	1,082	1,052	1,750	5.0%	\$3,487	\$3,665	
0.370	170	134	187	232	210	0.4%	\$345	\$345	
	29,120	88,746	20,706	20,704	36,269		\$57,210	\$72,352	
	Average Postage							\$0.2926	

Figure IV.B.2.4-27. Tier's printing and postage solution provides a significant savings at the Ohio Child Support Processing Center.

Tier's printing and postage solution provided a recognized savings of approximately 26.5% or \$15,141 in postage during the week represented. A simple extrapolation indicates that the rates obtained by Tier's solution would represent an annual savings of over \$787,000 on postage in this operation versus regular first class postage. Tier looks forward to providing the State of Michigan with similar savings on postage for the disbursement and coupon mailings associated with the MISDU.

Print Schedule and Operational Capacity

The operational schedule defined in the ITB indicates that the MiCSES file can be delivered to the SDU as late as 9:00 a.m. each day and that the checks must be delivered to the a regional Post Office within Michigan by 5:00 p.m. each day. This schedule provides 8 hours for data processing, printing, inserting, pull processing, and couriating the checks to the postal facility. While Tier's remittance processing solution smoothies the payment transaction volume by operating 7 days per week, the disbursement function will receive a file only on business days. Therefore, every Tuesday the disbursement file will contain transactions from payments proc-

essed on Saturday, Sunday, and Monday. In the Ohio SDU operation, this represents approximately 37.9% of the weekly transactions. The disbursement solution proposed must be so robust as to be able to process almost 40% of the weekly transactions on a single day.

Tier is familiar with not only the operational peaks and valleys, but more importantly the technical and procedural solution required to ensure our operation meets each service level agreement of the project. This includes being able to meet the 5:00 p.m. deadline every day including Tuesdays. Figure IV.B.2.4-28 below details Tier's estimates for transaction volumes extrapolated from the percentage received by day of the week and week of the month.

Mon		Tue		Wed		Thu		Fri	
1		2		3		4		5	
Checks	14,809	Checks	38,266	Checks	8,672	Checks	17,611	Checks	21,018
% of Total	3.95%	% of Total	10.20%	% of Total	2.31%	% of Total	4.70%	% of Total	5.60%
Printer Hours	1.1	Printer Hours	2.8	Printer Hours	0.6	Printer Hours	1.3	Printer Hours	1.5
Insertor Hours	0.7	Insertor Hours	1.9	Insertor Hours	0.4	Insertor Hours	0.9	Insertor Hours	1.0
Postage	\$ 4,333	Postage	\$ 11,197	Postage	\$ 2,537	Postage	\$ 5,153	Postage	\$ 6,150
8		9		10		11		12	
Checks	15,864	Checks	34,732	Checks	9,445	Checks	15,583	Checks	15,752
% of Total	4.23%	% of Total	9.26%	% of Total	2.52%	% of Total	4.16%	% of Total	4.20%
Printer Hours	1.1	Printer Hours	2.8	Printer Hours	0.6	Printer Hours	1.3	Printer Hours	1.5
Insertor Hours	0.7	Insertor Hours	1.9	Insertor Hours	0.4	Insertor Hours	0.9	Insertor Hours	1.0
Postage	\$ 4,642	Postage	\$ 10,163	Postage	\$ 2,763	Postage	\$ 4,560	Postage	\$ 4,609
15		16		17		18		19	
Checks	13,889	Checks	37,202	Checks	6,594	Checks	21,855	Checks	16,506
% of Total	3.70%	% of Total	9.92%	% of Total	1.76%	% of Total	5.83%	% of Total	4.40%
Printer Hours	1.1	Printer Hours	2.8	Printer Hours	0.6	Printer Hours	1.3	Printer Hours	1.5
Insertor Hours	0.7	Insertor Hours	1.9	Insertor Hours	0.4	Insertor Hours	0.9	Insertor Hours	1.0
Postage	\$ 4,064	Postage	\$ 10,885	Postage	\$ 1,929	Postage	\$ 6,395	Postage	\$ 4,830
22		23		24		25		26	
Checks	16,083	Checks	31,898	Checks	10,528	Checks	14,501	Checks	14,193
% of Total	4.29%	% of Total	8.51%	% of Total	2.81%	% of Total	3.87%	% of Total	3.78%
Printer Hours	1.1	Printer Hours	2.8	Printer Hours	0.6	Printer Hours	1.3	Printer Hours	1.5
Insertor Hours	0.7	Insertor Hours	1.9	Insertor Hours	0.4	Insertor Hours	0.9	Insertor Hours	1.0
Postage	\$ 4,706	Postage	\$ 9,333	Postage	\$ 3,081	Postage	\$ 4,243	Postage	\$ 4,153
29		30							
Checks	15,161	Checks	35,525						
% of Total	1.98%	% of Total	4.63%						
Printer Hours	1.1	Printer Hours	2.8						
Insertor Hours	0.7	Insertor Hours	1.9						
Postage	\$ 4,436	Postage	\$ 10,394						

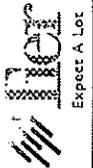
Figure IV.B.2.4-28. Tier's disbursement solution is based on an exact understanding of the transaction volumes each processing day.

After determining the number of transactions per day, Tier is able to exactly predict the operational capacity required to meet the State's contractual requirements. As noted above, the window provided for disbursement processing is relatively short given Michigan's disbursement volumes; moreover, given the significant penalty for failing to meeting the 5:00 p.m. deadline, it is imperative that the proposed disbursement solution provide immense processing, printing, and inserting capacity. Figure IV.B.2.4-29 below details the processing schedule by day of the week for the heaviest anticipated disbursement volumes. Moreover, as seen in the final section of the figure, Tier's solution provides enough capacity that even if the operation lost a printer and an inserter for the entire day, even on the busiest Tuesday, we can still meet the 5:00 pm delivery to the USPS facility.

What may seem like additional capacity in the operation, provides a number of tangible benefits to the State:

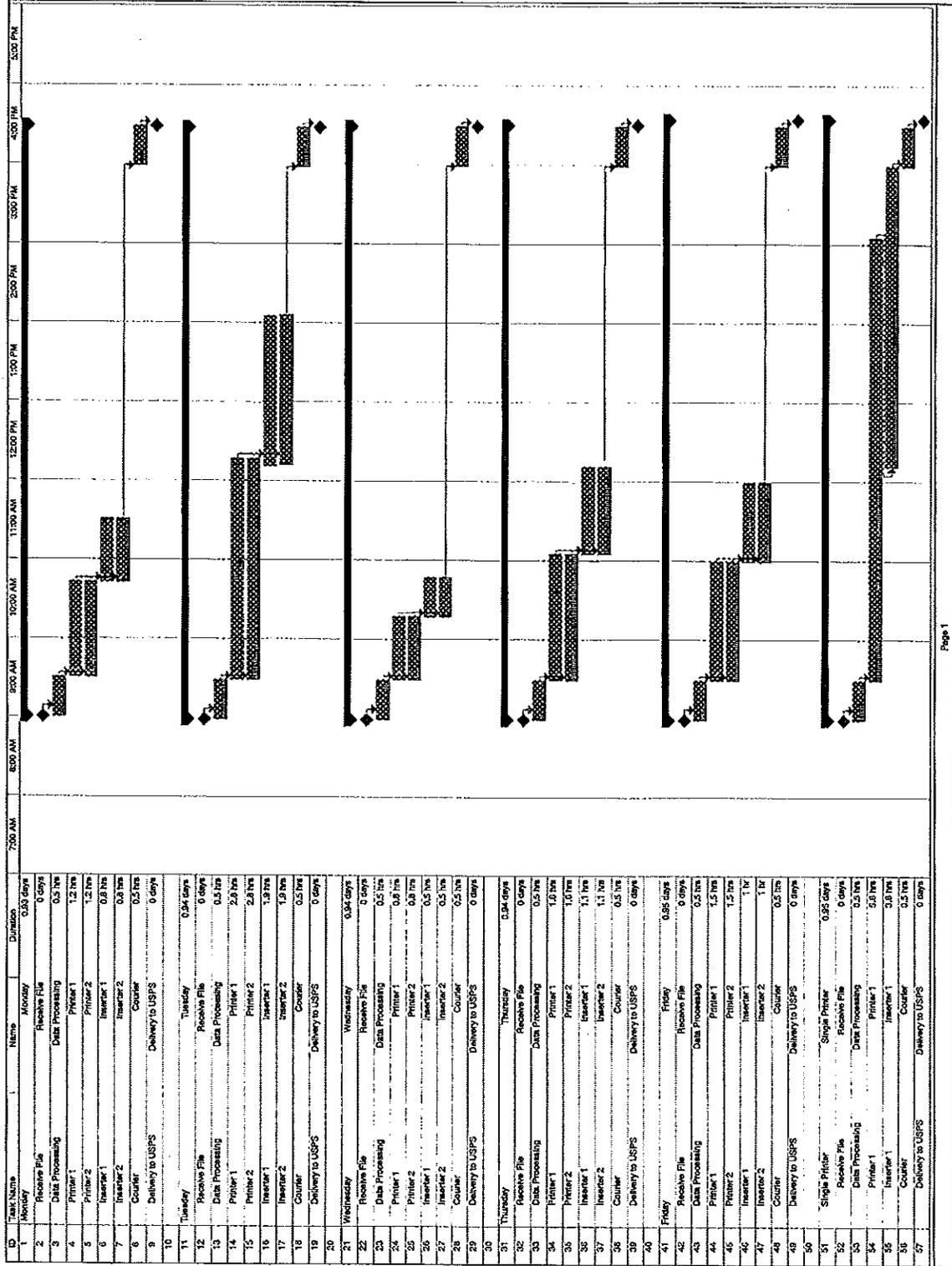
- ◆ A **guarantee** that the disbursement checks will always be mailed to the Michigan family on the day the disbursement file is sent from MiCSES
- ◆ Even if MiCSES is late producing the disbursement file, Tier will be able to still print and mail checks the same day
- ◆ Pulls can be accommodated much later in the day, since our disbursement staff will not have to rush to complete the actual printing and inserting processes, providing the FOC caseworkers additional time to review their cases each day.

The disbursement solution proposed for our Michigan operation has been proven at the Ohio CSPC, one of the nation's largest SDU operations. Tier understands that the State's clients measure the success of the child support program as a whole on whether or not they receive their child support payment. Michigan and its constituents can be assured that they will always receive their payments on time utilizing the Tier disbursement solution.



Expect A Lot

MI SDU



Page 1

Figure IV.B.2.4-29

Returned Mail Processing

Returned mail is an unfortunate part of any operation that does any sort of mass mailings. Unfortunately, at the MiSDU, returned mail can mean that a Michigan family did not receive the support to which it was entitled. Tier has an understanding of child support mailing operations and believes a proactive approach to reduce returned mail is the first critical step in ensuring families receive their support.

As detailed previously in this proposal, Tier will use the USPS Fast Forward solution to identify forwarding addresses prior to an item being mailed. Fast Forward compares the names and addresses of each individual on the disbursement file with the national database of individuals who have filed forwarding address information with the USPS. Identifying the correct address prior to mailing an item has a number of tangible benefits to all project stakeholders:

- ◆ Checks are mailed to the correct address the first time reducing the time it takes for the money to reach the family.
- ◆ Postage costs are reduced because there is no need to re-mail items that would have returned without the Fast Forward process.
- ◆ Staffing costs are reduced since the number of returned items is less, ultimately, reducing the overall cost to the State.

Once items have been returned there is a comprehensive set of procedures required to ensure total accountability for each item returned. The flowchart in Figure IV.B.2.4-30 details those procedures for returned checks and coupons. Initially, items will be separated into two groups—those with a forwarding address and those without. Checks with a forwarding address will be imaged and the address updated and a case note entered on MiCSES. If the check is related to unemployment, interstate, or to third-party transactions, the Unemployment Agency, FOC, or MiCSES hotline will be updated. If necessary, Tier will update the Other Third Party Addresses (OTHP) in MiCSES. Tier will work with the State

to determine if the returned check should be re-mailed or if a new check should be printed and then mailed. We have experience using both processes and will ensure that whichever process is used, each item will be accounted for.

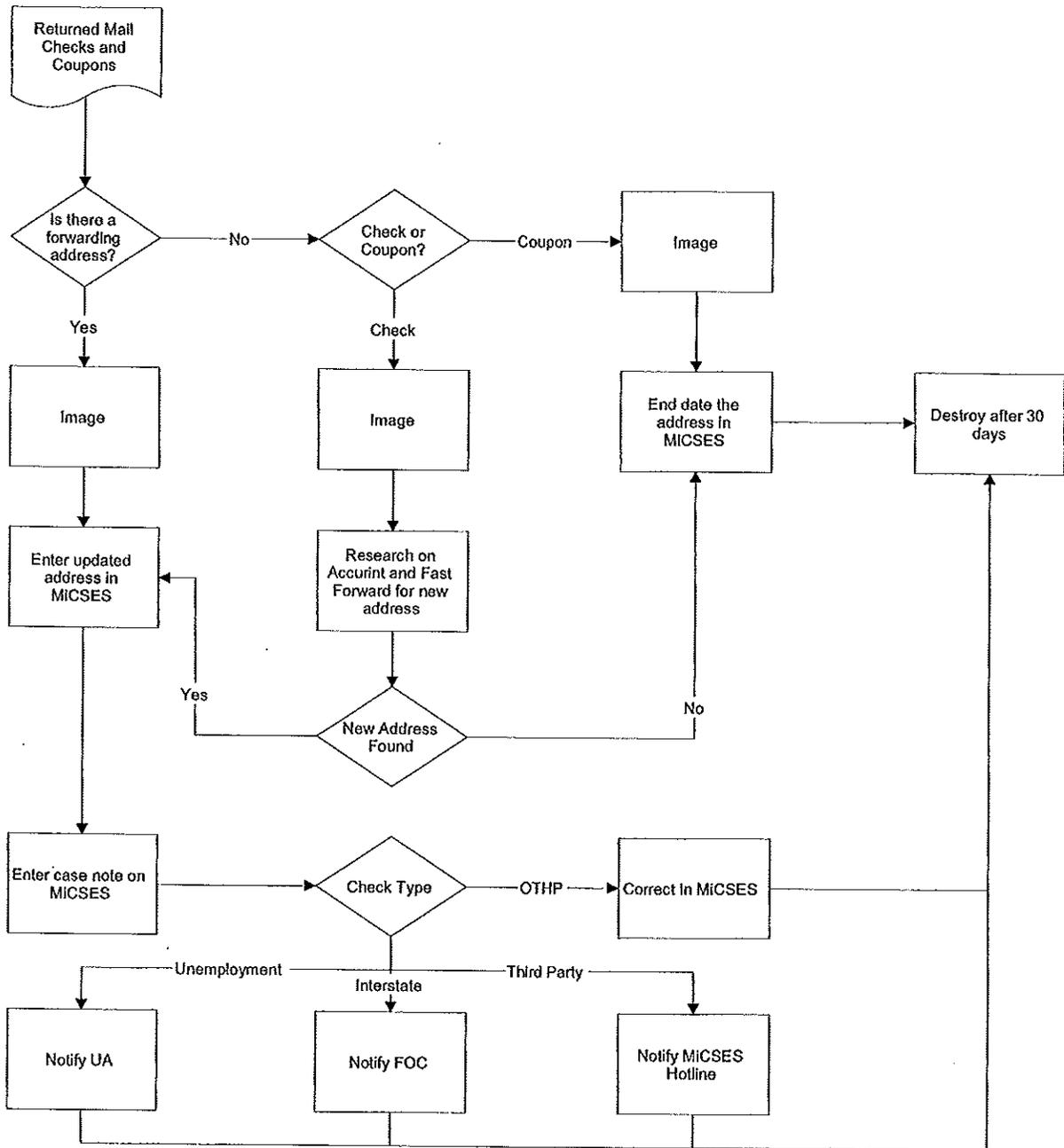


Figure IV.B.2.4-30. A number of discreet processes are required to ensure that each returned item is processed accurately.

