# STATE OF MICHIGAN
# CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **15**

to

Contract Number **071B3200036**

| CONTRACTOR | |
|---|---|
| | CONDUENT STATE & LOCAL SOLUTIONS, INC. |
| | 12410 Milestone Center Drive |
| | Germantown, MD 20876 |
| | Doug Darr |
| | 501-835-2100 |
| | doug.darr@conduent.com |
| | CV0001936 |

| STATE | | | |
|---|---|---|---|
| | Program Manager | Various | MDHHS |
| | | | |
| | | | |
| | Contract Administrator | Joy Nakfoor | DTMB |
| | | (517) 249-0481 | |
| | | nakfoorj@michigan.gov | |

| CONTRACT SUMMARY | | | |
|---|---|---|---|
| MICHIGAN ELECTRONIC BENEFIT TRANSFER (EBT) FOR FOOD BENEFIT & CASH BENEFIT SERVICES | | | |
| **INITIAL EFFECTIVE DATE** | **INITIAL EXPIRATION DATE** | **INITIAL AVAILABLE OPTIONS** | **EXPIRATION DATE BEFORE** |
| June 1, 2013 | May 31, 2018 | 2 - 1 Year | September 30, 2021 |
| **PAYMENT TERMS** | | **DELIVERY TIMEFRAME** | |
| NET45 | | N/A | |
| **ALTERNATE PAYMENT OPTIONS** | | | **EXTENDED PURCHASING** |
| ☐ P-Card | ☐ PRC ☐ Other | | ☐ Yes ☒ No |
| **MINIMUM DELIVERY REQUIREMENTS** | | | |
| N/A | | | |

| DESCRIPTION OF CHANGE NOTICE | | | | |
|---|---|---|---|---|
| **OPTION** | **LENGTH OF OPTION** | **EXTENSION** | **LENGTH OF EXTENSION** | **REVISED EXP. DATE** |
| ☐ | | ☐ | 4 months | January 31, 2022 |
| **CURRENT VALUE** | **VALUE OF CHANGE NOTICE** | | **ESTIMATED AGGREGATE CONTRACT VALUE** | |
| $68,737,202.68 | $0.00 | | $68,737,202.68 | |

**DESCRIPTION**

Effective September 16, 2021, this contract is utilizing section 2.170 - Transition Responsibilities of the contract terms and hereby extends the contract for 4 months to provide a continuation of SNAP, WIC and SEBTC EBT Services. Per FNS approval the revised contract expiration date is January 31, 2022 or a successful conversion, whichever comes first.

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval.

**Program Managers**
**for**
**Multi-Agency and Statewide Contracts**

| AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|
| MDHHS | Anthony Spagnuolo | (517) 241-3595 | spagnuoloa@michigan.gov |
| MDHHS | Andrew Piper | (517) 241-9881 | pipera2@michigan.gov |

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# CENTRAL PROCUREMENT SERVICES
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P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **14**

to

Contract Number **071B3200036**

| CONTRACTOR | |
|---|---|
| | CONDUENT STATE & LOCAL SOLUTIONS, INC. |
| | 12410 Milestone Center Drive |
| | Germantown, MD 20876 |
| | Doug Darr |
| | 501-835-2100 |
| | doug.darr@conduent.com |
| | CV0001936 |

| STATE | | | |
|---|---|---|---|
| | Program Manager | Various | MDHHS |
| | | | |
| | | | |
| | Contract Administrator | Joy Nakfoor | DTMB |
| | | (517) 249-0481 | |
| | | nakfoorj@michigan.gov | |

| CONTRACT SUMMARY | | | |
|---|---|---|---|
| MICHIGAN ELECTRONIC BENEFIT TRANSFER (EBT) FOR FOOD BENEFIT & CASH BENEFIT SERVICES | | | |
| **INITIAL EFFECTIVE DATE** | **INITIAL EXPIRATION DATE** | **INITIAL AVAILABLE OPTIONS** | **EXPIRATION DATE BEFORE** |
| June 1, 2013 | May 31, 2018 | 2 - 1 Year | September 30, 2021 |
| **PAYMENT TERMS** | | **DELIVERY TIMEFRAME** | |
| NET45 | | N/A | |
| **ALTERNATE PAYMENT OPTIONS** | | | **EXTENDED PURCHASING** |
| ☐ P-Card | ☐ PRC | ☐ Other | ☐ Yes ☒ No |
| **MINIMUM DELIVERY REQUIREMENTS** | | | |
| N/A | | | |

| DESCRIPTION OF CHANGE NOTICE | | | | |
|---|---|---|---|---|
| **OPTION** | **LENGTH OF OPTION** | **EXTENSION** | **LENGTH OF EXTENSION** | **REVISED EXP. DATE** |
| ☐ | N/A | ☐ | N/A | September 30, 2021 |
| **CURRENT VALUE** | **VALUE OF CHANGE NOTICE** | | **ESTIMATED AGGREGATE CONTRACT VALUE** | |
| $60,259,639.64 | $8,477,563.04 | | $68,737,202.68 | |

**DESCRIPTION**

Effective March 2, 2021 this contract is hereby increased by $8,477,563.04 for Pandemic EBT COVID-19 benefits added with CN 13.

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on 3/2/21.

**Program Managers**
**for**
**Multi-Agency and Statewide Contracts**

| AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|
| MDHHS | Anthony Spagnuolo | (517) 241-3595 | spagnuoloa@michigan.gov |
| MDHHS | Andrew Piper | (517) 241-9881 | pipera2@michigan.gov |

# STATE OF MICHIGAN
# CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **13**

to

Contract Number **071B3200036**

| CONTRACTOR | |
|---|---|
| | CONDUENT STATE & LOCAL SOLUTIONS, INC. |
| | 12410 Milestone Center Drive |
| | Germantown, MD 20876 |
| | Doug Darr |
| | 501-835-2100 |
| | doug.darr@conduent.com |
| | CV0001936 |

| STATE | | | |
|---|---|---|---|
| | Program Manager | Various | MDHHS |
| | | | |
| | | | |
| | Contract Administrator | Joy Nakfoor | DTMB |
| | | (517) 249-0481 | |
| | | nakfoorj@michigan.gov | |

| CONTRACT SUMMARY | | | |
|---|---|---|---|
| MICHIGAN ELECTRONIC BENEFIT TRANSFER (EBT) FOR FOOD BENEFIT & CASH BENEFIT SERVICES | | | |
| **INITIAL EFFECTIVE DATE** | **INITIAL EXPIRATION DATE** | **INITIAL AVAILABLE OPTIONS** | **EXPIRATION DATE BEFORE** |
| June 1, 2013 | May 31, 2018 | 2 - 1 Year | September 30, 2021 |
| **PAYMENT TERMS** | | **DELIVERY TIMEFRAME** | |
| NET45 | | N/A | |
| **ALTERNATE PAYMENT OPTIONS** | | | **EXTENDED PURCHASING** |
| ☐ P-Card | ☐ PRC | ☐ Other | ☐ Yes ☒ No |
| **MINIMUM DELIVERY REQUIREMENTS** | | | |
| N/A | | | |

| DESCRIPTION OF CHANGE NOTICE | | | | |
|---|---|---|---|---|
| **OPTION** | **LENGTH OF OPTION** | **EXTENSION** | **LENGTH OF EXTENSION** | **REVISED EXP. DATE** |
| ☐ | N/A | ☐ | N/A | September 30, 2021 |
| **CURRENT VALUE** | **VALUE OF CHANGE NOTICE** | | **ESTIMATED AGGREGATE CONTRACT VALUE** | |
| $60,259,639.64 | $0.00 | | $60,259,639.64 | |

**DESCRIPTION**

Effective February 9, 2021, the attached PEBT changes and associated updated pricing are hereby added to this contract.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.

**Program Managers**
**for**
**Multi-Agency and Statewide Contracts**

| AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|
| MDHHS | Anthony Spagnuolo | (517) 241-3595 | spagnuoloa@michigan.gov |
| MDHHS | Andrew Piper | (517) 241-9881 | pipera2@michigan.gov |

# Change Order – Pandemic P-EBT Benefits

**(October 1, 2020 through September 30, 2021)**

Account Name: Michigan EBT – Michigan Department of Health and Human Services Contract #071B3200036
Change Order No.: Date: December 22, 2020

***Client***
State of Michigan
Department of Health and Human Services
Grand Tower – 235 S. Grand Ave, STE 1205
Lansing, MI 48933-1805

Attn: Andrew Piper, Department Specialist

***Contractor***
Conduent State & Local Solutions, Inc.

Attn.: Conduent State & Local Solutions, Inc
ATTN: Contracts Department
10th Floor
750 First Street, NE
Washington D.C. 20002

***Type of Modification:*** ☒ Change Order to the Scope of Work ☐ Administrative

***Description of Modification/Scope:***

On March 25, 2020, the "Families First Coronavirus Response Act," H.R. 6201 ("FFCRA") was signed into law. The FFCRA extended employee sick leave benefits, expanded the availability of diagnostic testing for COVID-19, and took other actions to mitigate the harm of the coronavirus outbreak in the U.S.