While it is not a requirement, Tier believes it is important to image the items returned to allow for future research on the items. Since the items are stored in Tier's image archive, the images can be reviewed by anyone with access, including our customer service representatives and individual child support caseworkers. We believe that providing images to those stakeholders who deal with the program's constituents creates a more efficient operation.

For checks received without a forwarding address, Tier utilizes a comprehensive research protocol in order to determine if a new address is available. First, Tier will check the items against the Fast Forward database. It could be that since the item was initially sent and re-mailed, that the individual has filed a forwarding order with the USPS. If research using Fast Forward is unsuccessful, Tier will search for the individual using the Accurant database. Accurant is an online database of locate information Tier currently uses for locate activities in our other SDU operations. Through Accurant, we are able to not only locate the individual's most recent address and phone number, but the address and phone number of their relatives and neighbors. Using this information allows Tier to effectively locate many individuals who would otherwise remain "lost" using ordinary locate resources. When we are able to locate a new address, the same procedures detailed above will be followed to get the check to the individual as quickly as possible. When we are unable to locate a new address we will end date the address in MiCSES and securely destroy the items after 30 days.

Coupon Printing and Mailing

Tier Technologies (Tier) and our proven printing partner, Allison Payment Systems (APS), fully support Michigan requirement to mail billing coupons to the State's non-custodial parents (NCPs). In addition to providing a robust coupon printing solution, Tier is also proposing a solution that allows parents to access their statements online. We feel strongly that

our products and services are philosophically in line with Michigan initiatives and that we can provide a technologically advanced yet cost effective solution to the State.

To adequately support the coupon printing and Electronic Bill Presentment (EBP) solution, the selected vendor must have a technically superior solution and experience in providing the services required. Moreover, given the complexity inherent in child support operations, the vendor must have significant experience providing these types of solutions specifically to child support operations. As a leading provider of electronic commerce, remittance processing, and billing services to child support and other government agencies throughout the country, Tier is uniquely positioned to ensure the success of Michigan's coupon initiative including Tier's value-added EBP offering.

Tier understands the complex and sensitive nature of child support payment processing data and the need for timeliness in receiving payments from obligors. We have been supporting child support payment processing operations since 1995 when we first introduced our VIPRS (now known as Kids1st[®]) application to support the State of Iowa. We currently utilize our Kids1st application to process payments in seven states and in 2003 we processed more than 20 million child support payments with a combined value of approximately \$3 billion. Tier is also a partner in the privatized SDU operations in New York, Ohio, and Illinois. In addition to our SDU responsibilities, Tier is responsible for coupon or check printing in Ohio, Illinois, Kansas, New Jersey, and our Kentucky CHIP operation. These operations provide Tier the skills necessary to expertly print Michigan's child support coupons.

To consistently provide the highest quality billing document product we have elected to partner with APS. APS has supported the billing document production for our New Jersey SDU operation since 1999, and, in 2002, began producing the billing documents for our Ohio SDU operation.

Moreover, APS is a print vendor with a long history of working in the child support community and is one of the largest printers in the Midwest—producing over 200 million mail pieces annually.

Print Operations

Tier proposes a solution for printing and mailing obligor billing statements that leverages our experience in printing billing documents for SDUs with our understanding of Michigan's billing document requirements. It is a solution designed to ensure compliance with the State standards as outlined in the RFP as well as to provide billing documents that help ensure the efficiency of our associated lockbox operation. Tier recognizes and appreciates the challenges associated with high-volume printing and mailing. Our solution is designed to satisfy each Michigan State requirement for informative, attractive, and timely billing statements. Moreover, the proposed solution integrates the bill printing process with Tier's value added ability to present billing documents electronically. Our solution builds on an existing infrastructure to utilize the State's billing file for not only the printed documents, but to also render the data electronically on our new MiSDU website. In addition to supporting the current State requirements, our proposed solution includes sufficient capacity and resources to support any future document generation requirements that the State may have.

The State seeks a contractor that can print and mail high-quality billing statements to obligors associated with the State's child support program. The documents that are mailed should have tear-off coupons to facilitate efficient and accurate remittance processing once the billing document is returned. Tier is uniquely qualified to address this requirement, as we are one of a select set of vendors that both prints child support billing documents and processes child support payments. Tier will work with the State to ensure that the documents produced maximize accuracy and efficiency while minimizing the postal expense associated with the billing process.

If the current billing coupon meets the State's requirements, Tier and APS will work to match it exactly to facilitate the seamless transition to the Tier-run SDU operation.

The print and mail functions proposed include the following functionality:

- ◆ Laser imaging the billing document from a Post Script file.
- ◆ Inserting the billing document into #10 double windowed envelope and sealing the #10 envelope.
- ◆ Coding Accuracy Support System (CASS) and Presort Accuracy Validation and Evaluation (PAVE) to certify all mail pieces to ensure the best possible postage rates.
- ◆ Process the data and mail the billing documents within 2 business days.
- ◆ Generate electronic versions of the coupons that will be presented on the MiSDU website as part of the EBP program.

We appreciate the magnitude of these requirements and their associated solutions because together Tier and APS currently provide similar billing document and EBP services.

Ultimately, the goal of any billing solution is to ensure that sufficient information is provided with each payment and that the human involvement needed to post the payment to the correct account is reduced to a minimum. Moreover, drawing on our experience with other payment processing areas, we will work with the State to design a billing document that meets the requirements and employs the best recognition technologies including optical character recognition (OCR), intelligent character recognition (ICR), and magnetic ink character recognition (MICR). If the State prefers to retain the design of their existing bills, Tier's solution can be easily programmed to duplicate the existing format exactly.

Our specific experience in New Jersey, Ohio, Kansas, and Illinois proves our ability to handle the processing of Michigan's State's 52,000+ mailings per month. In Ohio, Illinois, and Kansas, Tier is responsible for

disbursement operations, which include the printing and mailing of checks, statements, forms, and letters. We are also involved in supporting the customer service center in each of these operations. For our child support printing operations in Ohio we also print additional correspondence or inserts on an as-needed basis. Previously this has included two mailings that totaled approximately 914,000 items. In New Jersey, Tier is responsible for mailing billing statements. Table IV.B.2.4-2 summarizes the volumes that our current operations handle for printing and mailing services.

Table IV.B.2.4-2. Tier's experience in printing and mailing child support materials.

Printing and Mailing Monthly Volumes				
	Average # of Billing Statements	Average # of Checks	Highest # of Checks	Average # of Other Correspondence
New Jersey	96,000 ¹			
Ohio	292,405	731,957	869,533	97,835
Illinois		362,094	378,415	7,950
Kansas		120,000		

In addition to requiring a vendor that understands both large-scale printing operations and the child support community, Michigan is also looking for a vendor that can provide the technology required to support 21st century billing methods including EBP. Together, Tier and APS are uniquely qualified to support these e-Commerce initiatives. Tier has created websites for a number of child support operations including the New Jersey Family Payment Center, the Kansas Payment Center, and the Illinois State Disbursement Unit. Moreover, APS is currently providing EBP services to a number of clients including Dell Financial and GMAC.

Document Services

As noted above, Tier understands the intricacies of printing for child support services because we currently provide these same services to some of the largest SDUs in the country. Many vendors may focus solely on the

equipment and its installation, but at Tier, we understand that to be successful in Michigan, our billing program must also include significant consideration of the printing operation's staffing and procedures. We realize that ensuring that the billing documents are mailed on time each month requires a significant increase in staffing and production capacity (equipment) during the two days that bills are printed. In order to consistently provide the highest quality billing document to the State and not jeopardize the check printing operations, Tier has elected to team with APS to print the coupons for the MiSDU. Tier currently uses APS to print billing documents for our New Jersey and Ohio child support operations. And APS has a long and productive relationship providing printing services to the child support community.

Allison Payment Systems, LLC, a payment systems provider in Indianapolis, Indiana since 1888, is a nationally recognized provider of printing services to the child support community. They have been a participant in government print and mail applications for more than 20 years and are particularly well suited to service a full range of statement and correspondence based products as required by the County. In fact, APS currently mails over 130 million mail sets each year. Their services embrace a culture of technological and operational innovation which allows them to provide "state-of-the-art" print and mail products. These services and support products improve overall customer service activity, increase the efficiency of the billing production and mailing process, and include electronic bill presentment.

APS has developed and introduced innovations specifically for individual print customers that are in the technological vanguard in billing notification and processing. The County could expect, in selecting Tier and APS, to benefit from these continued innovations and flexibility in operations designed to optimize all aspects of the print and mail process. Some

¹ New Jersey mails an obligor billing coupon package once each quarter.

of the pertinent processes and methodologies at APS include the following:

- ◆ ISO 9000-2000 commitment
- ◆ Six Sigma training and methodology
- ◆ Zero Defect mentality
- ◆ Delivery reliability, warranty
- ◆ Technology innovation.

APS currently produces payment advises and Medicare checks for the Centers for Medicare & Medicaid Services (CMS), formerly Health Care Financing Administration (HCFA), mailing one million pieces each month. APS also prints child support statement billings for the New Jersey Family Support Payment Center (FSPC). The FSPC is the SDU for the State of New Jersey and each quarter APS prints approximately four hundred thousand bill document images for them. In addition, APS was the original print vendor, from 1991 to 2000, for the child support payment books, billing statements, notices, and letters for the child support program under the Attorney General of Texas, producing approximately 900,000 print images per month. They have been responsible for numerous other child support print applications, including work for the States of Iowa, Indiana, New Hampshire, and regional clients including Dade County, FL and Oakland County, MI, listed in Table IV.B.2.4-3 below.

Table IV.B.2.4-3. APS Child Support Clients

State	Printing & Mailing Monthly Volume	Electronic Bill Presentment & Payment
Center for Medicare & Medicaid Services	1,000,000	
New Jersey Family Support Payment Center	400,000 Quarterly	
Texas Attorney General	900,000	
Dell Financial Services		2,500,000
GMAC		1,700,000

In addition to the experience in printing and mailing child support coupons, APS and Tier have incorporated the latest in EBP into the solution

we are presenting Michigan. Again this is a solution based on experience with APS currently providing EBP to such firms as Dell Financial Services and GMAC.

Printing and Mailing of Monthly Billing Statement

The implementation of a printing function as required by the State of Michigan is not simple. The State requires a printing facility that consistently produces large numbers of sophisticated billing documents, fully certified in CASS and PAVE, within a short production window. Moreover, to optimize the associated State remittance-processing operation, billing documents must be well designed, professionally produced, and mailed following the same time schedule every month. The goal that governs Tier's billing statement printing and mailing solution can be expressed in simple terms—deliver quality coupons to obligors on time every month to ensure the highest possible rate of respondent payment remittance compliance. Moreover, our solution is designed to leverage existing excess printing capacity and United States Postal Service (USPS) First-Class Mail Automation formatting to ensure the lowest possible printing and postage rates.

Each step in the printing and mailing process has implications for later payment processing functions. Optical Character Recognition (OCR) scanlines must meet exacting specifications or they will not be read by automated equipment. Barcoding must be correct or anticipated postage discounts will not be realized. NCPs must receive reminders on time, every month, or coupon usage will drop. All of these factors are considered in Tier's printing approach. Each aspect of our performance - from professional forms design, to printing and mailing tasks, to production and inventory control measures - is designed to complement and enhance the integrity of the entire printing process.

The development of the billing process for Michigan includes a number of discreet components that must be addressed before any bill can be

printed and mailed. At the highest level, these components include the following, which Tier and APS have accomplished for multiple printing operations:

- ◆ Infrastructure -- facility, furniture, etc.
- ◆ Connectivity -- to the State and APS
- ◆ Interface development -- the State, Official Payments Corporation (OPC), APS
- ◆ Hardware and software -- installation and testing
- ◆ Billing document -- design and approval
- ◆ Staff -- hired and trained
- ◆ Procedures -- developed and published
- ◆ USPS -- coordination
- ◆ Consumable acquisition -- paper, envelopes, stock, toner, etc.

We will use our experience in each of these components to ensure that the State printing function is implemented on time and in a manner designed to minimize or eliminate any burden to the State's clients. Tier is confident that the combined experience of APS and Tier is an excellent match for Michigan's printing requirements and will provide professional, efficient billing documents on schedule throughout the life of the project.

Prior to imaging the billing document, the document itself must be designed to ensure the use of the best formatting, toner, fonts, etc. Tier will work closely with the State to create NCP billing statements that take advantage of advances in payment processing technology while easing the burden on the obligor. In an effort to capitalize on technological advances in remittance processing, Tier has incorporated a number of strategies into our other remittance processing operations. We understand that the State currently has a billing document design; however, if changes are required, Tier can provide information on the following solutions:

- ◆ The OCR scanline that is printed on each coupon is read to capture obligor account data without data entry intervention.