Among the law's various provisions, the FFCRA also provided for a temporary expansion of benefits under the Supplemental Nutrition Assistance Program ("SNAP") in an effort to maintain food security for qualifying low-income families during the pandemic. Specifically, it provided for a temporary increase in benefit amounts for households currently enrolled in SNAP. In addition, the FFCRA also provided for a new benefit class designed to replace the value of meals no longer provided to children under the Federal school lunch program due to temporary school closures. These new supplemental benefits, which are hereafter referred to as "Pandemic EBT" or "P-EBT" were to be provided under an approved state agency plan to the qualifying children of: 1) households currently enrolled in SNAP under one set of guidelines; and 2) households not currently enrolled in SNAP, under another set of guidelines.

Under a previous Change Order dated April 13, 2020, the State of Michigan and Conduent entered into an arrangement for Conduent to support the State in the distribution of P-EBT benefits under the FFCRA. Conduent has now completed this work by distributing P-EBT benefits under two previous program funding cycles (hereafter "P-EBT I" and "P-EBT II"). The P-EBT I and P-EBT II benefits have now been substantially distributed for FFY2020. With the exception of distributing certain remaining FY2020 benefits for children who were eligible but who were not initially submitted by the State for processing, there are no services remaining to be performed under the April 13, 2020 Change Order.

The Continuing Appropriations Act, 2021 and Other Extensions Act (P.L. 116-159) extends Pandemic EBT from October 1, 2020 through September 30, 2021, a twelve (12) month period. In order to implement the requirements of the FFCRA with regard to the new supplemental P-EBT benefits authorized under The Continuing Appropriations Act ("P-EBT III"), the State of Michigan and Conduent each desire to modify the parties' current EBT Services contract based on the terms of this Change Order. The applicable work requirements for this Change Order are set forth in Exhibit A, "Change Order Statement of Work," attached, and the pricing for these services is set forth in Exhibit B, "Change Order Pricing." It is noted that under The Continuing Appropriations Act, provision is made for the extension of Pandemic EBT benefits to children in covered child care facilities and day care centers. As this measure is still awaiting the release of Federal program guidance on implementation, support for this child care measure will be deemed out-of-scope to this Change Order. Scope may be added upon the specific definition of work requirements and other terms, once the necessary program guidance has been released.

With respect to the P-EBT services described herein, this Change Order shall take precedence as to any conflicts between the language of this Change Order and that of the Contract. Except for the changes set forth in this Change Order, all other terms and conditions of the above-referenced Contract shall remain unchanged and in full force and effect.

## APPROVALS:

In witness whereof, the parties hereto have accepted, made, and executed this change order.

| Michigan Department of Health and Human Services | Conduent State & Local Solutions, Inc. |
|---|---|
| Signature Date | Signature Date |
| Name (Print) | Michael Cerone<br>Name (Print) |
| Title | Vice President<br>Title |

**EXHIBIT A**

**CHANGE ORDER STATEMENT OF WORK**

1. **Designation of Benefit Types** - The State shall utilize existing benefit types that were created and/or used as a result of the State's original P EBT implementation in Spring of 2020. The benefit type will follow traditional SNAP expungement rules and shall have spend priority identified in the Interface Control Document (hereinafter "ICD").. The State may choose to reclassify an existing benefit type for P-EBT but MAY NOT utilize benefit types already used for daily and monthly SNAP benefits traditionally used to serve the SNAP program, because this would prevent reporting required both by USDA and Conduent for purposes of billing identification. Any reclassified benefit type must be a standard SNAP benefit type that follows all processing rules for the traditional SNAP benefit type, including but not limited to: (i) the rules for case establishment, card issuance and mailing, benefit loading and card servicing, as identified in the State's current functional requirements identified in the Business Requirements Document (hereby referred to as "BRD"), (ii) Detailed Design Documents (hereby referred to as "DDD"), (iii) Functional Requirements Document (hereby referred to as "FRD"), (iii) Functional Enhancement Specification (hereafter referred to as "FES"), or (iv) any other design and use case documentation that make up any contract deliverable and together create the Detail Design Document. Conduent published meeting minutes, or any operational change or adjustment performed at the written direction of the State shall also apply.

2. **Card Design/Acquisition** - A Conduent chosen card design and card carrier will be utilized for issuance of any new P-EBT cases. Replacement P-EBT cards will be the Conduent chosen P-EBT card design. The State must provide the estimated volume of new P-EBT cases that will be established during any period whereby P-EBT new card enrollment is allowed by the State. This estimate will be utilized for ordering card plastics and materials. Should the State's actual volumes exceed its estimated volume or, for reasons outside of Conduent's control, new cards will be requested by the State and fulfilled by Conduent dependent on supply and demand of those materials from such vendors at that time. .

~~3.~~ **IVR Services** - Conduent shall implement Interactive Voice Response (hereinafter "IVR") messaging on the cardholder IVR which will provide general information about P-EBT which may include instruction around card activation, benefit delivery schedule and program overview.

**State responsibilities**:

1. **Modification of File Structure for New Benefit Types** - The State shall modify its benefit file (or equivalent file name per the ICD) structure in accordance with the P-EBT benefit types in the approved ICD. Should the State choose to repurpose an existing benefit type, no change to the benefit file will be required. The State shall only use an existing benefit type that follows traditional SNAP processing and functional rules but must provide reporting whereby cases that receive P-EBT can be known and tracked for audit and billing purposes

2. **Case Number Identifiers** - The State shall modify or minimally identify, in its demographic file (or the equivalent name per the ICD) cases that are established for purposes of P-EBT. Each State program utilizes a unique household or case number identifier in that demographic file. While field names used by each State may vary, a unique identifier does exist and for purposes of P-EBT, the State must utilize a minimum of one character or number in a fixed position within the unique identifier that allows Conduent to identify P-EBT cases. For example, if the State case number is 11 digits in max length and requires an integer be used, it must identify 1 or more integers in that field that will AT ALL TIMES identify a P-EBT case. Other mutually agreed to unique identifiers may be used in lieu of the case numbers. The State will not alter the layout of this field in its ICD and any information passed to Conduent must conform to current ICD standards. Conduent recommends that, where allowable, for States that can use a string that the P-EBT case number in the demographic file begins with a "P". The State is not subject to utilizing a single number in an integer or alpha required case number field, but the case number field must be unique to identify P-EBT cases and the characters utilized must be sequential within the field length. If a P-EBT identifier already exists, then the State shall continue to use the P-EBT identifier used for previous established rounds of P-EBT

3. **P-EBT Case Management** - The State will use existing methods for EBT case management including, but not limited to, its process for establishing and funding an EBT case.

4. **Deadline for Commencement** - The State shall provide P-EBT card issuance volume estimates and desired issuance timeframe and signed change request no less than 15 business days from the desired card and benefits issuance start date. Any change request not signed and delivered to Conduent at least 15 days prior to the card and benefit issuance start date may introduce risk to the State's desired card issuance schedule Conduent shall bear no responsibility in the event of that delay.

5. **Deadline for Submission of Required Customer Input** - The State shall provide via email to its Conduent Program Manager, the unique benefit types to be used, and Unique Case Identifier no less than 15 business days from the desired card and benefit issuance start date. The State shall utilize existing benefit types as contemplated herein and included in the current ICD. Any request for change to benefit types will be considered new scope which must be evaluated for work effort, schedule and cost and memorialized through change control.

6. **Planning and Coordination** - The State agrees to obtain Conduent's concurrence for those aspects of the State's overall P-EBT plan that are necessary to ensure effective coordination as to the proposed schedule, volume or scope of activity. Conduent does not assume responsibility for any delays or nonperformance as a result of it not having reviewed the State's P EBT plan submitted to FNS.

~~7.~~ **Ongoing Communication with Benefit Recipients** - The State will be responsible for communication to all P-EBT recipients and shall provide Conduent the opportunity to review and coordinate with the State concerning such information as may apply to the scope of EBT services rendered No communication utilized by the State will direct callers to Conduent for information related to P-EBT support, unless that support falls within the current EBT services Statement of Work (SOW). The State is responsible for performing any determinations of program eligibility and must inform prospective P-EBT recipients of the program and their qualification for the program prior to issuance of the card and/or benefits. The receipt of a P-EBT card and included printed materials should not be first time recipients become aware of their eligibility for P-EBT benefits.

9. **Separation of P-EBT Transactions for Processing and Recordkeeping** - The State shall NOT send P-EBT and a normal SNAP in the same benefit and/or demographic file as separate records, to prevent duplicate case entries in a single file that can contribute to database locks that may impact the completion or timeline of the file processing. The State MUST provide separate files to provide the same case record from being included in a single file without written consent from the State's Conduent program manager. Consent will not be withheld if combining such information occurs in the State's normal SNAP integration and data transmissions to Conduent. Any State utilizing other methods for transmission of demographic or benefit data such as, real time web messaging, may continue to utilize those methods without change.

10. **Schedule for File Delivery** - The State shall provide and receive concurrence from Conduent on its proposed schedule for delivering P EBT files for account establishment and benefit funding. Conduent shall utilize this schedule for operational planning purposes and any deviation from this schedule shall be mutually agreeable.

**Conduent Responsibilities:**

1. **Account Setup** - Process P-EBT account setup in accordance with this change order and P-EBT benefit types in accordance with the ICD. Note- State will send no account or benefit files without mutual agreement between the State and Conduent.
2. **Generic Card Design** - Conduent shall provide a generic P-EBT card, and card carrier by State based on a design provided by Conduent.
3. **Billing and Reporting of Charges** - Provide accurate billing and reporting that correctly identifies the number of P-EBT cases during the billing period for P-EBT. This reporting will be in a format determined by Conduent and may not conform to current contract billing reports.
4. **Program Reporting** - P-EBT or other designed benefits types will be reflected in existing EPPIC reporting that includes benefit type reporting and its system label will be that of either the repurposed benefit type, as

named in the most recent approved version of the ICD, selected by the State or the new benefit type(s) name as added in the ICD.

5. **Settlement and Reconciliation** - Conduent will provide daily settlement & reconciliation consistent with current SNAP procedures utilizing the current FNS SNAP Letter of Credit
6. **General Support Activities** - Conduent shall provide all EBT core and support activities consistent with the current EBT contract SOW.
7. **Generic Card Stock** - Should a P- EBT cardholder require a replacement card, it will be provided on generic card stock used for P-EBT.
8. **Card Replacement** - Excessive card replacement functionality, where applicable, will be enforced against P-EBT cards and will not differentiate between standard traditional SNAP and P-EBT. Where applicable, Conduent shall be responsible for Card Replacement in accordance with the terms and conditions herein.
9. **PIN Activation** - P-EBT card PIN and activation, where applicable, will follow current standard PIN procedures specific to the State Program.
10. **Card Insert** - Conduent will design and include in each P-EBT card for each State, a standard insert that will provide general information about P-EBT and how that recipient may PIN and re-PIN their card. Conduent will not mail PIN Mailers or Pre-Pinned EBT cards due to the high probability of fraudulent activity.
11. **Card Fulfillment** - When technically feasible, Conduent and/or its card production vendor will decipher, through the daily transmission with that vendor, which cardholders will receive P-EBT cards and which will receive traditional SNAP cards. This will be determined by the State specific identifier in the demographic file for that card mailer as identified herein. Conduent will schedule card fulfillment and mailing with each State following execution of this change request. Cards will be fulfilled and mailed as commercially reasonable given vendor capacity and inventory.
12. **Ongoing Contractor Input** - Conduent shall determine and the State shall accept Conduent recommendations as to testing approach, schedule and scope for P-EBT related implementation, and operational activities.
13. **Undeliverable Cards** - Conduent shall be responsible for receipt and processing of all cards returned that are undeliverable by USPS. Cards returned will be destroyed and marked as "returned" or "undeliverable" on the EPPIC system by Conduent and standard reporting provided in accordance with the approved EPPIC design.

**Assumptions/Contingencies:**

Conduent's support of the modified issuance and/or availability of P-EBT and additional SNAP benefits are contingent upon the following activities:

1. State agency adherence to the current ICD for, file format, file processing and file movement.
2. No custom reporting for billing and/or benefit issuance information.
3. No change to the normal settlement processes, AMA and ASAP processes, STARS and ALERT files. All SNAP benefits, to include P-EBT, will settle using the normal process in one daily transaction against the State's existing Letter of Credit ("LOC").
4. Conduent will use commercially reasonable efforts to meet applicable performance standards for the increased number of cases and benefits. Due to the temporary emergency nature of the P-EBT benefits, the State shall waive any liability and/or assessment of liquidated damages for delays or nonperformance associated with P-EBT benefit distribution. The parties agree to conduct periodic reviews of Conduent's performance in distributing P-EBT benefits in order to troubleshoot problems and/or to identify potential process improvements.
5. All cards for customers using Conduent's card mailing service will be delivered by First Class US Mail. Best efforts for performance metrics and deliverable deadlines will be implemented and corresponding financial assessments for missed SLAs and liquidated damages will be waived.
6. Customers traditionally using bulk drop or direct to state shipment delivery for SNAP is subject to the same. Expedited requests such as, but not limited to, overnight express delivery is not applicable to P-EBT cards. Please note that Conduent cannot control the US postal service delivery timelines, particularly should they become impacted by COVID-19 or any related government orders or directives.
7. P-EBT benefits are created by the Families First Coronavirus Response Act and provide increased coverage and eligibility criteria than is currently available under the SNAP or Disaster Supplemental Nutrition Assistance Program ("D-SNAP") resulting in higher enrollment for EBT benefits.

**EXHIBIT B**

**CHANGE ORDER PRICING**

The product delivery and ongoing service offering will be provided at the following cost to the State Agency. All costs will be billed on the monthly invoice, beginning the month in which P-EBT benefits are issued.

- Existing SNAP and/or Cash cases that receive P-EBT benefit(s) will be billed at the current cost per case month plus $0.25 during the first month that a P-EBT benefit is issued in the FFY 2021 fiscal year (October 1, 2020 – September 30, 2021). The State will be billed at the current case month cost plus $0.15 for each month thereafter that an existing SNAP and/or Cash P-EBT case is billable.
    - The State shall not combine multiple benefit months into a single benefit issuance or issue multiple months of benefit issuances in a single calendar month, for purposes of avoiding monthly charges. In the event the State chooses to combine multiple benefit months into a single benefit issuance or issue multiple month's benefits in a single calendar month, the case will be billable for each P-EBT benefit issued in the single calendar month, or for each month that the combined benefit month issuance represents.
        - Example: The State issues 3 months of benefits to an existing SNAP and/or Cash case in January 2021 representing benefits for October 2020, November 2020 and December 2020. Regardless of how many individual benefits are issued onto the EPPIC system, The January service invoice would include current CPCM plus $0.25 for the October 2020 issuance month; current CPCM plus $0.25 for November 2020, and current CPCM plus $0.15 for December 2020.
- Non-SNAP P-EBT cases, whether already existing (under P-EBT I or II) or new, will be billed an initial charge of $3.00 for the first month that the P-EBT case is established (the "Initial Charge"). As stated, the Initial Charge will apply both to new P-EBT III cases (meaning cases for which no P-EBT benefits have been approved for periods before FFY 2021), and to cases established during FFY 2020 to which P-EBT III benefits (meaning benefits covering FFY 2021 periods) are now being posted. The Initial Charge of $3.00 includes the initial account setup, card issuance, if required, and first month benefit issuance of P-EBT III. The Initial Charge will also apply if the State chooses to create a new P-EBT case for the household during the course of recertification periods required by FNS. Following the Initial Charge, the State will be billed at a CPCM of $1.00 for each month thereafter that the P-EBT case is billable (as described below).
    - The State shall not combine multiple months' benefits into a single benefit issuance, or issue multiple months of benefits in a single calendar month, for purposes of avoiding monthly charges. In the event the State chooses to combine multiple benefit months into a single benefit issuance or issue multiple month's benefits in a single calendar month, the case will be billable for each P-EBT benefit issued in the single calendar month or for each month the combined benefit month issuance represents.
        - Example: The State creates a new P-EBT case in December 2020 and issues 3 months of benefits representing benefits for October 2020, November 2020 and December 2020. Regardless of how many individual benefits are issued onto the EPPIC system, The December service invoice would include CPCM of $3.00 for the initial account setup and the for the October 2020 issuance month; CPCM of $1.00 for November 2020, and $1.00 for December 2020.
        - Example: The State issues 3 months of benefits representing benefits for October 2020, November 2020 and December 2020 in January 2021 to an existing case from the previous FFY 2020 or a newly established case. Regardless of how many individual benefits are issued onto the EPPIC system, the January service invoice would include CPCM of $3.00 for the initial account setup and first benefit month of benefit issuance in FFY 2021. The January service invoice would include a CPCM of $1.00 for November 2020, and $1.00 for December 2020. There would be no additional billing for the October 2020 benefit issuance as the first benefit issuance is included in the account setup CPCM billed in January 2020.