- ◆ Intelligent Character Recognition (ICR)—Drop out boxes for hand printed information increase machine readability using ICR technology. ICR technology is used to capture the payment amount. Together with the CAR/LAR technology discussed below, TIER is able to accurately process a significant percentage of obligor payments received with a coupon without human intervention.
- ◆ Courtesy Amount Recognition/Legal Amount Recognition (CAR/LAR)—Drop out boxes for payment amount information, ICR discussed above, allow us to automatically compare the payment numeric dollar amount written on the check to the payment dollar amount hand written.

We believe that the use of these technologies together with our significant, long-term experience in child support payment processing operations provide the State with the opportunity to continue to improve its existing printing and remittance processing operation.

Laser Imaging and Inserting

The key to encouraging coupon use is to deliver coupons to obligors on time, without exception. Recognizing this, Tier has ensured that the APS proposed equipment configuration meets the State requirement of mailing billing statements included on the monthly datafile within 2 business days of receipt of the State billing file.

Tier and APS can confidently agree to these stringent turnaround times because our staffs understand exactly what meeting these schedules entails. While a vendor new to SDU processing is tasked with designing a totally new printing and mailing schedule, we can base our plan on tested and proven print job and staffing schedules. All printers proposed for this operation are equipped with six separate form sources and machine-readable Optical Mark Read (OMR) edge codes applied to each printed image allowing the ready production of multi-page statements if required. Current capacities at the APS facility for both printing and processing of

statement products are in excess of 900,000 images per day with average daily consumption currently at 47%, easily allowing sufficient capacity to meet the production timeframes for printing the Michigan State billing documents.

APS produces all files in controlled blocks. Files containing greater than 4,000 mail pieces are blocked in 4,000 mail set groups. This process enables APS to perform more rapid reconciliation. Each block is checked while it is processing on both the printers and inserters to make sure that 4,000 pieces are always accounted for. The number of mail pieces received is directly communicated back to Tier and the State through the APS 24 CARAT application. Each print job includes process documents that accompany the print job through the production process. These documents indicate how many of each envelope component is required to fill the order. This information ensures that everyone associated with the production print job knows how many mail pieces are included in the job, how much of each material component it will take to complete the job, and the time which the job is expected to be mailed.

The goal governing our obligor billing statement printing and mailing process can be expressed in very simple terms—deliver quality coupons to obligors on time every month to ensure the highest possible rate of respondent payment remittance compliance. Tier's proposed solution for obligor billing statement printing and mailing tasks for Michigan State incorporates the best of our current practices, many of which are similar to our disbursement printing operation for Michigan as well as the printing experience of APS. By blending the latest technology with a proven process, Tier and APS are able to offer the State a virtually risk-free transition to a printing environment that meets all of the requirements set forth in the RFP. The following is a brief description of the obligor billing statement-processing flow:

1. Receipt of the State billing file – This file will be received through the State’s data exchange gateway and subsequently transferred via a secure FTP transmission to the APS facility in Indianapolis, Indiana. Given the confidential nature of the information contained on the billing datafile, we believe that Pretty Good Privacy (PGP) encryption provides the required level of security. As a hybrid cryptosystem, PGP combines some of the best features of both conventional and public key cryptography. When a user encrypts plaintext with PGP, PGP compresses the plaintext. Data compression saves transmission time, disk space, and, more importantly, strengthens cryptographic security. Most cryptanalysis techniques exploit patterns found in the plaintext to crack the cipher. Compression reduces these patterns in the plaintext, thereby greatly enhancing resistance to cryptanalysis.

Once compressed, PGP creates a *session key* which is a one-time-only secret key. This key is a random number generated from the random movements of the mouse and the keystrokes typed. This session key works with a very secure, fast conventional encryption algorithm to encrypt the plaintext; the result is ciphertext. Once the data is encrypted, the session key is then encrypted to the recipient's public key. This public key-encrypted session key is transmitted, along with the ciphertext, to the recipient. Once the encryption is complete the file is transferred to APS through an FTP or other transmission protocol. This is the same data encryption and transfer process currently in use at the Ohio SDU and provides the security required when processing child support data.

2. File Logging – The data file sent to APS is first logged to establish an audit control of the file receipt date and time, number of records on the file, etc. APS monitors data communication file transfers to track activity daily to assure that expected data transfers have been affected. If an expected transfer is not received within the scheduled timeframe, a

- call is placed to determine why the file was not received. Errors contained in the input data file are documented and the user is notified immediately of errors that would prevent production from continuing.
3. Print File is Created – Once the file has been logged, the data it contains is processed to create the actual print images. Typically, the print images combine the data received in the print file with the form used for the particular print job, e.g. obligor billing documents. These print images are then sent to any number of printers, depending on volume for printing.
 4. Billing Statements are Folded and Inserted – Once printed, the billing statements are folded and inserted using the OMR that was assigned to each billing document during file processing. The OMR indicates to the inserter how many print pages to insert into each window envelope.
 5. Postal Sorting – At this point, the envelopes containing the billing documents are commingled with other envelopes printed at the APS facility. The commingled envelopes are then sorted by postal code to provide the maximum number of envelopes sorted to the 3-digit or 5 digit zip code level. This sort provides the greatest postal savings and is recognized for the largest number of envelopes when multiple print jobs are combined.

CASS Certification and Barcoding

At the APS operation, CASS software will be implemented through the use of a Group One Software package called Code One. Code One is responsible for thorough preparation of the addresses in the billing document file to ensure correct handling by the USPS. It verifies, standardizes and corrects address elements and appends postal codes as necessary. Code One scrubs every aspect of an address to bring it into precise alignment with strict USPS standards resulting in the lowest postal rate.

To cleanse addresses, the billing document file with the address information is sent to Code One to match against the USPS database. Code One will verify, add, standardize, and correct street names, directionals, suffixes, city names, states, and ZIP+4 codes. Once the address is cleansed, Code One will add carrier route codes and delivery point barcodes. Code One's output is flexible in that it allows for control of whether it will ever overwrite the address information in a database. Tier will work with the State to determine what if any address information will be updated. Code One provides an extensive list of return codes to help you diagnose addresses that are returned because they were not matched to addresses in the USPS database.

Presorting – PAVE

APS employs mail management systems and mail hygiene systems that maximize delivery and postal discounts. These systems include presorting and commingling services that enable ZIP code concentrations that meet minimum volume requirements under postal regulations. APS currently combines (commingles) the mail volumes of our many clients to gain these concentrations. After contract award, Tier will work with the State to ensure that commingling of the State print documents is acceptable.

APS has an onsite postal service and acts as an authorized post office under USPS auspices. They operate mail sorting systems, trayng, and labeling distribution containers for transportation to USPS end points and are currently the largest 1st Class mailer in Indianapolis. The State operation will be able to leverage the current large volume of mail already printed by APS to ensure the absolute lowest postal rates available for the billing document operation. To this end, APS has partnered with the largest mail processing center in Indianapolis for more than 15 years to assure the timely distribution of all mail pieces produced at APS, allowing some overflow volumes to be processed at that facility. It also serves as a partner in the APS Disaster Back Up program. In addition, APS has full time

staff dedicated to postage analysis and compliance, who are active members of the Indianapolis Postal Customers Council and have served on its committees for finding improved methods for mail processing.

Verification of quantity & the State notification

Verifying the total print production is an important step in the printing and mailing of the State billing documents. In order to ensure a complete validation the print totals from five distinct process milestones must be measured and reconciled. Specifically, these print totals are as follows:

1. The number of records in the print file from the State. Tier would suggest including the number of records in the file in either a trailer record or in a separate validation file.
2. The number of records processed.
3. The number of statements printed.
4. The number of statements inserted in envelopes to be mailed. At this point, Tier will contact the State by e-mail with the number of billing statements printed, inserted, and prepared for delivery to the USPS.
5. The number of statements verified as mailed by the USPS according to Form 3602 R discussed in the previous section.

Tier will provide a copy of the reconciliation monthly to ensure the State understands the exact number of statements billed reconcile with the datafile received by Tier for processing.

Quality Control Plan

Tier recognizes that the print production and quality of every single record is a critical component in how the respondent population views the State's child support collection program. If a NCP fails to receive an expected mailing or receives a mailing that does not meet quality expectations, the ramifications are significant – respondents lose faith in the system and the customer service departments must address complaints.

Tier and APS employ proven production control techniques and quality assurance procedures in each of our printing operations to ensure that each individual NCP Billing Statement and/or check is printed and mailed accurately and in a timely manner. We have consistently employed proven sampling and production control procedures to safeguard the best interest of our customers where we are responsible for printing. We will use our SDU printing experience to manage each facet of print production for the State to ensure that it meets the State's and our own internal quality control standards.

Quality auditors monitor all production functions to assure that quality levels are maintained throughout the entire printing and insertion process. Products are constantly sampled and verified for quality, quantity and completeness using statistically valid sampling. State of the art printing technology fuses toner to the paper using a process that prevents smearing or smudging. However, each print run still has random documents sampled from each production block.

All damaged items are recreated immediately using the printing software. This software allows the print operators to input the specific account number and place an order for the associated documents to be reprinted. Reprinting takes place the same day as the original item was damaged. The software is also designed to indicate if any item received in the State print file is not printed or inserted.

All production at APS is accompanied by an internal work order that is automatically generated at the time the input file is processed. This work order informs everyone in the production process of the following:

- ◆ When the file was received
- ◆ The quantity contained within the job
- ◆ The number and type of materials necessary to complete production
- ◆ All processes necessary to complete the job
- ◆ The time it is due out of the production facility.

The APS Quality Assurance (QA) function will have responsibility to see that the Quality Control Plan is fully adhered to and will play a significant role in the implementation of the Michigan print function. The duties of the APS QA function are as follows:

- ◆ Identify and implement quality and process improvements
- ◆ Identify, develop, and conduct quality-related education and training
- ◆ Analyze and follow up on corrective actions to achieve timely and comprehensive solutions
- ◆ Qualify and audit material and component supplies; conduct site audits
- ◆ Review and approve corrective action responses
- ◆ Monitor OCR quality
- ◆ Monitor and/or participate in first article/initial production inspections
- ◆ On floor production inspections

Through an on-going, documented training process and with timely and thorough testing of all products, Tier is confident of our ability to meet and surpass the State's print quality requirements.

Electronic Bill Presentment

Billing Statement Access

Tier is offering a comprehensive EBP solution that provides bill images not only to the State's clients through the Internet, but also provides bill images to our customer service agents. The EBP solution utilizes two applications, BillView and WebHost, together, which we will call BillView. Together BillView and WebHost offer an integrated billing solution that incorporates the same print data stream into paper and electronic bill presentment. A sample screen print of the BillView document can be seen in Figure IV.B.2.4-31 below.

not matter whether or not the client prefers Word, WordPerfect, or even AmiPro, the PDF document can be read by simply installing the Adobe Acrobat Reader. This application can be downloaded from the Adobe site free of charge at anytime. We believe the PDF solution provides the State's clients the greatest flexibility in interacting with the Department.

The BillView solution is a stable application with many large corporate clients including Dell Financial Services and GMAC. These companies present over 2.5 million and 1.7 million images, respectively, each month using the BillView solution. There are currently 5 million images presented monthly by the BillView solution.

Printing and Mailing Monthly Billing Statements

APS conducts its printing and mailing business from two modern production facilities utilizing state-of-the-art equipment. The corporate offices and primary production operations are housed in a modern 60,000 square foot building near the Indianapolis International Airport. A second facility, opened in 1997, has 44,000 square feet and serves as the sales and marketing offices as well as a secondary production and warehousing site. All imaging and mailing for the State will be performed within one of these two facilities.

APS operates fully secured production facilities since it processes highly sensitive personalized financial data. This includes federal and state government taxpayer information as well as negotiable check products. APS also handles payment advises and Medicare checks for Centers for Medicare & Medicaid Services, formerly Health Care Financing Administration. All processing facilities are badge/card controlled in order to limit access to information sensitive areas. Badges are used by all employees and are programmable to provide selective access. Entry and attempts at entry are recorded digitally for review, on demand. In addition, multiple video surveillance cameras are used to monitor and record key locations both inside and outside the facilities. Secure storage cages are used to

house sensitive press printed documents and surveillance cameras monitor these cages. APS uses a MAS90 accounting system that provides forms management capability. Forms usage is reviewed daily on a client by client basis. Consumption reports are matched against inventory levels and reorder requests are issued to the client automatically. APS uses more than 120 million cut sheet forms and check stock annually, about half of which are generic. If feasible, Tier will work with the State to capitalize on this commonality to leverage forms procurement.

Each step in the process is tracked using a bar-code recording system that identifies the job being processed, the process steps required, the operator performing the process, and the quantity produced. This information feeds the APS software reporting system (24 CARAT™), identifying when products are shipped, the quantity shipped and the inspector releasing the work for shipment. This data may be accessed and reviewed by Tier through the 24-CARAT program. APS uses 24 CARAT reporting and tracking services through the entire production process. It is an invaluable tool that allows Tier and the State to determine the status of jobs received by APS for production. Reports can be generated to customer specifications regarding data receipt times, ship dates for entire runs, or specific customer account inquiries. User defined codes can automatically determine what is to be included in an envelope, whether it is to be a personalized insert, analysis report, or other enclosed materials. Segmentation can be defined by criteria such as codes passed within the production files or selective criteria maintained by APS such as dollar amounts, zip codes, or calculated fields.

The APS 24 CARAT production status tool will provide the State access to pertinent information about the printing and mailing process. 24 CARAT allows the State to monitor the print workflow, including the status of individual print jobs, through the entire printing and mailing processes. The print job data is updated every four hours and the mail

dates are updated daily. Addressing the security requirements of accessing production data over the Internet, 24 CARAT provides SSL security as indicated by the “s” on the https and padlock icon found on the 24 CARAT website. Both of these symbols can be seen in the screen prints from the actual login page and sample reporting page found in Figure IV.B.2.4-32 and Figure IV.B.2.4-33 below. We have included images from both Windows 2000 and Windows XP to allow the State to see what the screens look like based on the operating system utilized.