- States that do not identify P-EBT separately using a benefit type or use other means of distribution that are not identified herein, shall also be subject to the same costs identified above.

- Any P-EBT replacement cards requested by either the State or Recipient for P-EBT only cases shall be invoiced in accordance with the current EBT services contract costs

- Tiered pricing shall not apply to P-EBT. Existing SNAP cases will be billed at the contractual CPCM volumes, less new P-EBT cases

# STATE OF MICHIGAN
# CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **12**

to

Contract Number **071B3200036**

| CONTRACTOR | |
|---|---|
| | CONDUENT STATE & LOCAL SOLUTIONS, INC. |
| | 12410 Milestone Center Drive |
| | Germantown, MD 20876 |
| | Doug Darr |
| | 501-835-2100 |
| | doug.darr@conduent.com |
| | CV0001936 |

| STATE | | | |
|---|---|---|---|
| | Program Manager | Various | MDHHS |
| | | | |
| | | | |
| | Contract Administrator | Joy Nakfoor | DTMB |
| | | (517) 249-0481 | |
| | | nakfoorj@michigan.gov | |

| CONTRACT SUMMARY | | | |
|---|---|---|---|
| MICHIGAN ELECTRONIC BENEFIT TRANSFER (EBT) FOR FOOD BENEFIT & CASH BENEFIT SERVICES | | | |
| **INITIAL EFFECTIVE DATE** | **INITIAL EXPIRATION DATE** | **INITIAL AVAILABLE OPTIONS** | **EXPIRATION DATE BEFORE** |
| June 1, 2013 | May 31, 2018 | 2 - 1 Year | September 30, 2021 |
| **PAYMENT TERMS** | | **DELIVERY TIMEFRAME** | |
| NET45 | | N/A | |
| **ALTERNATE PAYMENT OPTIONS** | | | **EXTENDED PURCHASING** |
| ☐ P-Card | ☐ PRC | ☐ Other | ☐ Yes ☒ No |
| **MINIMUM DELIVERY REQUIREMENTS** | | | |
| N/A | | | |

| DESCRIPTION OF CHANGE NOTICE | | | | |
|---|---|---|---|---|
| **OPTION** | **LENGTH OF OPTION** | **EXTENSION** | **LENGTH OF EXTENSION** | **REVISED EXP. DATE** |
| ☐ | | ☐ | | September 30, 2021 |
| **CURRENT VALUE** | **VALUE OF CHANGE NOTICE** | | **ESTIMATED AGGREGATE CONTRACT VALUE** | |
| $56,424,046.80 | $3,835,592.84 | | $60,259,639.64 | |

**DESCRIPTION**

Effective January 5, 2021, this contract is here by increased by $3,835,592.84 ($2,117,334.84 for SNAP and $1,718,258 for WIC).

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on January 5, 2021.

**Program Managers**
**for**
**Multi-Agency and Statewide Contracts**

| AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|
| MDHHS | Anthony Spagnuolo | (517) 241-3595 | spagnuoloa@michigan.gov |
| MDHHS | Andrew Piper | (517) 241-9881 | pipera2@michigan.gov |

# STATE OF MICHIGAN
# CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **11**

to

Contract Number **071B3200036**

| CONTRACTOR | |
|---|---|
| | CONDUENT STATE & LOCAL SOLUTIONS, INC. |
| | 12410 Milestone Center Drive |
| | Germantown, MD 20876 |
| | Doug Darr |
| | 501-835-2100 |
| | doug.darr@conduent.com |
| | CV0001936 |

| STATE | | | |
|---|---|---|---|
| | Program Manager | Various | MDHHS |
| | | | |
| | | | |
| | Contract Administrator | Joy Nakfoor | DTMB |
| | | (517) 249-0481 | |
| | | nakfoorj@michigan.gov | |

| CONTRACT SUMMARY | | | |
|---|---|---|---|
| MICHIGAN ELECTRONIC BENEFIT TRANSFER (EBT) FOR FOOD BENEFIT & CASH BENEFIT SERVICES | | | |
| **INITIAL EFFECTIVE DATE** | **INITIAL EXPIRATION DATE** | **INITIAL AVAILABLE OPTIONS** | **EXPIRATION DATE BEFORE** |
| June 1, 2013 | May 31, 2018 | 2 - 1 Year | May 31, 2020 |
| **PAYMENT TERMS** | | **DELIVERY TIMEFRAME** | |
| NET45 | | N/A | |
| **ALTERNATE PAYMENT OPTIONS** | | | **EXTENDED PURCHASING** |
| ☐ P-Card | ☐ PRC | ☐ Other | ☐ Yes ☒ No |
| **MINIMUM DELIVERY REQUIREMENTS** | | | |
| N/A | | | |

| DESCRIPTION OF CHANGE NOTICE | | | | |
|---|---|---|---|---|
| **OPTION** | **LENGTH OF OPTION** | **EXTENSION** | **LENGTH OF EXTENSION** | **REVISED EXP. DATE** |
| ☐ | | ☒ | | September 30, 2021 |
| **CURRENT VALUE** | **VALUE OF CHANGE NOTICE** | | **ESTIMATED AGGREGATE CONTRACT VALUE** | |
| $48,806,091.80 | $7,617,955.00 | | $56,424,046.80 | |

**DESCRIPTION**

Effective June 1, 2020 the following amendments are hereby incorporated:

1. The Contractors Program Manager has been changed to Doug Darr (doug.darr@conduent.com, 501-835-2100),

2. This contract is extended up to 1 year and 4 months to provide a continuation of SNAP, WIC and SEBTC EBT Services through the solicitation process; and is increased by $7,617,955.00 ($1,950,000 for WIC, $205,000 for SEBTC and $5,462,955 for SNAP Cash and Food Assistance). The revised contract expiration date is September 30, 2021.

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Cental Procurement approval, and State Administrative Board approval on June 9, 2020.

**Program Managers**
**for**
**Multi-Agency and Statewide Contracts**

| AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|
| MDHHS | Anthony Spagnuolo | (517) 241-3595 | spagnuoloa@michigan.gov |
| MDHHS | Andrew Piper | (517) 241-9881 | pipera2@michigan.gov |

# STATE OF MICHIGAN
# CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **10**

to

Contract Number **071B3200036**

| CONTRACTOR | |
|---|---|
| | CONDUENT STATE & LOCAL SOLUTIONS, INC. |
| | 12410 Milestone Center Drive |
| | Germantown, MD 20876 |
| | Doug Darr |
| | 501-835-2100 |
| | doug.darr@conduent.com |
| | CV0001936 |

| STATE | | | |
|---|---|---|---|
| | Program Manager | Various | MDHHS |
| | | | |
| | | | |
| | Contract Administrator | Joy Nakfoor | DTMB |
| | | (517) 249-0481 | |
| | | nakfoorj@michigan.gov | |

| CONTRACT SUMMARY | | | |
|---|---|---|---|
| MICHIGAN ELECTRONIC BENEFIT TRANSFER (EBT) FOR FOOD BENEFIT & CASH BENEFIT SERVICES | | | |
| **INITIAL EFFECTIVE DATE** | **INITIAL EXPIRATION DATE** | **INITIAL AVAILABLE OPTIONS** | **EXPIRATION DATE BEFORE** |
| June 1, 2013 | May 31, 2018 | 2 - 1 Year | May 31, 2020 |
| **PAYMENT TERMS** | | **DELIVERY TIMEFRAME** | |
| NET45 | | N/A | |
| **ALTERNATE PAYMENT OPTIONS** | | | **EXTENDED PURCHASING** |
| ☐ P-Card | ☐ PRC | ☐ Other | ☐ Yes ☒ No |
| **MINIMUM DELIVERY REQUIREMENTS** | | | |
| N/A | | | |

| DESCRIPTION OF CHANGE NOTICE | | | | |
|---|---|---|---|---|
| **OPTION** | **LENGTH OF OPTION** | **EXTENSION** | **LENGTH OF EXTENSION** | **REVISED EXP. DATE** |
| ☐ | | ☐ | | May 31, 2020 |
| **CURRENT VALUE** | **VALUE OF CHANGE NOTICE** | | **ESTIMATED AGGREGATE CONTRACT VALUE** | |
| $48,806,091.80 | $0.00 | | $48,806,091.80 | |

**DESCRIPTION**

Effective March 26, 2020, pursuant to this Change Notice, the State agrees to the temporary deviation of contractual requirements only to the extent outlined in the following document. The deviation will last only until such time that the State determines that the necessity for such deviation no longer exists. The State will provide such determination in writing to Contractor.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Procurement approval.