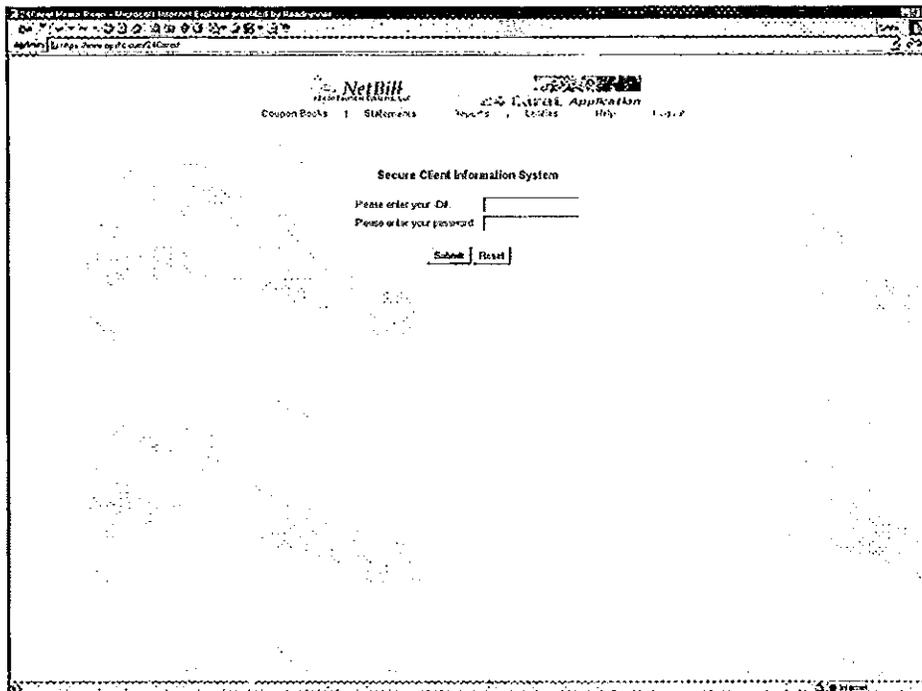


Figure IV.B.2.4-32. 24 CARAT login screen

24 CARAT
Customer Account Reporting Access Tracking

Enter name: (? to match multiple characters)
 Enter Account #: (_ to match one character)
 Enter User/Doc ID:

Customer Number: 2200 Service Code: AM Customer Name: Allison Mortgage Corporation Production Date: 5/1/01 Filename: AMC Monthly

Name	Svc Code	Statement Date	Account #	User/DocID
Richard Clark	AM	3/15/01	3178082710	
Joseph E. Thomas	AM	3/15/01	3178082623	
Jessie Thomas	AM	5/15/01	3178082540	
David Marshall	AM	5/15/01	7607887176	
Brian Escobedo	AM	5/15/01	3178082506	
John Lewis	AM	5/15/01	3178082659	
Brian Marshall	AM	3/15/01	7184787789	
Kevin Thomas	AM	5/15/01	3178082621	

Navigation: Page: 1 of 1

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Figure IV.B.2.4-33. 24 CARAT Sample report page

Disaster Recovery Capabilities

The disaster recovery plan utilized by APS has been established with a local network of printing and statement insertion equipment operators that enables APS to produce and deliver clients' statements beginning one business day following a catastrophic event that would disable APS' entire production capability. In addition, the fact that APS operates two similarly equipped production facilities within ½ mile of each other provides innate redundancy and disaster recovery options that few print vendors can match.

APS has established a Disaster Backup Program with affiliates located in the Greater Indianapolis area that will enable the services and products covered under this agreement to be provided without interruption. This program would be invoked in those instances where the catastrophe is limited to the capabilities of APS and has not impacted the capabilities of its

affiliates. The location of APS relative to its Disaster Backup affiliates would minimize the impact of such events that would completely prohibit APS from performing its services, e.g., tornadoes, fire, strikes, and other catastrophes that tend to be localized rather than widespread.

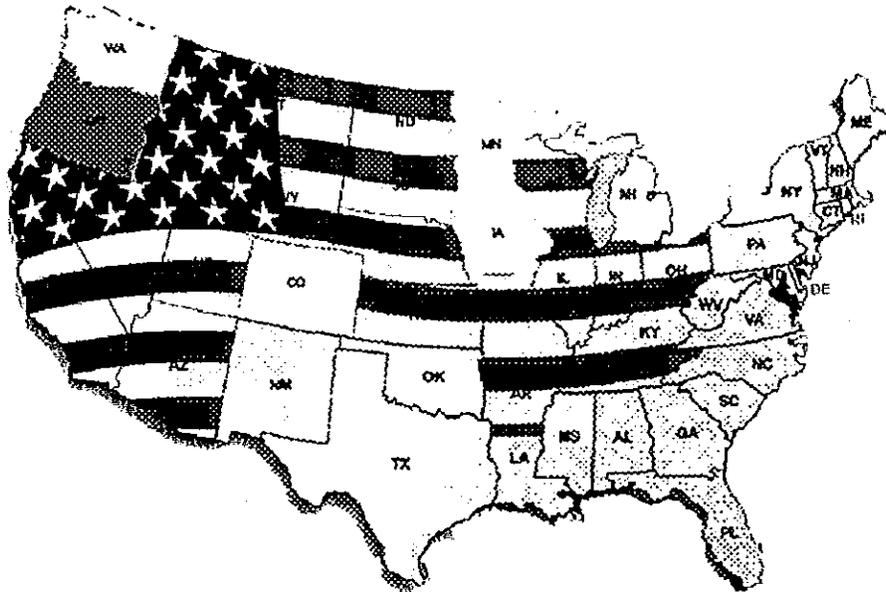
Backup Program, Statement/Invoice/Check Applications – This program is designed to provide continuation of services to APS clients in the event of a catastrophe that renders APS unable to fulfill its production obligation to its clients for a period of three business days or more. Because APS employs distributive processing systems that are readily duplicated, it can establish alternate processing locations with little advance notice. Redundant equipment that is capable of handling the production processes used for its statement production has been located at multiple facilities throughout the local community with affiliates and work partners. While some peripheral services and products may be limited or restricted, this program is intended to deliver the principal check, statement/invoice products to intended recipients in a timely fashion. The backup program is initiated immediately upon the occurrence of a catastrophic event and will continue from the time of customer notification of the occurrence until normal service is restored.

The entire coupon printing solution proposed by Tier for the State of Michigan is designed to ensure that NCP parents received billing coupons when they expect them, that the coupons are professionally designed, and that they are expertly printed. Meeting these requirements ensures Tier and the State the highest coupon use rate. Moreover, as a value added service Tier will make each coupon printed available on the web as part of an electronic bill presentment solution. Providing additional methods for individuals to receive their coupons helps increase coupon usage, which ultimately reduces the cost of the operation and subsequent the State's cost to operate the SDU and peripheral functions.

Electronic Card Disbursements

Through our e-Disbursement partner, U. S. Bank, Tier is pleased to submit a response to the State of Michigan’s requirement for Electronic Payment Card services. As the first and largest issuer of Child Support disbursement cards for State agencies, including Washington, Colorado, Minnesota, and Iowa, and the current provider of unemployment insurance disbursement services for the State of Oregon, U.S. Bank is uniquely qualified to manage the card portfolio requested by the State of Michigan.

U.S. Bank proposes the implementation of the **U.S. Bank ReliaCard VISA** program for the State of Michigan. ReliaCard is the largest prepaid card program in the United States, designed exclusively for the disbursement of government funds. U.S. Bank’s extensive government program experience can be seen in Figure IV.B.2.4-34.



U.S. Bank Child Support Disbursement Programs – CO, IA, MN, WA
 U.S. Bank Unemployment Insurance Programs – OR
 U.S. Bank 24 – State Geographic “Footprint”

U.S. Bank is pleased to report that the Multi-State Consortium, consisting of Colorado, Nebraska, North Dakota, and South Dakota, recently notified U.S. Bank that we have been selected as their contractor for the Consortium’s Electronic Payment Card Program. We began contract negotiations on May 3.

(Note – Colorado is a current U.S. Bank customer, as such, U.S. Bank will retain Colorado volume, while Nebraska, North Dakota, and South Dakota volume will be incremental to U.S. Bank).

Figure IV.B.2.4-34. US Bank is the largest provider of Electronic Payment Cards to government agencies in the country.

U.S. Bank has the experience, management expertise, and commitment to the government-based disbursement card market to provide the services requested by the MiSDU.

Some highlights of the ReliaCard VISA program include:

- ◆ It is a VISA-branded payment card designed to replace costly paper checks
- ◆ It is not a credit card. Cardholders will be able to access only the funds that have been deposited on the card by the State
- ◆ Funds are deposited to the card via ACH using the standard NACHA file format and procedures
- ◆ Cardholders have multiple ways to access their funds
 - Make purchases at well over 20 million VISA debit merchant locations worldwide
 - Make purchases at over 1 million merchants that accept Interlink PIN-based debit – many of which provide “cash back” functionality at the point of sale
 - Withdraw cash at:
 - Allpoint surcharge free ATMs (over 700 in Michigan and more than 25,000 in the United States)
 - VISA/PLUS® ATMs (over 870,000 worldwide)
 - U.S. Bank ATMs (over 4,500 in the United States)
- ◆ Customer service is provided 24X7, 365 days a year by live and multi-lingual representatives.

The U.S. Bank ReliaCard program, the largest prepaid debit program designed for use by government agencies in the United States, will reduce expense and improve the overall recipient experience by providing unbanked and even unbankable recipients with access to another method of receiving their child support payments. The program includes significant tangible benefits to the State as well including the elimination or reduction of the following:

- ◆ Check issuance expense
- ◆ Lost/stolen check re-issuance expense
- ◆ Fraudulent check losses
- ◆ Postage expense
- ◆ Monthly reconciliation expense
- ◆ Escheatment responsibilities.

The funds recipient (cardholder) benefits from the implementation of the ReliaCard program when compared to the current process of receiving a paper check. Key advantages of ReliaCard are as follows:

- ◆ Immediate funds availability – identical timing to direct deposit, no waiting for check to arrive in the mail.
- ◆ No check cashing expenses.
- ◆ Funds can be used at point-of-sale at any merchant that accepts VISA Debit (over 20 million locations worldwide), Interlink PIN-based debit (over 1 million locations in the United States), or to access cash at any PLUS or VISA-branded ATM (over 870,000 worldwide). There is no need for a recipient to carry large amounts of cash once they become a ReliaCard cardholder.
- ◆ Security – if card is lost or stolen it can be easily replaced, and the funds are secure. Additionally, U.S. Bank assumes liability for all fraudulent VISA transactions – the cardholder and the State pay nothing.
- ◆ VISA Purchase Security – VISA will replace, repair items, or reimburse cardholders up to a maximum of \$500 per claim and \$50,000 per cardholder for eligible items of personal property purchased entirely with an eligible VISA card for the first ninety (90) days from the date of purchase in the event of theft, damage due to fire, vandalism, accidentally discharged water, or weather.

The remainder of this section discusses the ReliaCard under five distinct headings:

1. ReliaCard Implementation and Card Enrollment Process
2. Cardholder experience
3. Account funding
4. Customer Service
5. U.S. Bank Experience & Expertise

ReliaCard Implementation and Card Enrollment Process

U.S. Bank has designed the ReliaCard program with the knowledge that our government partners do not have unlimited resources available to dedicate to the implementation and on-going management of a card-based disbursement program. Our experience indicates that it takes approximately 8 weeks to implement a ReliaCard program. While no two ReliaCard implementations are identical, a sample implementation and roll-out plan is provided in Figure IV.B.2.4-35 and discussed in further detail in the workplan section of our proposal.

US Bank ReliaCard Visa Sample Project Plan							
Item #	Detailed Tasks	Opt/Req	Owner	Comments	Min # Weeks prior to go live	Targeted Completion Date	Status
Start Up							
1	Receive signed contract from State	R	USB, State		8-12		
2	Determine Card Logo (if necessary)	R	USB, State		8-12		
3	Determine and communicate rollout strategy (big bang, pilot, location by location)	R	USB, State		8-12		
4	Communicate desired ReliaCard go-live date	R	USB, State		8-12		
5	Establish recurring status review call	R	USB, State		8		
	Determine file transfer connectivity requirements	R	USB, State		8		
	Test file transfer connectivity	R	USB, State		7		
6	Confirm ability to conform to ACH layout	R	USB, State		8		
Training							
1	Provide US Bank with list of State individuals who are authorized to access/build ReliaCard accounts. Return Security Access forms to US Bank.	R	State		4		
2	Provide User Ids and Passwords to State	R	USB		2		
3	Train State on paymentcardmanager.com	R	USB, State		2		
Marketing							
1	Determine marketing strategy	R	USB, State		8		
2	Modify and print marketing collateral as needed	R	USB, State		6-8		
3	Determine enrollment form return and data entry process	R	USB, State		5-6		
4	First mailing of enrollment forms to non-direct deposit individuals	R	State		5-6		
ACH File							
1	Test ACH process by loading funds to test card.	R	USB, State		3		
Implementation							
1	Link cardholder web site to State's site	O	State		4		
2	Receive enrollment forms	R	State		2-3		
3	Determine date of first live load to cards	R	USB, State		2		
4	Build new ReliaCard accounts based on returned enrollment forms	R	State		2		
5	Cardholders receive ReliaCard in mail	R	USB		1		
6	Go Live - First loading of funds to cards	R	State		0		

Figure IV.B.2.4-35. Sample Implementation and Rollout plan for the ReliaCard program.

U.S. Bank will provide the State with secure access to the interactive, web-based enrollment and search tool www.paymentcardmanager.com for review. This is the same tool that Tier and US Bank will use to operate and manage the program for the State. In addition, our MiSDU operation will have access to the batch file transmission process (Figure IV.B.2.4-36) for both new account enrollment and account updates.

New Accounts - Batch File Process

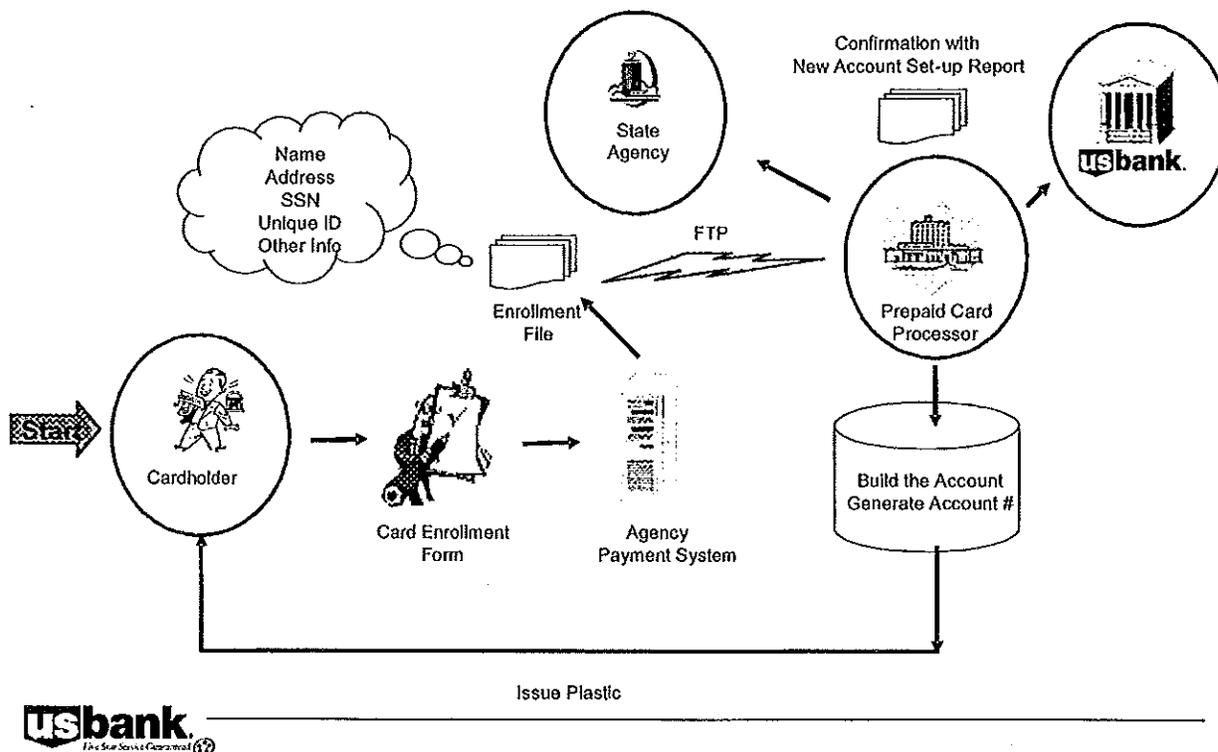


Figure IV.B.2.4-36. Setting up new ReliaCard accounts is a simple, proven process.

- ◆ *Web-based enrollment* – The MiSDU customer service and financial department will have the ability to enter new account information, review new account information, search for specific accounts, and confirm that ACH transactions have successfully occurred on specific accounts. This is existing functionality; a screen shot from the web-based enrollment site is provided (see Figure IV.B.2.4-37).
- ◆ *Batch file enrollment* – U.S. Bank will provide the MiSDU with a standard file format for the transmission of new account information and account updates. Although U.S. Bank and its processor are able to accept batch files via many different methods, the preferred method is File Transfer Protocol (FTP). Tier will work with the State to ensure that all security concerns are addressed with any file transfer method used.

Add New Card Holder

Card Holder ID: _____

First Name: _____ Last Name: _____

Please check the box if entering in a Foreign Address:

Mailing Address: _____

City: _____ State: _____ Zip+4: _____

Country: USA

Home Phone Number: _____ Business Phone Number: _____

Card Holder SSN: _____ Date of Birth: _____

Mother's Maiden Name: _____

Card Holder Request Paper Statement: Yes No

Figure IV.B.2.4-37. The MISDU customer service representatives will have easy access to a web-based screen for adding a new card holder.

U.S. Bank will require that the State send the following pieces of information to establish a new account:

- ◆ Last name, first name
- ◆ Address (Street Number, Apt. #, City, State, Zip Code)
- ◆ Home Telephone Number
- ◆ Alternate/Work Telephone Number (preferred, but not required)
- ◆ Date of Birth
- ◆ Social Security Number
- ◆ Mother's Maiden Name

U.S. Bank will issue a ReliaCard VISA to all customers referred by the State, regardless of age, income, or credit history. However, after consul-

tation with the State, Tier reserves the right to close individual card accounts due to cardholder fraud.

U.S. Bank will be responsible for all aspects of the card issuance process. Once the required cardholder information has been provided to U.S. Bank the card will be built overnight and mailed the next day. The typical card production timeline follows.

Business (U.S. Mail) Day One

- ◆ Cardholder information sent by the State to U.S. Bank by 5:00 PM Central time

Business Day Two

- ◆ Cards are processed – embossed, magnetic stripe programmed, etc. – in the early morning
- ◆ Cards are packaged – attached to carrier, inserted into envelope with welcome brochure, privacy pledge, and terms and conditions
- ◆ Placed in the U.S. Mail for delivery (end-of-day pick up)
- ◆ Cards are typically delivered within three to five U.S. Mail days.

Tier and U.S. Bank, not the State, will be responsible for administering all replacement card processing. When a cardholder realizes they need a replacement card issued, likely because their original card has been lost or stolen, they will need to call ReliaCard Customer Service to report the issue.

Upon validating the identity of the caller, Customer Service will “block” the lost/stolen card from future use and reissue a new card (with a different card number) to the cardholder. The outstanding balance on the old card will be transferred to the new card at this time.

The ReliaCard program includes a robust monthly reporting package, to be delivered to the State via secure web site, that includes the following information:

- ◆ Monthly sum total of number of loads

- ◆ Monthly sum total of dollar value of loads
- ◆ Monthly sum total of number of ATM withdrawals
- ◆ Monthly sum total of dollar value of ATM withdrawals
- ◆ Monthly sum total of number of PIN-based POS sales
- ◆ Monthly sum total of dollar value of PIN-based POS sales
- ◆ Monthly sum total of number of Signature-based POS sales
- ◆ Monthly sum total of dollar value of Signature-based POS Sales

Cardholder Experience

The ReliaCard prepaid debit card product offered to the MiSDU through U.S. Bank provides the cardholder (benefit recipient) with unparalleled access to their funds. ReliaCard is VISA-branded and operates via the VISA network for signature-based purchase transactions, the INTERLINK[®] network for PIN-based purchase processing, and the VISA/PLUS[®] network for ATM transaction processing. The U.S. Bank ReliaCard VISA is a prepaid debit card (stored value card). There is no line of credit associated with the product.

The ReliaCard prepaid debit card product operates via the VISA network for signature-based purchase transactions processing, the INTERLINK[®] network for PIN-based purchase processing, and the Allpoint and VISA/PLUS[®] networks for ATM transaction processing as illustrated in Figure IV.B.2.4-38.

VISA debit	Accepted for purchases at over 20 million merchant locations worldwide
INTERLINK	Interlink network terminals can be found at grocery, warehouse, drug, and video stores, as well as gas stations - all the places most do their daily shopping. There are over 1.2 million merchant locations that accept Interlink transactions in all 50 States. A list of Interlink merchants is available at http://usa.VISA.com/VISAInterlink/
Allpoint	Over 25,000 surcharge free ATMs in the United States, over 700 in Michigan
PLUS	Over 870,000 VISA/PLUS ATMs worldwide.

Figure IV.B.2.4-38. The ReliaCard prepaid debit card offers security and convenience.

U.S. Bank will include instructional materials for the ReliaCard to all Cardholders at the time of card issuance. ReliaCard instructions will be included in the welcome brochure, card carrier, and terms and conditions documents at a reading level no higher than 7th grade. In addition, Tier is working with VISA, Inc. to provide financial training to all interested CPs and NCPs including those using the ReliaCard.

Any PIN-based transaction on the ReliaCard portfolio, whether it is at the point of sale or at an ATM, will decline if that transaction would cause the cardholder to exceed their available funds on the account. In rare situations, signature-based (VISA debit) transactions may allow a cardholder to exceed their available balance. While U.S. Bank sees minimal "over limit" activity on the current ReliaCard portfolio, they most often occur at automated fuel dispensers (pay-at-the-pump). If the State so desires, U.S. Bank is willing to discuss options that would reduce the likelihood of over limit activity, including disabling the ability to make purchases at automated fuel dispensers (but cardholders would still be able to pay for their fuel purchase inside the gas station).

Any "over limit" balances and fees are the responsibility of the Cardholder not the State. Negative balances are removed as new funds are loaded onto the cards (assuming enough funds have been loaded to "cover" the negative balance). If the State chooses to close an account that has a negative balance, and will therefore never be loaded again, U.S. Bank assumes liability for the lost funds. U.S. Bank also accepts the liability for card fraud, not the State or the cardholders. Simply, if a ReliaCard is ever lost or stolen and the card is used fraudulently, U.S. Bank will reimburse the cardholder for the full value of the fraudulent transaction(s).

When a cardholder reports a disputed charge, a provisional credit will be applied to the account while the transaction is investigated.

The Cardholder Agreement requires the cardholder to protect their Personal Identification Number (PIN) in order to mitigate the possibility of PIN-based fraud.

U.S. Bank recommends that the State of Michigan utilize the current ReliaCard design (see Figure IV.B.2.4-39) which is utilized for our child support disbursement programs in Iowa and Minnesota, and will be utilized in Washington and Colorado for new accounts and reissued cards in the near future.



Figure IV.B.2.4-39. The current ReliaCard design has been proven in a number of state applications.

Benefits of the current card design include:

- ◆ Clear recognition of the issuing bank (U.S. Bank)
- ◆ Prominent display of the VISA, ReliaCard, Debit, and U.S. Bank logos
- ◆ No reference or stigma related to benefits or child support
- ◆ Easily recognized and serviced by U.S. Bank branches and banks that process VISA cash advances
- ◆ Design applicable regardless of geographic location
- ◆ Quick to market (implement) as card plastic is already in stock – new plastic production adds considerable time to a program launch
- ◆ No additional creative costs for card design concepts
- ◆ Cross-border recognition

If required, a state or department logo can be placed on the card.

Account Funding

The ReliaCard funding process is accomplished via ACH and adheres to all standard NACHA guidelines. Identical to the process Tier will use to fund direct deposit transactions, U.S. Bank will provide the MiSDU with a bank routing number and identifier for each card. The bank routing number is U.S. Bank-specific and will be the same for all ReliaCard cardholders, but the identifier will be unique to each card. The account identifier is not the actual card number; rather, U.S. Bank ties the unique identifier to the card and routes the funds accordingly. U.S. Bank has elected to make the identifier different from the card number for privacy reasons and to simplify the oversight required by the State. If a card is lost or stolen, the replacement card will be tied back to the original identifier. Therefore, the State will not need to make *any* changes to their ACH file, no matter how many times the card is reissued. Furthermore, U.S. Bank will allow the State to actually select the unique card identifier for their cardholders. Some of our existing partners have elected to utilize SSN or child support case numbers when enrolling recipients in the program. All ACH guidelines and timeframes apply when loading or reversing funds. U.S. Bank will make funds available to cardholders in the early morning hours of the ACH effective date – usually between 3:00 and 6:00 AM CST.

Customer Service

U.S. Bank and Tier will be responsible for all customer service associated with the ReliaCard program and will provide cardholders with a number of channels with which to gain information regarding their account. The primary ReliaCard customer service channels are:

- ◆ **Telephone-based servicing:** Toll-free ReliaCard service is provided 24x7, 365 days a year, in colloquial English and in Spanish (Figure IV.B.2.4-40). Service is available for the hearing impaired (TTY).

- ◆ **Web-based servicing:** All account information that is available via the telephone is also available on the PIN-protected ReliaCard web site (www.reliacard.com).

Customer Service Process

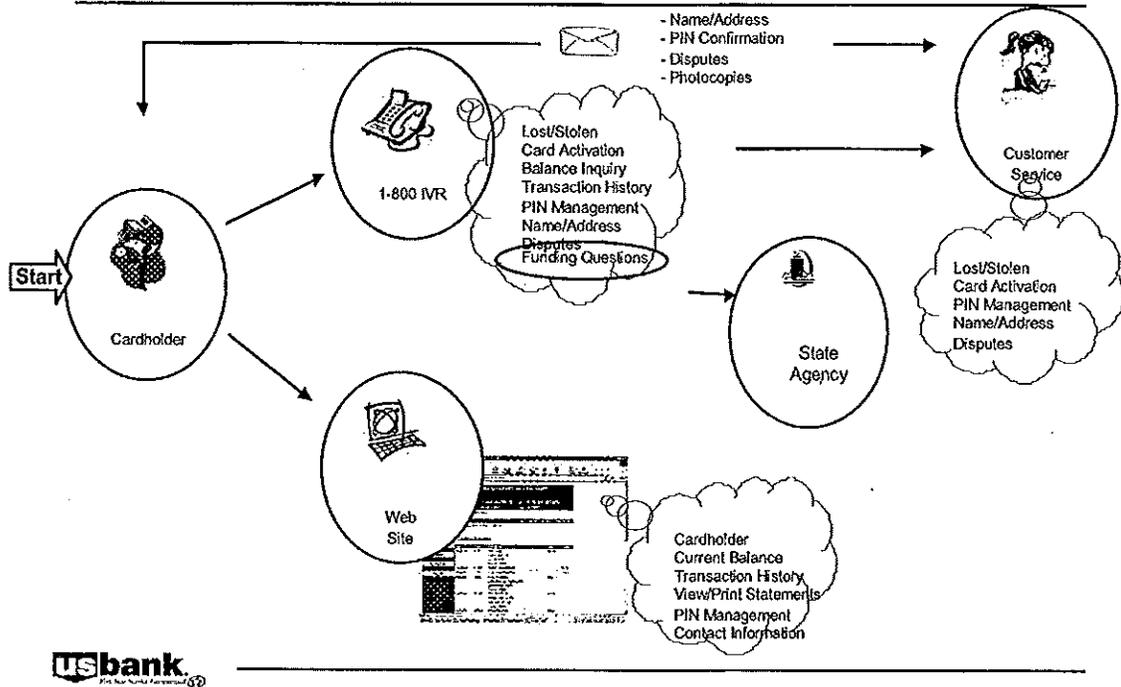


Figure IV.B.2.4-40. The ReliaCard customer service program ensures individuals have the information they require

ReliaCard telephone-based customer service includes a robust IVR that is easy-to-use and allows cardholders the ability to quickly perform account maintenance tasks, including:

- ◆ Card activation
- ◆ PIN selection
- ◆ PIN change
- ◆ Account balance inquiry
- ◆ Recent transaction information
- ◆ Report the card lost or stolen (transfer to live representative)
- ◆ Dispute a charge (transfer to live representative)

In addition to the IVR, ReliaCard customer service includes live representatives who speak English and Spanish. If a ReliaCard cardholder does not speak either English or Spanish they can call ReliaCard Customer Service where a live representative can utilize Language Line Services, an interpreter service with access to over 140 languages, for further assistance.

The ReliaCard web site is fully secure and requires both the card number and PIN to access card information. The following service tasks can be performed on the ReliaCard website (see Figure IV.B.2.4-41).