**Program Managers**
**for**
**Multi-Agency and Statewide Contracts**

| AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|
| MDHHS | Anthony Spagnuolo | (517) 241-3595 | spagnuoloa@michigan.gov |
| MDHHS | Andrew Piper | (517) 241-9881 | pipera2@michigan.gov |

**COVID-19 SLA Amendment**
**to 071B3200036**

Per 2.244 – Excusable Failure of contract 071B3200036, due to the COVID-19 pandemic, the State will grant Contractor temporary relief of the following SLAs, should the need arise, while the crisis remains in effect:

1. “Best efforts” for performance metrics and deliverable deadlines are implemented and corresponding financial assessments for missed SLAs and liquidated damages are waived;

2. Temporary reduction for customer service call centers operating hours to be between the hours of 8am-6pm M-F, or other mutually agreed upon variation to the current standard; and

3. Consent to shift work locations and headcount among Contractor-operated facilities as needed to maximize the use of available resources.

# STATE OF MICHIGAN
# CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **9**
to
Contract Number **071B3200036**

| CONTRACTOR | |
|---|---|
| | CONDUENT STATE & LOCAL SOLUTIONS, INC. |
| | 12410 Milestone Center Drive |
| | Germantown, MD 20876 |
| | Jeffrey Vinsant |
| | 512-657-5394 |
| | jeffrey.vinsant@conduent.com |
| | CV0001936 |

| STATE | | | |
|---|---|---|---|
| | Program Manager | Various | MDHHS |
| | | | |
| | | | |
| | Contract Administrator | Joy Nakfoor | DTMB |
| | | (517) 249-0481 | |
| | | nakfoorj@michigan.gov | |

**CONTRACT SUMMARY**

MICHIGAN ELECTRONIC BENEFIT TRANSFER (EBT) FOR FOOD BENEFIT & CASH BENEFIT SERVICES - DCH/DHS

| INITIAL EFFECTIVE DATE | INITIAL EXPIRATION DATE | INITIAL AVAILABLE OPTIONS | EXPIRATION DATE BEFORE |
|---|---|---|---|
| June 1, 2013 | May 31, 2018 | 2 - 1 Year | May 31, 2020 |

| PAYMENT TERMS | DELIVERY TIMEFRAME |
|---|---|
| NET45 | N/A |

| ALTERNATE PAYMENT OPTIONS | | | EXTENDED PURCHASING | |
|---|---|---|---|---|
| ☐ P-Card | ☐ PRC | ☐ Other | ☐ Yes | ☒ No |

**MINIMUM DELIVERY REQUIREMENTS**

N/A

**DESCRIPTION OF CHANGE NOTICE**

| OPTION | LENGTH OF OPTION | EXTENSION | LENGTH OF EXTENSION | REVISED EXP. DATE |
|---|---|---|---|---|
| ☐ | | ☐ | | May 31, 2020 |

| CURRENT VALUE | VALUE OF CHANGE NOTICE | ESTIMATED AGGREGATE CONTRACT VALUE |
|---|---|---|
| $48,701,691.80 | $104,400.00 | $48,806,091.80 |

**DESCRIPTION**

Effective March 25, 2019, the following items are added to this contract:

1) FY 2019 SEBTC Conduent SOW - 6-2-19 and is hereby increased by $104,400 to cover anticipated costs;

2) Please note the phone number for Andrew Piper has been updated, Anthony Spagnuolo (517-241-3595, spagnuoloa@michigan.gov) has been added as a PM, and Stan Bien has been removed; and

3) The following terms - Nondiscrimination. Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and Executive Directive 2019-09. Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.

All other terms, conditions, specifications and pricing remain the same. Per contractor and agency agreement, and DTMB Procurement approval.

**Program Managers**
**for**
**Multi-Agency and Statewide Contracts**

| AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|
| MDHHS | Anthony Spagnuolo | (517) 241-3595 | spagnuoloa@michigan.gov |
| MDHHS | Andrew Piper | (517) 241-9881 | pipera2@michigan.gov |

# STATE OF MICHIGAN
# CENTRAL PROCUREMENT SERVICES
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **8**

to

Contract Number **071B3200036**

| CONTRACTOR | |
|---|---|
| | CONDUENT STATE & LOCAL SOLUTIONS, INC. |
| | 12410 Milestone Center Drive |
| | Germantown, MD 20876 |
| | Jeffrey Vinsant |
| | 512-657-5394 |
| | jeffrey.vinsant@conduent.com |
| | CV0001936 |

| STATE | | | |
|---|---|---|---|
| | Program Manager | Various | MDHHS |
| | | | |
| | | | |
| | Contract Administrator | Joy Nakfoor | DTMB |
| | | (517) 249-0481 | |
| | | nakfoorj@michigan.gov | |

**CONTRACT SUMMARY**

MICHIGAN ELECTRONIC BENEFIT TRANSFER (EBT) FOR FOOD BENEFIT & CASH BENEFIT SERVICES - DCH/DHS

| INITIAL EFFECTIVE DATE | INITIAL EXPIRATION DATE | INITIAL AVAILABLE OPTIONS | EXPIRATION DATE BEFORE |
|---|---|---|---|
| June 1, 2013 | May 31, 2018 | 2 - 1 Year | May 31, 2020 |

| PAYMENT TERMS | DELIVERY TIMEFRAME |
|---|---|
| NET45 | |

| ALTERNATE PAYMENT OPTIONS | | | EXTENDED PURCHASING | |
|---|---|---|---|---|
| ☐ P-Card | ☐ PRC | ☒ Other | ☐ Yes | ☒ No |

**MINIMUM DELIVERY REQUIREMENTS**

**DESCRIPTION OF CHANGE NOTICE**

| OPTION | LENGTH OF OPTION | EXTENSION | LENGTH OF EXTENSION | REVISED EXP. DATE |
|---|---|---|---|---|
| ☐ | | ☐ | | May 31, 2020 |

| CURRENT VALUE | VALUE OF CHANGE NOTICE | ESTIMATED AGGREGATE CONTRACT VALUE |
|---|---|---|
| $43,324,591.80 | $5,377,100.00 | $48,701,691.80 |

**DESCRIPTION**

Effective Jan 22, 2019, this contract is hereby increased by $5,377,100.00 and

Please note the Program Manager has been changed to Joy Nakfoor (nakfoorj@michigan.gov, 517-249-0481).

All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Procurement approval, and State Administrative Board approval on January 22, 2019.

**Program Managers**
**for**
**Multi-Agency and Statewide Contracts**

| AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|
| MDHHS | Stan Bien | (517) 335-8448 | biens@michigan.gov |
| MDHHS | Andrew Piper | (517) 373-0936 | pipera2@michigan.gov |

# STATE OF MICHIGAN
# ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **7**

to

Contract Number **071B3200036**

| CONTRACTOR | |
|---|---|
| | Conduent State & Local Solutions, Inc. |
| | 12410 Milestone Center Drive |
| | Germantown, MD 20876 |
| | Jeffrey Vinsant |
| | (512) 657-5394 |
| | jeffrey.vinsant@conduent.com |
| | CV0001936 |

| STATE | | | |
|---|---|---|---|
| | Program Manager | Various | MDHHS |
| | | | |
| | | | |
| | Contract Administrator | Joshua Wilson | DTMB |
| | | (517) 249-0444 | |
| | | wilsonj31@michigan.gov | |

| CONTRACT SUMMARY | | | |
|---|---|---|---|
| MICHIGAN ELECTRONIC BENEFIT TRANSFER (EBT) FOR FOOD BENEFIT & CASH BENEFIT SERVICES - DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS) | | | |
| **INITIAL EFFECTIVE DATE** | **INITIAL EXPIRATION DATE** | **INITIAL AVAILABLE OPTIONS** | **EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW** |
| June 1, 2013 | May 31, 2018 | 2 - 1 Year | May 31, 2020 |
| **PAYMENT TERMS** | | **DELIVERY TIMEFRAME** | |
| NET45 | | N/A | |
| **ALTERNATE PAYMENT OPTIONS** | | | **EXTENDED PURCHASING** |
| ☐ P-Card | ☐ Direct Voucher (DV) | ☐ Other | ☐ Yes ☒ No |
| **MINIMUM DELIVERY REQUIREMENTS** | | | |
| N/A | | | |

| DESCRIPTION OF CHANGE NOTICE | | | | |
|---|---|---|---|---|
| **OPTION** | **LENGTH OF OPTION** | **EXTENSION** | **LENGTH OF EXTENSION** | **REVISED EXP. DATE** |
| ☐ | N/A | ☐ | N/A | |
| **CURRENT VALUE** | **VALUE OF CHANGE NOTICE** | | **ESTIMATED AGGREGATE CONTRACT VALUE** | |
| $43,324,591.80 | $0.00 | | $43,324,591.80 | |

**DESCRIPTION**

Effective April 26, 2018, this Contract is hereby amended incorporating the attached Change Notice No. 7 Statement of Work supporting Change Notice No. 6 authorizing the purchase of wireless equipment for farmer's markets and direct marketing farmers to conduct SNAP transactions pursuant to Article X, Part 1, Section 124 of PA 107 of 2017.

All other terms, conditions, specifications and pricing remain the same per Contractor and Agency agreement, and per DTMB Procurement approval.

**Program Managers**
**for**
**Multi-Agency and Statewide Contracts**

| AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|
| MDHHS | Stan Bien | (517) 335-8448 | biens@michigan.gov |
| MDHHS | Andrew Piper | (517) 373-0936 | pipera2@michigan.gov |

# STATE OF MICHIGAN

**Contract No. 071B3200036**
**Change Notice No. 7**
Michigan Electronic Benefit Transfer (EBT) For Food Benefit & Cash Benefit Services
Department of Health and Human Services (DHHS)

## ARTICLE 1
## STATEMENT OF WORK (SOW)

### 1. PROJECT REQUEST

As authorized via Contract Change Notice No. 6, this Contract Change Notice No. 7 is to add scope per Contractor's proposal dated March 29, 2018 for purchasing wireless equipment for farmer's markets and direct marketing farmers to conduct Supplemental Nutrition Assistance Program (SNAP) transactions pursuant to Article X, Part 1, Section 124 of PA 107 of 2017.

### 2. BACKGROUND

Per memorandum issued by U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) March 2014, FNS stated that farmers markets (FNS business type 'FM') and direct marketing farmers (FNS business type 'DM') continue to eligible to receive EBT equipment at no cost to the merchant. In recognition of the need for long-term access to no-cost wireless equipment, FNS issued a memorandum in August 2016 informing states that they can also include in their EBT contracts free wireless equipment for farmers markets and direct marketing farmers and fees associated with this equipment.

There are at least 300 farmers markets in Michigan. Approximately 160 farmers markets currently accept SNAP. At least 65 farmers markets in Michigan currently utilize wireless devices that incur costs to operate. Access to affordable wireless Point of Sale (POS) devices is imperative to expanding access to fresh fruit and vegetables by increasing the number of Michigan farmers markets that accept SNAP. It is also imperative to enhancing Fair Food Network's SNAP incentive program Double Up Food Bucks.

### 3. SCOPE

The Contractor will partner with MerchantSource to deliver a wireless POS solution that utilizes cellular technology for transaction processing as a solution to provide equipment and wireless EBT processing services for farmers markets and direct market merchants. The solution has the following components:

- Initial equipment package includes one (1) wireless POS terminal, one (1) battery, one (1) power cord, and six (6) paper rolls. This wireless POS terminal also comes with a 1-year warranty.

- One-time application and setup fee includes the following services: merchant setup for online statement access, chaining profile setup and maintenance, specialty reporting setup/maintenance, seasonal activations/deactivation profiles, merchant faster next-day funding setup and merchant monthly end billing setup.

- Monthly management fee includes all SNAP and TANF EBT transaction fees, balance inquiry, authorization, batch closure, wireless fee and customer service fees. This monthly fee applies to only active merchants. Credit/debit transaction fees are not included, if provided.

The Contractor will work with the State and Michigan Farmers Market Association (MIFMA) in identifying the merchants eligible and approved for the wireless POS program. This assumes the merchant has an active FNS certification and is approved by the State. Contractor's Conduent Retail Operations (AustinEBT@conduent.com) will be responsible for coordination with MerchantSource in fulfilling an order for wireless equipment for a merchant. The merchant will contact MerchantSource for any equipment support during and after installation.

Should the merchant be deauthorized or if the merchant no longer accepts EBT transactions, the terminal is deactivated. Conduent Retail Operations will notify MerchantSource to work with the merchant to return the equipment in a timely manner.

Equipment delivery, setup and other services will begin upon execution of Change Notice No. 7.

**PRICING:**

Pricing as stated below per device is valid through December 31, 2018.

**One-time Initial Pricing:**

| DESCRIPTION | PRICE |
|---|---|
| FD410DW Wireless Machine, 1-year warranty, one (1) battery, one (1) power cod and six (6) paper rolls. | $1,350.00/device<br>+ $40.00 shipping |
| One-time application and setup fee includes the following services:<br>• Merchant setup for online statement access;<br>• Chaining profile setup and maintenance;<br>• Specialty reporting setup/maintenance;<br>• Seasonal activations/deactivation profiles;<br>• Merchant faster next-day funding setup; and<br>• Merchant monthly end billing setup. | $350.00/device |

**Recurring Monthly Pricing:**

| DESCRIPTION | PRICE |
|---|---|
| Monthly management fee:<br>• All SNAP and TANF EBT transaction fees;<br>• Balance inquiry;<br>• Authorization;<br>• Batch closure;<br>• Wireless fee and customer services fees;<br>• Help Desk and MerchantSource;<br>• Settlement Questions;<br>• Claims and Adjustments; and<br>• Terminal Support.<br><br>**Notes:**<br>1. Credit/debit transaction fees are not included, if provided; and<br>2. This fee will not be charged during the months when the merchant has no activity/transactions. This fee applies to only active merchants. | $80.00/active device |

**Invoicing:**

Fees are based on per terminal/device for each active device deployed plus monthly and other ongoing applicable fees. Each month, MerchantSource provides the Contractor with a report of active devices and installs for the reporting month. The Contractor prepares an invoice based on this report and will be submitted to the State for one to two months in arrears.

# STATE OF MICHIGAN
# ENTERPRISE PROCUREMENT
Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **6**

to

Contract Number **071B3200036**

| CONTRACTOR | |
|---|---|
| | Conduent State & Local Solutions, Inc. |
| | 12410 Milestone Center Drive |
| | Germantown, MD 20876 |
| | Jeffrey Vinsant |
| | (512) 657-5394 |
| | jeffrey.vinsant@conduent.com |
| | *******6647 |

| STATE | | | |
|---|---|---|---|
| | Program Manager | Various | MDHHS |
| | | | |
| | | | |
| | Contract Administrator | Joshua Wilson | DTMB |
| | | (517) 249-0444 | |
| | | wilsonj31@michigan.gov | |

| CONTRACT SUMMARY | | | |
|---|---|---|---|
| MICHIGAN ELECTRONIC BENEFIT TRANSFER (EBT) FOR FOOD BENEFIT & CASH BENEFIT SERVICES - DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS) | | | |
| **INITIAL EFFECTIVE DATE** | **INITIAL EXPIRATION DATE** | **INITIAL AVAILABLE OPTIONS** | **EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW** |
| June 1, 2013 | May 31, 2018 | 2 - 1 Year | May 31, 2018 |
| **PAYMENT TERMS** | | **DELIVERY TIMEFRAME** | |
| NET45 | | N/A | |
| **ALTERNATE PAYMENT OPTIONS** | | | **EXTENDED PURCHASING** |
| ☐ P-Card | ☐ Direct Voucher (DV) | ☐ Other | ☐ Yes ☒ No |
| **MINIMUM DELIVERY REQUIREMENTS** | | | |
| N/A | | | |

| DESCRIPTION OF CHANGE NOTICE | | | | |
|---|---|---|---|---|
| **OPTION** | **LENGTH OF OPTION** | **EXTENSION** | **LENGTH OF EXTENSION** | **REVISED EXP. DATE** |
| ☒ | 2 Years | ☐ | N/A | May 31, 2020 |
| **CURRENT VALUE** | **VALUE OF CHANGE NOTICE** | | **ESTIMATED AGGREGATE CONTRACT VALUE** | |
| $42,896,721.80 | $427,870.00 | | $43,324,591.80 | |

**DESCRIPTION**

Effective February 26, 2018, this Contract is hereby exercising both available one-year renewal options. The revised expiration date is May 31, 2020.

This Contract is also hereby increased by $427,870.00 pursuant to Article X, Part 1, Section 124 of PA 107 of 2017 for purchasing wireless equipment for farmer's markets and direct marketing farmers to conduct Supplemental Nutrition Assistance Program (SNAP) transactions in locations that do not have access to electricity and landline phone lines.

Please note that Andrew Piper is hereby added as a Program Manager (Article 2, Terms and Conditions, Section 2.022 Contract Compliance Inspector), replacing Jim McCreight.

All other terms, conditions, specifications and pricing remain the same per Contractor and Agency agreement, and per DTMB Procurement approval.