- ◆ Account balance inquiry
- ◆ Recent transaction information
- ◆ View/print monthly statements
- ◆ PIN change



On-Line Card Access - Microsoft Internet Explorer provided by US Bank, v2.3

Address: <https://www.onlinecardaccess.com/customer/CustomerActivity2/jgfc.dracrsf%2Fvvs%2Fgfc%2Fsseccadracenino/>

Terms & Conditions | Privacy Statement | Contact Us

Online Card Access - ReliaCard Visa

Card Number : 4460534300000075
Balance : \$.00

CHRIS SHRIES

Card Information
Card Activity
Statement
Change PIN
Log Out

Card Activity

Pending Transactions

Date	Time	Terminal	Merchant	Amount
There are no pending transactions.				

Completed Transactions

Date	Time	Description	Amount
08/11/2003	13:24:25	DEBIT ADJUSTMENT	-\$ 10.00
06/16/2003	15:00:05	WITHDRAWAL RIVERBANK CAFE 000 ST PAUL Terminal: S300N009	-\$ 5.00
06/16/2003	14:58:40	ADD FUNDS	\$ 10.00
06/16/2003	14:46:33	ADD FUNDS	\$ 5.00

Start: [Icons] 4:55 PM

Taskbar: New Memo - Lotus Notes | On-Line Card Access - ... | CMSe - Microsoft Internet...

Figure IV.B.2.4-41. The ReliaCard web site is existing functionality as seen in this site screen shot.

Additionally, U.S. Bank will provide ReliaCard cardholders with a monthly paper statement, mailed directly to their address of record, at no additional charge. The secure ReliaCard web site archives twelve months of statements, providing the cardholder with the ability to print previous statements at any time. Finally, cardholders can verify available funds at any VISA/Plus-ATM by performing a balance inquiry.

U.S. Bank Experience & Expertise

U.S. Bank is the recognized innovator and market leader in card-based electronic Government disbursement services, and was the first bank to introduce a prepaid VISA product for child support and unemployment insurance. To date, U.S. Bank has issued and continues to support over 80,000 ReliaCards for child support recipients and unemployment insurance recipients in Colorado, Washington, Minnesota, Iowa and Oregon. In 2003, over \$85,000,000 in disbursements were electronically loaded to the prepaid VISA cards issued to our partner State program recipients.

Current U.S. Bank ReliaCard program in place include:

ReliaCard VISA Child Support Disbursement

The State of Colorado	since 2001
The State of Washington	since 2001
The State of Minnesota	since 2002
The State of Iowa (mandatory)	since 2003

ReliaCard VISA Unemployment Insurance

The State of Oregon	since 2003
---------------------	------------

Tier and U.S. Bank are also pleased to report that the Multi-State Consortium, consisting of Colorado, Nebraska, North Dakota, and South Dakota, recently awarded U.S. Bank the Consortium's Electronic Payment Card Program contract.

Tier and US Bank are excited to be able to offer the State of Michigan and its constituents a comprehensive electronic payment card option. Based on years of experience providing similar services to Health and Human Service agencies in a number of states, our solution provides Michigan families a viable e-Disbursement option for their child support payments. In addition, the program provides those individual who either choose not to or cannot establish a banking relationship an opportunity to move into a more normal financial relationship. Moreover, Tier, together with US Bank and VISA are exploring the opportunity to include financial training as part of our service solution

In 2003, Fifth Third processed 9 billion eCommerce transactions. Their understanding of the NACHA guidelines and procedures ensures that each direct deposit transaction will be accurately and expeditiously processed.

U.S. Bank's leadership in the payments industry is evidenced by our position in a number of key markets:

- ◆ Leading provider of VISA branded prepaid debit cards - 1st in State Government programs
- ◆ Active co-brand credit card issuer
- ◆ 5th largest Debit Card issuer in the U.S.
- ◆ 7th largest Credit Card issuer in the U.S.
- ◆ 8th largest card issuer in the world
- ◆ VISA Board of Directors bank
- ◆ Largest issuer of VISA Corporate and Purchasing Cards in the world
- ◆ 2nd largest issuer of VISA Business Cards in the world
- ◆ 3rd largest Merchant Acquirer/Processor in the U.S.
- ◆ 3rd largest ATM network in the U.S.
- ◆ FDIC insured financial institution

Through our banking partner, Fifth Third, Tier brings to the MiSDU a world-class provider of electronic transaction processing including the use of the ACH network for direct deposit transactions.

Each morning, Tier will pass to the bank the daily direct deposit file. This file will contain all direct deposit records for child support in a PPD format, which provides one complete financial transactions in each record. This transaction type is the standard for personal ACH transactions. Tier currently uses this format in disbursing child support payments through direct deposit in our Kansas operations. To ensure the successful receipt and processing of the direct deposit file by Fifth Third each day, Tier and the bank will implement a collection of stringent reconciliation procedures. These procedures will validate not only that the file has been received, but also that the number of transactions and dollar total of these transactions processed by Fifth Third are exactly equal to the totals sent to the Bank by Tier.

IV.B.2.5 Customer Services [ITB II.C.2.d]

Introduction

Tier – We treat everyone with dignity, respect, honesty, and courtesy.

Tier Technologies understands and subscribes to the vision of the Michigan Office of Child Support (OCS) that states, “Child Support for every child” as well as to OCS’s mission of “ensuring that every child receives child support.” Tier realizes the vision and mission goes beyond the receipt and disbursement of child support payments—that they speak to the total child support experience, including customer service. Tier will offer a customer service solution designed to enhance the callers’ MiSDU experience. This will be achieved by incorporating proven management principles, an effective training methodology, and a state-of-the-art telephone and Customer Relationship Management (CRM) application utilizing the most current technology available.

Tier will also introduce a customer service Automated Call Distribution (ACD) mechanism called the Automated Routing Optimization Methodology (AROM) designed to increase efficiencies in call center operations. This model positively affects all critical call center metrics and optimizes operations efficiency. More importantly the clients, both internal and external, are better served at a lower cost to the State. AROM is described in more detail in the section below entitled “Custodial Parties and Obligors.”

Tier Technologies proposes the Customer Interaction Center (CIC) from Interactive Intelligence, Inc, as the most intelligent contact management and business communications software available. The foundation of Tier’s CRM solution for the MiSDU is the Microsoft CRM package. Microsoft CRM provides Michigan with a business strategy that will enhance customer service levels while increasing the productivity and efficiency of the MiSDU. Our goal is to provide Michigan with a CRM package that will enable MiSDU to manage and track every aspect of a stakeholder’s case.

Tier Technologies has an understanding of child support customer service derived from years of experience in multiple venues, including child support customer service operations of similar scope and responsibilities for the States of Idaho, Kansas, New Jersey, Alabama, Kentucky, Ohio, and Illinois. Recently, Tier was awarded the contract to provide call center operations for the State of Tennessee's State Disbursement Unit. Tier's call center experience also includes call centers within our Financial Institution Data Match (FIDM) operations and our Official Payment Corp[®] (OPC) clients. Figure IV.B.2.5-1 shows Tier experience within the United States.

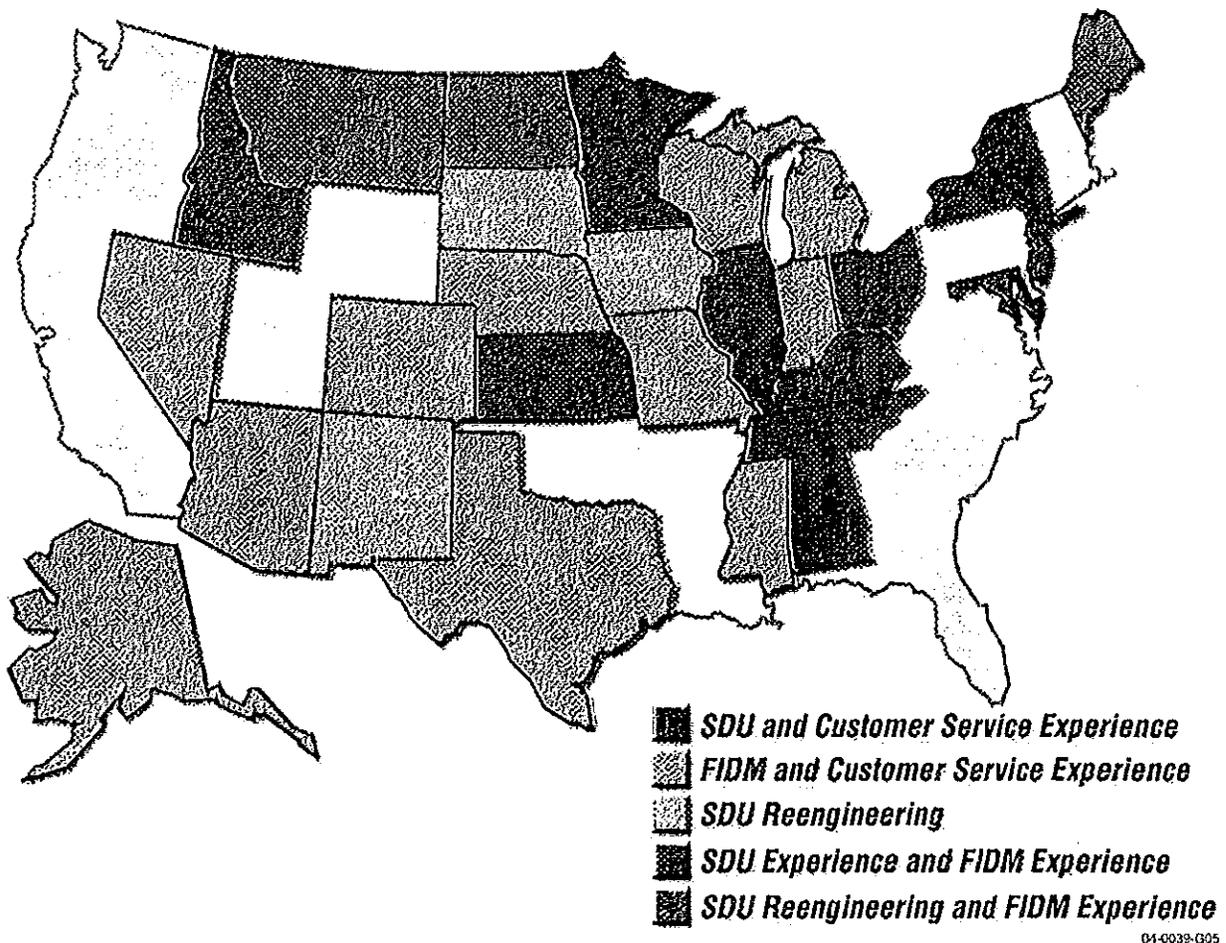


Figure IV.B.2.5-1. Tier has child support customer service operations of similar scope and responsibilities for the States of Idaho, Kansas, New Jersey, Alabama, Kentucky, Ohio, Illinois, and, most recently, Tennessee.

Tier appreciates that issues surrounding child support have a high emotional content. Custodial parents (CPs) and Obligors want assurances that they will receive their checks on time, every time. In many instances this money provides the only means parents have of supplying food, clothing, and shelter for their children. They want expeditious answers to questions concerning support disbursements and deserve swift responses to inquiries. Non-custodial parents (NCPs) want the peace of mind associated with knowing that they are providing for their children and have a trouble-free, effective means of obtaining information concerning their payments. Employers want a simple process for withholding and remitting support payments. These same constituents also want prompt access to information and assistance to support them in navigating the child support program. State and county child support personnel want to ensure that payments are posted in an accurate and timely manner to ensure effective case processing. Customer service personnel must support state and county personnel in the execution of their responsibilities and at the same time adequately field inquiries from other constituents. Tier will strive, utilizing its core values described in Figure IV.B.2.5-2 below, at all times to deliver this service package so as to appear as a section within the OCS (i.e., in a “seamless” fashion).

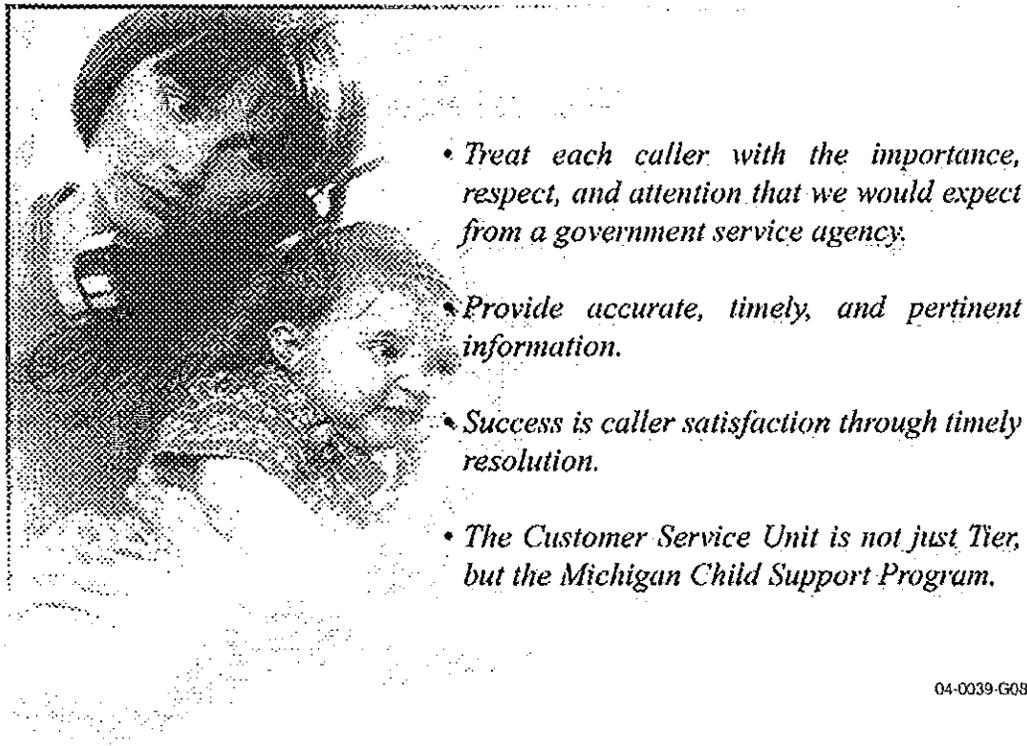


Figure IV.B.2.5-2. Tier will use its core customer service values at all times to deliver this service package so as to work seamlessly with the OCS.

Tier continues to be a market leader in providing business process outsourcing solutions to the child support community. In 2003, Tier staff answered more than 890,000 calls from obligors, payees, employers, and county staff; its systems and operations processed and posted more than 20,114,000 child support payment transactions and disbursed more than 13,457,000 payments. Tier is the second largest provider of privatized child support processing and disbursement services in the country.