**Program Managers**
**for**
**Multi-Agency and Statewide Contracts**

| AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|
| MDHHS | Stan Bien | (517) 335-8448 | biens@michigan.gov |
| MDHHS | Andrew Piper | (517) 373-0936 | pipera2@michigan.gov |

# STATE OF MICHIGAN
# ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget
525 W. ALLEGAN ST., LANSING, MICHIGAN 48913
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **5**

to

Contract Number **071B3200036**

| CONTRACTOR | |
|---|---|
| | Conduent State & Local Solutions, Inc. |
| | 12410 Milestone Center Drive |
| | Germantown, MD 20876 |
| | Jeffrey Vinsant |
| | (512) 657-5394 |
| | jeffrey.vinsant@conduent.com |
| | *******6647 |

| STATE | | | |
|---|---|---|---|
| | Program Manager | See attached | MULTI |
| | | | |
| | | | |
| | Contract Administrator | Joshua Wilson | DTMB |
| | | (517) 284-7027 | |
| | | wilsonj31@michigan.gov | |

| CONTRACT SUMMARY | | | |
|---|---|---|---|
| MICHIGAN ELECTRONIC BENEFIT TRANSFER (EBT) FOR FOOD BENEFIT & CASH BENEFIT SERVICES - DHHS | | | |
| **INITIAL EFFECTIVE DATE** | **INITIAL EXPIRATION DATE** | **INITIAL AVAILABLE OPTIONS** | **EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW** |
| June 1, 2013 | May 31, 2018 | 2 - 1 Year | May 31, 2018 |
| **PAYMENT TERMS** | | **DELIVERY TIMEFRAME** | |
| NET 45 | | N/A | |
| **ALTERNATE PAYMENT OPTIONS** | | | **EXTENDED PURCHASING** |
| ☐ P-Card | ☐ Direct Voucher (DV) | ☐ Other | ☐ Yes ☒ No |
| **MINIMUM DELIVERY REQUIREMENTS** | | | |
| N/A | | | |

| DESCRIPTION OF CHANGE NOTICE | | | | |
|---|---|---|---|---|
| **OPTION** | **LENGTH OF OPTION** | **EXTENSION** | **LENGTH OF EXTENSION** | **REVISED EXP. DATE** |
| ☐ | N/A | ☐ | N/A | |
| **CURRENT VALUE** | **VALUE OF CHANGE NOTICE** | | **ESTIMATED AGGREGATE CONTRACT VALUE** | |
| $42,896,721.80 | $0.00 | | $42,896,721.80 | |

**DESCRIPTION**

Effective May 1, 2017, Contractor's Name and Address are hereby updated as follows:

Conduent State & Local Solutions, Inc.
12410 Milestone Center Drive
Germantown, MD 20876

Please note the Vendor Point of Contact has been changed to Jeffrey Vinsant (jeffrey.vinsant@conduent.com). Please also note the Category Analyst/Contract Administrator is hereby updated to Joshua Wilson (Section 2.021).

All other terms, conditions, specifications and pricing remain the same per Contractor and Agency agreement, and DTMB Procurement approval.

**Program Managers**
**for**
**Multi-Agency and Statewide Contracts**

| AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|
| MDHHS | Stan Bien | (517) 335-8448 | biens@michigan.gov |
| MDHHS | Jim McCreight | (517) 335-3636 | mccreightj@michigan.gov |

Form No. DTMB-3521 (Rev. 7/2015)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET
PROCUREMENT
P.O. BOX 30026, LANSING, MI 48909
OR
525 W. ALLEGAN, LANSING, MI 48933

# CHANGE NOTICE NO. 4 (Revised)

to

# CONTRACT NO. 071B3200036

between

# THE STATE OF MICHIGAN

and

| NAME & ADDRESS OF CONTRACTOR | PRIMARY CONTACT | EMAIL |
|---|---|---|
| Xerox State & Local Solutions Inc | Michael Cerone | Michael.cerone@xerox.com |
| 8260 Willow Oaks Corporate Drive | PHONE | CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY) |
| Fairfax VA, 22031 | 770-829-1033 | 6647 |

| STATE CONTACTS | AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|---|
| PROGRAM MANAGER / CCI | DCH<br>DHS | Stan Bien<br>Jim McCreight | (517) 335-8448<br>(517) 335-3636 | biens@michigan.gov<br>mccreightj@michigan.gov |
| CONTRACT ADMINISTRATOR | DTMB | Brandon Samuel | (517) 284-7025 | SamuelB@michigan.gov |

| CONTRACT SUMMARY | | | |
|---|---|---|---|
| DESCRIPTION: Michigan Electronic Benefit Transfer (EBT) for Food Benefit & Cash Benefit Services - DCH/DHS | | | |
| INITIAL EFFECTIVE DATE | INITIAL EXPIRATION DATE | INITIAL AVAILABLE OPTIONS | EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW |
| September 21, 2015 | May 31, 2018 | 2 - 1 Year | May 31, 2018 |
| PAYMENT TERMS | | DELIVERY TIMEFRAME | |
| Net 45 | | N/A | |
| ALTERNATE PAYMENT OPTIONS | | | EXTENDED PURCHASING |
| ☐ P-card ☐ Direct Voucher (DV) ☐ Other | | | ☐ Yes ☒No |
| MINIMUM DELIVERY REQUIREMENTS | | | |
| N/A | | | |

| DESCRIPTION OF CHANGE NOTICE | | | | |
|---|---|---|---|---|
| EXERCISE OPTION? | LENGTH OF OPTION | EXERCISE EXTENSION? | LENGTH OF EXTENSION | REVISED EXP. DATE |
| ☐ | | ☐ | | |
| CURRENT VALUE | VALUE OF CHANGE NOTICE | ESTIMATED AGGREGATE CONTRACT VALUE | | |
| $42,896,721.8.00 | $0.00 | $42,896,721.80 | | |

DESCRIPTION: Effective October 27, 2015 the following amendment is hereby incorporated into the contract per attached Statement of Work, Project Timeline, and Schedule for Deceased/Incarcerated functionality to deny client card access to benefits if determined that client is deceased or incarcerated.
Please note the Contract Administrator has been changed to Brandon Samuel and the vendor primary contact has been changed to Michael Cerone.

All other terms, conditions, specifications, and pricing remain the same. Per agency request, contractor agreement and DTMB approval.

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| Project Initiation / Change Order Request | | | |
|---|---|---|---|
| Customer Name | Michigan Department of Health and Human Services | | |
| Project Name | Michigan FAP EBT Deceased/Incarcerated Functionality | Product Name | MI EBT |
| Business Owner | Jeff Vinsant | Technical Owner | Jeff Vinsant |
| Primary Contact | Jim McCreight | Date Submitted | 6/17/2015 |
| Date Needed by | 10/1/2015 | Date Quote Expires | 8/1/2015 |

## Part 1: Statement of Work

**Background**

The State of Michigan legislature passed a law requiring Michigan DHHS EBT to automatically stop access to benefits for clients who are deceased or incarcerated. House Bill N0.41-2013 requires the Department to terminate Bridge Card access when the Department determines that the client it was issued to is deceased or incarcerated.

**Objectives**

1. Automate sending and processing of an additional Demographic file from the DHHS Bridges system to EPPIC for deceased or incarcerated individuals so that under certain conditions the benefits are not made available to deceased or incarcerated heads of households.
2. Provide ability to transfer through the Administrative Terminal of FAP or Cash benefits from a deceased/incarcerated individual to another individual.
3. Prevent issuance of an OTC or mailed card when a previous card has been deactivated due to individual being deceased or incarcerated.
4. Provide daily reporting of activity on deceased/incarcerated individuals.

**Scope**

Business Requirements for Xerox Change Request (EBT Death/Incarceration BRGUS00336508)

Xerox will:

1. Accept a second daily Demographic file during the evening batch window. This file will contain info for dead or incarcerated payees
   a. New file name (assigned by FTS/DEG Admin)
   b. New Action Codes (position 3-4 of Demographic file) – nn for Incarcerated Payee, nn for Deceased Payee, in combination with Cardholder Access Code of 0 (Delete) will cause termination of card access
   c. Terminate any/all cards associated with individual sent in Demo file
   d. Retain reason for termination (death or incarceration) for reporting purposes

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2. Send a second response Demo file containing any exception records
    a. Confirm response code value(s) from current known values
    b. New file name (assigned by FTS/DEG Admin)
3. Enhance MI Admin Terminal user functionality to allow transfer of benefits by local office (provide draft screen mock-up ASAP)
    a. Perform transfer by program – FAP or Cash
    b. Perform transfer all available benefits by program in real time
    c. Create single new benefit auth # when amount being transferred consists of two or more benefit auth #'s
    d. Maintain availability date across transfers for Cash
    e. Set new availability date based on date of transfer for FAP
    f. Consider transfer of benefits as account activity (last access) for expungement purposes
    g. Not allow issuance of OTC card to same Indiv ID when previous card has had access terminated/held due to death or incarceration
4. Enhance IVR/Call Center Procedure to:
    a. Not allow issuance of new card to same Indiv ID when previous card has had access terminated/held due to death or incarceration
5. Create new EPPIC report showing daily card terminations due to death or incarceration

FYI to Xerox: Any dead or incarcerated individual who previously had a card and is then incarcerated or dead will be sent to Xerox, regardless of whether or not they are Head of Household. Could cause increase in volume/processing.