Tier's customer service operations vary in size. Figure IV.B.2.5-3, below, summarizes Tier's relevant customer support experience and associated statistical information.

State	Staff Size	Average Monthly Call Volume	Average Call Length	Average Call Hold Time	Average Monthly IVR Call Volume	Avg. Monthly Website Traffic
Alabama	5	400	3:30	< 1min.	N/A	N/A
Kansas	11	17,000	2:15	<1 min.	125,000	N/A
Idaho ¹	13	22,860	3:02	<1 min	79,211	N/A
Kentucky	2	700	3:00	<1 min.	N/A	N/A
New Jersey	11	7,395	2:34	1:30	N/A	N/A
Illinois	19	64,458	1:46	<1 min.	136,229	59,327 ²
Ohio	6	4,463	2:20	<1 min.	N/A	N/A
FIDM states	6	1,383	1:38	<1 min.	N/A	N/A
OPC clients	7	10,000	2:30	<1 min.	200,000 up to 1 million during peak season	N/A

¹ Operations complete October 2003

² Clients can obtain payment and disbursement information, forms, and FAQs

Figure IV.B.2.5-3. Tier can scale its offering of customer services for child support agencies to fit the needs of clients spanning a range of sizes.

The Illinois customer service operation is currently the highest volume child support customer service center operated by Tier. The Illinois CSRs handle over 64,458 calls a month with an average wait time of less than one minute while maintaining an average talk time of 1:46.

The State of Michigan Customer Service Unit (CSU) will be designed to operate on an I3 Interactive Intelligence platform similar to that being used in Illinois. The operation will apply the same technology, best practices, and management approach that has proven so successful there.

The state was sufficiently impressed with the efficacy of the Illinois CSU that senior operations staff from the state requested a meeting with Tier’s Illinois Project Director, Rodney Kyles. The state was interested in migrating best practices established in the Illinois CSU to other state-run call center operations. During the meeting ideas were shared on how to decrease abandoned rates, decrease average speeds of answer times, and improve the overall efficiency of a call center.

Soon afterward, Tier received another request from the State of Illinois to assist in evaluating state-run call center operations.. Again staff from Tier and senior staff from the State of Illinois met to discuss improvements to their current operations. During this meeting Tier offered a number of suggestions relative to systems, management, and processing flows.

Tier worked with the State of Illinois collaboratively, as a team, providing valuable insight and knowledge of call center operations. This was done with the sole intent of assisting the State of Illinois with their call center operations and sharing the wealth of information that Tier has. Tier's extensive experience and knowledge in the operation of child support call centers was very helpful in assisting the State of Illinois with improving their operations. Tier will use the same experience and knowledge to build a solid operation for the State of Michigan.

As previously stated, Tier's experience in working with child support call centers is extensive. Tier has gained a wealth of knowledge from operating the child support call centers in Idaho, Kansas, New Jersey, Alabama, Kentucky, Ohio, and Illinois. In each state that we operate, we continuously build positive and professional relationships with all of the stakeholders and have demonstrated our ability to become an integral part of the state's Child Support Program. Building a professional relationship with the child support constituents in Michigan will be natural for Tier.

Tier creates a partnership with states to whom we provide services. It is critical to the end-user calling for information that there is a seamless and invisible interface between the state and Tier. Throughout the process, Tier's focus is to provide accurate information to its stakeholders, in a timely fashion, conveyed with the utmost professionalism.. Tier will efficiently and promptly provide support for any inquiry received from any one of MiSDU's internal and external clients, including but not limited to OCS Supplementary Customer Service Organization, custodial parties and

obligors, employers, Friends of the Court (FOC), and the OCS, Attorney General, and prosecutors.

Tier believes its solutions and operating platforms will greatly benefit the external and internal clients of the MiSDU. Every request will be documented within our Microsoft CRM solution, which will enable Tier to monitor the inquiry every step of the way to resolution and ensure accurate statistical recordkeeping for reporting back to the State. Tier's CRM solution will be so well integrated that documented information will be readily accessible to use in conducting research or to forward to the appropriate department. More importantly, all stakeholders, as agreed by the state, will have access to the CRM so they can track the status of their request themselves without having to call for a status. Also, our online resolution system can be accessed via the Microsoft CRM package, allowing stakeholders to receive pertinent information without having to make a call into the call center. Additionally, as agreed by the state, all stake holders will have an email forwarded to them upon resolution of their incident being resolved. This approach will allow time for the stakeholders to concentrate on other important matters.

OCS Supplementary Customer Service Organizations [ITB II.C.2.d.1]

Based on our prior experience, Tier understands the necessity and importance of demonstrating the ability to respond to the needs of the internal and the external clients of the MiSDU in a timely and efficient manner. These clients include the OCS, FOC, Central Functions Unit, and the Special Initiatives Unit (SIU).

Tier is committed to working collaboratively with the FOC to provide the necessary support and research for any problem that may have prevented monies from being disbursed, the correction of case related case conditions or any matter where support from the customer service unit is required or desired.

Tier recognizes the need for quick, efficient resolution to the inquiries from the FOC and is committed to providing the necessary support to resolve the matter within acceptable timeframes. Tier will ensure that our staff is accessible and available to receive the FOC items to be researched or resolved. Our system will allow immediate gathering of data so that the inquiry will be resolved sooner rather than later. Tier will utilize the dedicated toll free number for the FOC. This will facilitate direct contact between FOC staff and our team members and will allow them to receive prompt attention and resolution of any matter that requires support from the customer service unit. Tier feels that by having direct access to customer service, the needs of the FOC will be better satisfied and, more importantly, clients will benefit from the expeditious resolution of the matter at hand.

Tier will work closely with the SIU to resolve any payment-posting problems, ensuring suitable follow-up to ensure timely resolution to the inquiry. Because of Tier's experience, we understand the importance of inquiries generated from high profile offices (i.e., Governors, Legislative, Legislative staff, etc.) and received by the Central Functions Unit. Tier will provide the necessary support to resolve these inquiries in the most efficient manner and will ensure that they are responded to within twenty-four hours of receiving the inquiry.

Custodial Parties and Obligors [ITB II.C.2.d.2]

Tier realizes the customer services calls are critical to the success of the MiSDU and are important to the state. We will strive to ensure that contacting the CSU will be a positive experience for all clients. All calls will be handled effectively and efficiently. This will be achieved by:

- ◆ Instituting a solid, tested training program
- ◆ Practicing an effective quality assurance program
- ◆ Employing a proven management approach
- ◆ Hiring quality staff and experience representatives

- ◆ Establishing best practices
- ◆ Introducing an AROM designed to increase the overall efficiency to the call center operations.

Training

Tier is acutely aware of the importance of training in this environment. Tier has dedicated, professional trainers who have solid experience in implementing call centers in a number of states. Tier recognizes that no call center can operate effectively or efficiently without the proper training. Tier will work closely with the State to have train-the-trainer sessions with our key training staff so that they can learn the State's MiCSES system. Tier will then use the knowledge received from these sessions to train the customer service staff beginning with key members of the daily operations.

During training, we develop in our Customer Service Representatives (CSRs) the necessary "soft skills" (such as telephone etiquette), a knowledge of the specific requirements of the state child support system, and the ability to make maximum use of technology to deliver a high-quality customer service product. Some of the topics in our training curriculum include:

- ◆ Background of Child Support Enforcement
- ◆ Payment/distribution/disbursement process
- ◆ Child Support System Mainframe (MiCSES)
- ◆ Customer service call handling techniques
- ◆ Use of the on-line manual
- ◆ Quality assurance (QA) monitoring
 - Use of computer and telephony equipment
 - (Security and confidentiality requirements .

Formal training is followed by a transition period where CSRs take calls under close supervision. A lead CSR is designated to assist workers

in identifying areas where additional training is required. The lead CSR also provides assistance in a final effort to ensure that the CSR is comfortable and productive.

We stress that quality must be engineered into customer service delivery while providing the capability to monitor that delivery. To that end, we have established a QA training position responsible to provide continual training in the area of quality and also to monitor service delivery. Tier's training is describe in greater detail in the section below entitled "Training, QA Practices, and Escalation Processes."

Quality Assurance (QA)

Quality assurance will be a cornerstone of the management of the CSU. Our staffing plan includes a dedicated QA Specialist whose sole responsibility is the daily monitoring of customer service calls. We are aware of the importance of ensuring quality and exemplary service. We will monitor at least two calls for each CSR daily. Each of the monitored calls will be documented on the monitoring form included in the below section entitled "Training, QA Practices, and Escalation Processes." Daily feedback will be provided to the CSR and the associated CSR Team lead immediately after a call monitoring session is completed. The statistical results of the call monitoring process will be compiled for review during weekly coaching sessions and during quarterly and annual performance reviews. Any corrective actions necessary will be provided immediately to insure that issues are addressed right away.

Management Approach

The State of Michigan seeks assurance that the project's organizational structure and approach ensures delivery of an efficient and operationally compliant CSU. Tier understands these concerns and has developed a project staffing team that easily meets the State's goals and objectives. Based on experience gained while operating and implementing other SDUs, Tier understands the number of staff required for each of the project's func-

tions. The following five factors are the cornerstones of Tier's project team:

1. An organizational structure that will effectively support the project's operational needs, including timely and accurate information delivered to callers, prompt research to calls that can not be readily answered at the initial call, and support of a real problem resolution unit.
2. Establishment of a customer-centric project culture that ensures staff at all levels understands the needs of the State and its constituents.
3. A learning organization that focuses on comprehensive training and growth opportunities for staff at all levels.
4. A highly skilled management team that will ensure that the proper operational infrastructure is in place to support the project staff.
5. Establishment of the CSU as an employer of choice through community involvement and a comprehensive benefits and compensation package.

Supporting Tier's MiSDU's Project Team is the entire Tier Payment Processing Center Division, which is composed of functional, operational, technical, and subject-matter experts dedicated to the success of each of our child support projects. Formalizing the implementation and operation of each of our projects, Tier's Project Management Methodology provides a consistent, repeatable foundation for our child support operations.

Staff Selection

Tier knows that the best technologies are ineffective without the appropriate staff. The selection of CSRs during the screening, interview, and hiring process is critical to success. Tier will provide the right startup management and support to conduct a robust staffing process. We will extend invitations to the current vendor's staff to interview for positions within the Tier organization. We will determine which of those staff meet the high standards Tier sets for its customer service staff. A well-trained, professional staff supported by sound, proven policies and procedures is

essential to the success of any child support CSC. While we provide extensive training for new staff, certain characteristics, skills, backgrounds, and/or talents must be present in each customer service candidate. Each potential CSR must bring to the project team:

- ◆ Some prior customer service experience
- ◆ A pleasant, professional demeanor
- ◆ Effective verbal communications skills
- ◆ Basic computer skills
- ◆ Experience in learning and retaining information on specialized topics (e.g., child support policy)
- ◆ Ability to analyze information and solve problems
- ◆ Patience and understanding

The selection process will be timed appropriately to ensure that staff are hired with adequate time for orientation and training. Our expectation is that the bulk of our CSRs will be hired 3 weeks prior to implementation to provide at least 15 working days of training prior to assumption of duties by Tier.

Best Practices

Tier's experience of managing and operating child support call centers will allow Tier to implement best practices and lessons learned from a wealth of similar projects around the country. The end result is a better managed and more effective customer service center operations.

Tier has an effective customer service strategy based on:

- ◆ Identifying the target customer – both internal and external
- ◆ Determining what is important to the target customer and exceed expectations
- ◆ Providing a feedback loop for incorporating customer complaints into process improvement practices
- ◆ Researching each item thoroughly and tracking it to completion

For example, employers are a target customer who may find providing wage assignment payments a burden and as a result are not open minded about using EFT. What is important to an employer is saving time, so when Tier receives a call from an employer not using EFT, we will approach this customer with that in mind. Our emphasis will be on the fact that in the long run EFT will save them time and is more secure. If information is provided by the employer that will improve our overall process then we will incorporate that into our practice. Not letting research items fall through the cracks speaks for itself.

ACD Routing Optimization Methodology (AROM)

ACD Routing Optimization Methodology is a technique that utilizes ACD (Automatic Call Distribution) technology to route calls in a predetermined manner to established CSR Groups.

ACD Routing Optimization Methodology Configuration

The fundamental change required to successfully implement an AROM is a philosophical one regarding the role of the individual, the role of the unit as a whole, and how the unit work content is viewed in totality. In order for a CSC to function effectively as a Team everyone cannot be responsible for everything at every moment.

Redefining Roles

In order for service to be delivered consistently, management must view the work content of the unit in its totality. Individual backlogs must be eliminated and consolidated on a unit wide basis. Hence, service will not depend on who picks up the phone.

The different activities that make up the total work content must be recognized and assigned as required. For example, answering incoming calls and documenting the inquiry by creating an incident within the Microsoft CRM application is one activity. Doing the research and updating the incident with the Microsoft CRM application is another activity, as is resolving the inquiry. Making outgoing calls to clients or stakeholders is

yet another activity. Each of these activities must be assigned to specific individuals to be completed during specific periods, which takes into account the demand patterns of incoming calls. Thus, during a specified period of time a CSR may be responsible for taking incoming calls and yet another given the task of making call backs. By grouping like tasks together economies of scale are realized and the individual's anxiety of having to be responsible for everything is greatly reduced.

How AROM works

A typical customer service unit utilizing a single queue and an ACD System distributes calls on a Most Idle Agent Configuration. This means that each individual is interrupted equally throughout the period that they are available on the system. Figure IV.B.2.5-4 depicts the AROM configuration:

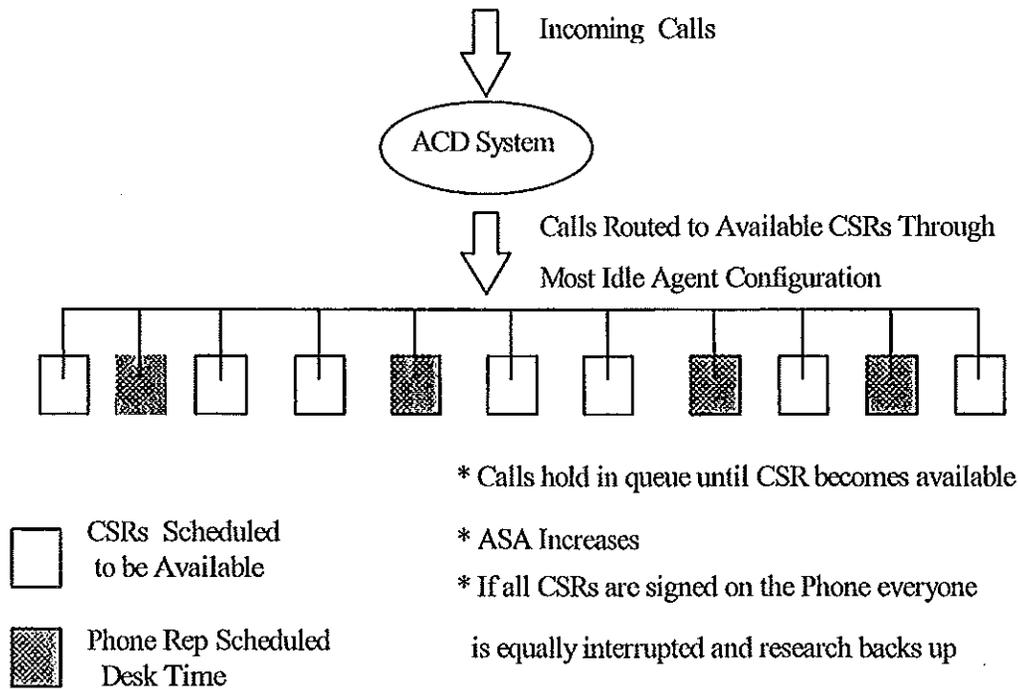


Figure IV.B.2.5-4. The AROM configuration uses a single queue and an ACD system to distribute calls on a Most Idle Agent Configuration.

In this configuration everyone has equal responsibility to answer incoming calls and take care of their individual backlogs. CSRs are scheduled for processing time and are not in “available status.” When incoming calls surge and exceed the capacity of the available CSRs, calls back up in the queue and average speed to answer (ASA) soars. The supervisor and the individual CSRs are unable to respond quickly to the surge—they may not even be in the area. Blockage and abandonment rates climb. Customers that were unable to get through begin redialing, inflating the calls received figures and clogging the queue. Again, the above call center configuration is common in most call center environments.

Tier proposes the utilization of the ACD Routing Optimization Methodology (AROM) that will be configured to increase the efficiency of the CSU. Figure IV.B.2.5-5 depicts a One-Line, Three-Tier Model:

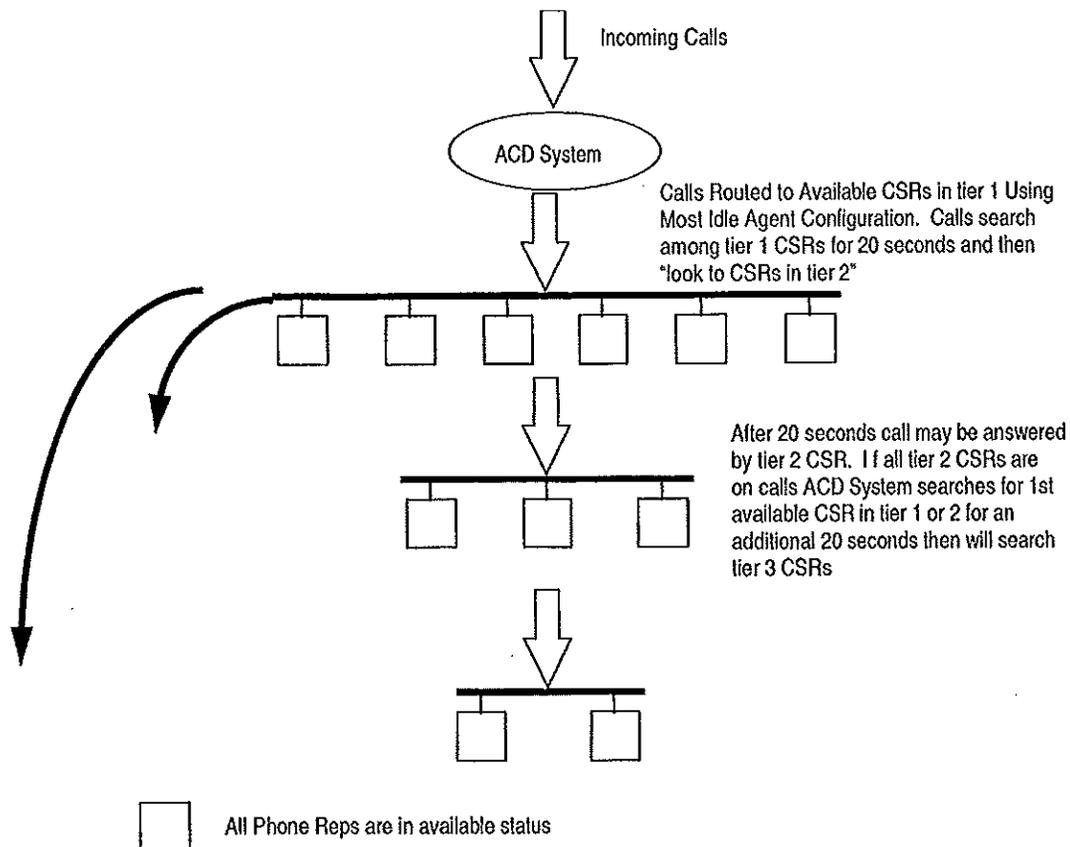


Figure IV.B.2.5-5. The One-Line, 3-Tier AROM Model will increase the efficiency of the customer service unit.

In this configuration the responsibilities of the phone reps differ according to the CSR's tier assignment. CSRs assigned to Tier 1 are responsible for taking incoming calls. This includes closing calls on first contact and initiating worksheets for calls requiring further action. CRM incidents are routed to locations according to the supervisor's instructions. Thus, like work can be grouped together. CSRs assigned to Tier 1 are not responsible for doing research or callbacks. CSRs in Tier 1 devote all of their time to incoming calls.

CSRs assigned to Tier 2 are responsible for handling incoming calls that rollover from Tier 1 in the same manner as Tier 1 CSRs. The CSRs do not have individual backlogs. They are also assigned activities from the centralized backlog (e.g., research). Approximately 50% of their time will be spent on incoming calls and 50% of their time will be spent on their other assigned activities.

CSRs assigned to Tier 3 are responsible for handling incoming calls that rollover from the first two tiers in same manner as Tier 1 and Tier 2 CSRs. They do not have individual backlogs. They are also assigned activities from the centralized backlog. Remember, the objective is to work the backlog as a unit on a First-In First-Out (FIFO) basis.

Benefits Derived from AROM

- ◆ Accessibility is dramatically improved. When properly employed and staffed appropriately, ASA, abandonment rate, and blockage rate goals can be reached and maintained on a consistent basis.
- ◆ Research processing is completed in a timelier manner with the oldest work being addressed first.
- ◆ Anxiety levels are greatly reduced because management is taking a more proactive role in clearly defining expectations and responsibilities on a daily basis for each CSR.
- ◆ The concept of really working together as a team to serve the customer becomes a way of doing business.

- ◆ Training curves are reduced significantly because management is able to group and assign like tasks. New CSRs learn tasks through repetition. This allows them to become productive much more quickly.
- ◆ Turnover can be reduced because new CSRs can be assigned to backup tiers, where the call volume is not as high, as part of their training and breaking in period.

A multi-state health insurance company has implemented this methodology within their two regional operations call centers with positive results. This health insurance company faced many challenges in their operations. Staffing patterns created gross under-utilization, management was inexperienced in handling high volume service situations, and management lacked the tools to effectively management the environment.

By restructuring their staffing and implementing AROM, the health insurance company saw the improvements presented in Figure IV.B.2.5-6 in their operations.

Regional Operations Center #1			
	Call Handle Time	Calls Logged per Hour	Time Spent on Phone
Appointment Representatives	-15%	+85%	+53%
Benefit Representatives	-14%	+85%	+53%
Health Care Finders	-51%	+58	+35%

Regional Operations Center #2			
	Call Handle Time	Calls Logged per Hour	Time Spent on Phone
Appointment Representatives	-18%	+174%	+100%
Benefit Representatives	No change	+15%	+40%
Health Care Finders	-16%	+38	+14%

Figure IV.B.2.5-6. Implementing AROM ROC 1 has brought about significant improvements for one of Tier’s clients, a health insurance company.

The AROM implementation created an environment where the staff who were identified to receive calls were able to handle calls more efficiently, indicated by the reduction of call handle times; handled more calls per hour, indicated by the increase of calls logged per hour; and in most cases spent significantly more time on the phone, indicated by the increase of time spent on the phone. This allowed other staff to concentrate on other aspects of the operations such as research, callbacks, and other functions. The AROM implementation allowed the center to optimize its efficiencies.

There are many benefits to ensuring calls are handled efficiently and effectively. Having a positive experience that will leave the caller with a positive attitude of the MiSDU benefits the client. Being assured of Tier's commitment to providing the highest level of support, promptly and efficiently, benefits the internal stakeholder. And the State is benefited by the efficiencies gained through our operational processes, quality assurance, staffing, best practices, and the ACD Routing Optimization Methodology. These solutions, coupled with our state of the art technology as discussed in the sections below entitled "Work Tools and Interfaces" and "Interactive Voice Response (IVR)" will prove that Tier cannot only operate the unit with greater efficiencies but with greater savings to the state.

In servicing the custodial parties and obligors, our call center representative will utilize MiCSES and all other information available to them in order to resolve the matter in the most efficient manner. We recognize that there will be inquiries where additional time is needed to resolve the matter or the inquiry cannot be obtained within the three-minute time frame. In those situations where additional research is required to resolve the callers inquiry, the CSR will document all pertinent information in the CRM. This information will be forwarded to the appropriate department for resolution. A reminder will also be set in the CRM system to notify the customer service supervisor and the research department of all matters

requiring resolution. Our commitment to maintain a consistent and dependable line of communication with our clients and maintain accountability for expected resolution or delivery of information to our child support clients is the heart of our customer service delivery model.

Tier will do our utmost to resolve the caller inquiry during the first three minutes of the initial call. Tier's QA program will ensure calls are not prolonged in order of establishing an extended research call. This approach will not only limit those items requiring additional research but will also lead to increase client satisfaction and also a greater overall call experience.

Additionally, we will focus not just on the quality of the call to ensure effectiveness but also to take complete ownership of the call. Tier will not contact the FOC until all resources within the MiSDU and MiCSES have been exhausted. Tier fully appreciates the broad range of calls the MiSDU customer service representative will field. The use of ITB Appendix B – Supporting Documents, Customer Services Metrics and Responsibilities, Tier's training, quality assurance procedures, and daily management will ensure that we are within the guidelines defined by the State. Our training objective would be to ensure our staff is fully capable of handling the required calls effectively and efficiently.

A multi-tasked environment will allow Tier to respond appropriately to the various types of inquiries, which may come in to the MiSDU, including the Internet, voicemail, mail, and telephone inquiries. We will work collaboratively with the mailroom operations to receive daily mail and will respond to all MiSDU related inquiries. If the nature of an inquiry precludes a response by the MiSDU it will be forwarded to the appropriate department for resolution and documented within the CRM. Likewise, internet and voicemail inquiries will be documented within CRM in order to maintain a detail account of the client's inquiries. This will provide for

effective communication if the client calls requesting answers or a follow-up to the item that was mailed to the MiSDU.

Language Assistance

Tier recognizes that providing appropriate language assistance to the callers is a requirement to ensure that persons are not excluded from equal participation in receiving the services that they desire. Tier will provide support for the AT&T Language Line or other similar type service through the conferencing features of the CIC system. Additionally, we will actively pursue bilingual speakers as part of our customer service team.

Accommodations for Hearing-Impaired

As in our other Customer Service operations, Tier will provide a Telephone Device for the Deaf (TDD) machine. We understand that it is important that all constituents, regardless of any physical disabilities, must have access to the MiSDU customer service center. To this end, providing as many possible access points as possible is essential to a complete system.

Tier also understands the need to have multi-dimensional staff. In addition to providing exceptional customer support we acknowledge the need to provide more than just an exceptional call experience. Tier is prepared to have our staff process direct deposit authorizations, provide forms, sample coupons, and reset IVR PINs. Additionally, Tier will mail financial forms, sample coupons, and other printed materials at the request of the caller or if determined the caller would benefit by receiving additional information.

Tier's CSRs will be trained to handle calls from various stakeholders, employers, and partners, including: CPs and NCPs, employers, FOC, and Wayne County residents. This flexibility, built into our CSRs training, will allow them, for the most part, to provide what is needed, when it is needed.

Tier understands the importance of an automated system for the tracking, management, and reporting of inquires. How we propose to do that with our solution is described in detail in the section entitled "Work Tools and Interfaces for Customer Service," below.

Employer [ITB II.C.2.d.3]

Tier will gather data to determine the 100 largest employers submitting payments to the MiSDU. When the 100 largest employers have been identified, Tier will implement the following strategies that have proven successful in several of our other operations.

Tier will aggressively pursue the top 100 employers in order to meet the objective of having 95 of the top 100 employers remit payments to the MiSDU electronically. Tier will achieve this objective through the implementation of a 5-step approach

Step 1. Hire EFT Coordinator.

Step 2. Create brochure and mailing information.

Step 3. Respond aggressively with non-responsive employers (i.e., phone contact or site visit).

Step 4. Arrange speaking engagements.

Step 5. Participate in conferences or other venues to promote EFT usage.

Tier's outreach strategy will focus on an EFT coordinator whose responsibility will be to work with employers directly and to assist in any manner necessary to convert their paper remittances to electronic remittances. Tier will create brochures to educate employers on the benefits of remitting electronically, proposing that employers remit payments via a secured website which will convert the payments electronically. After the mailings the EFT coordinator will attempt to contact the payroll departments who have not responded to the mailings. If no contact is made, a personal visit to the payroll departments will be made. Tier will actively seek venues to conduct presentations to employers on the benefits of EFT. This approach has proven successful in other Tier operations.

At the same time, Tier will inform employers not in the top 100, during their normal contact with employers (i.e., resolving unidentified payments or during employer inquiries), of the benefit of remitting EFT payments. Tier will also send these employers a mailing providing information regarding EFT. Tier will use all employer contact to encourage employers to remit payments electronically. Tier is committed to increasing the amount of payments remitted electronically to the State.

Employer ACH Website

Tier's media campaign will begin with a mailing to each of the 100 largest employers promoting EFT and its benefits and also recommending a new approach to remitting payments electronically for those employers who have technological challenges with remitting payments electronically. Tier proposes to create a secured web site for employers to register for EFT processing and to download their ACH files. This one-time registration will require the employers to enter information for each employee who has an income withholding order along with all pertinent employer information. A sample registration screen is depicted in Figure IV.B.2.5-7.