**Constraints**

See attached design documents for detailed Bridges and Xerox assumptions and constraints.

**Completion Criteria**

Fully tested Deceased or Incarcerated functionality according to requirements.

## Part 2: Change Approach

**Project Approach**

This change order will be run like a mini-project to enhance and add functionality to the Michigan EBT system for processing FAP account and SNAP and Cash benefits.

Project Phases, Activities and Deliverables

- Planning: Schedule project plan
- Requirements: BRD and Functional Design Specifications Deliverables

- Development: Development Status (part of weekly status report)
- Testing: Testing Status (part of weekly status report)
- UAT: UAT Test Plan and Test Cases, including Demo of functionality at beginning of phase
- Implementation: Go-Live deployment

Stakeholders

- State: Jim McCreight (MI FAP EBT PM), Suzanne Thiel, other DTMB stakeholders as identified
- Xerox: Jeff Vinsant (Program Manager), Implementation Manager, Solution Architect, Business Analyst, Development Lead, Staff Developers, QA Testing Lead, Staff Test Analysts.

Approach

1. Automate sending and processing of an additional Demographic Interface file from the DHHS Bridges system to EPPIC for deceased or incarcerated individuals
   - Deactivate card for deceased/incarcerated individuals according to business rules.
   - Solution includes a response file of errors/exceptions from the new Demographic file.
2. Provide ability to utilize the Administrative Terminal to transfer FAP or Cash benefits from a deceased/incarcerated individual to another individual.
   - Perform transfers by program in real-time.
   - Implement business rules for benefit transfers according to program, FAP or Cash (i.e. availability date, last access, etc.)
   - Creation of new single benefit ID when transferring two or more original benefit IDs.
3. Prevent issuance of an OTC or mailed card when a previous card has been deactivated due to individual being deceased or incarcerated.
   - Prevent OTC or mailed card issuance if previous card is deactivated, according to rules, through IVR/CSR help desk
4. Creation of one new report showing appropriate activity on deceased/incarcerated individuals.

Risks and Issues

1. Xerox will design and implement the solution for EPPIC according to the requirements and Bridges design provided by the State, as of June 2, 2015. Any changes to the Bridges design document after this date that have an impact on EPPIC, will need to be evaluated and estimated separately.

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## Solution Pricing
### Deceased/Incarcerated Functionality – CCB-1657

| SOLUTION DESCRIPTION | COST |
|---|---|
| 1. Automate sending and processing of an additional Demographic Interface file from the DHHS Bridges system to EPPIC for deceased or incarcerated individuals<br>• Deactivate card for deceased/incarcerated individuals according to business rules.<br>• Solution includes a response file of errors/exceptions from the new Demographic file.<br>2. Provide ability to utilize the Administrative Terminal to transfer FAP or Cash benefits from a deceased/incarcerated individual to another individual.<br>• Perform transfers by program in real-time.<br>• Implement business rules for benefit transfers according to program, FAP or Cash (i.e. availability date, last access, etc.)<br>• Creation of new single benefit ID when transferring two or more original benefit IDs.<br>3. Prevent issuance of an OTC or mailed card when a previous card has been deactivated due to individual being deceased or incarcerated.<br>• Prevent OTC or mailed card issuance if previous card is deactivated, according to rules, through IVR/CSR help desk<br>4. Creation of one new report showing appropriate activity on deceased/incarcerated individuals. | $190,704.00 One-time Implementation Cost Non-Recurring Charge |
| This proposal and solution provides for full project management support including the following project activities and deliverables:<br>JAD session, BRD deliverable, functional design specifications deliverable, development, QA testing, UAT, AT Manual updates, and Go-Live release. | |

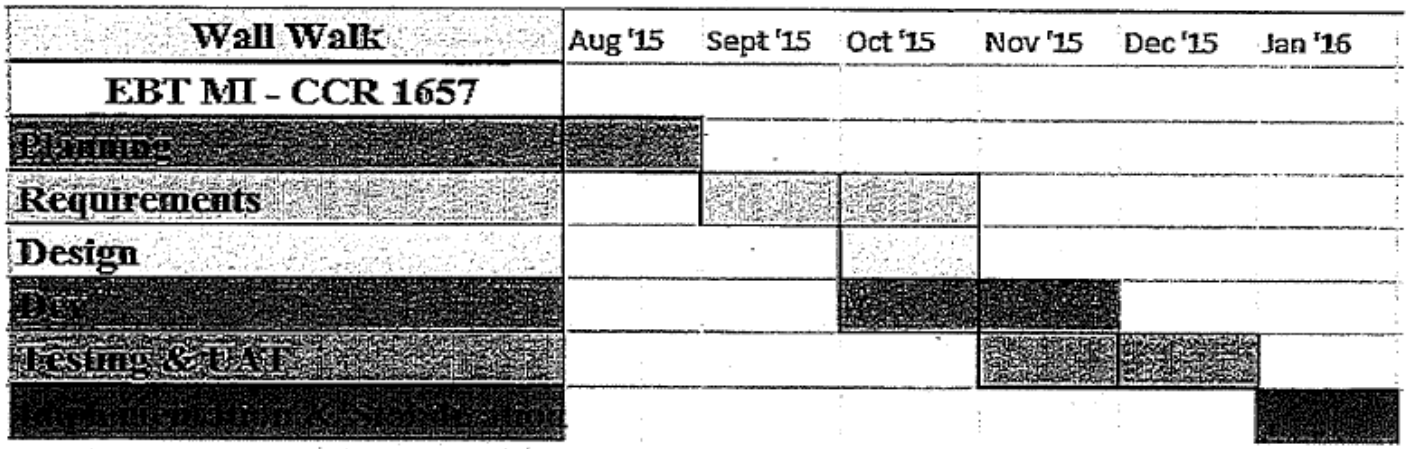
Submitted by: Jeff Vinsant, Xerox Program Manager  Date: June 17, 2015

Authorization to Proceed

Jim McCreight
EBT Project Manager  Date: 7/8/2015

Sue Kangas
Director, Financial Services Administration  Date: ___/___/2015

High-level Project Timeline



# Critical Assumptions

- Xerox and State resources will be fully allocated to support timely requirements reviews and approvals.
- Joint Application Design (JAD) sessions will confirm Michigan system change requirements to Xerox core system in accordance with CCR.
- Project deliverables will be approved within scheduled review cycles.
- State will plan to modify Michigan systems as applicable and interface with Xerox EBT system.
- Xerox & State will follow the 5/5/3 review & approval cycle

**All project deliverables must be finalized on time to stay on schedule for implementation**

**Project Plan: Xerox Prevent EBT Access Decreased/Incarcerated Clients**

| Tasks & Deliverables | Anticipated Completion Date | State Staff | State Staff Hours | Contractor Staff | Role | Hours | Rate | Total | Acceptance /Signoff | Total Payment |
|---|---|---|---|---|---|---|---|---|---|---|
| Milestone I Planning | | PM | | PM/IM<br>BA<br>QA<br>DBA/Dev Lead<br>Developer | PM rate<br>QA rate<br>QA rate<br>Dev rate<br>Dev rate | 105<br>20<br>0<br>40<br>10 | $75<br>$64<br>$64<br>$85<br>$85 | $7,875<br>$1,280<br>$0<br>$3,400<br>$850 | • Project Schedule,<br>• Deliverables List | $13,405 |
| Milestone II Requirements | | | | PM/IM<br>BA<br>QA<br>DBA/Dev Lead<br>Developer | PM rate<br>QA rate<br>QA rate<br>Dev rate<br>Dev rate | 80<br>175<br>30<br>60<br>40 | $75<br>$64<br>$64<br>$85<br>$85 | $6,000<br>$11,200<br>$1,920<br>$5,100<br>$3,400 | • Business Requirements Document (BRD) | $27,620 |
| Milestone III Design | | | | PM/IM<br>BA<br>QA<br>DBA/Dev Lead<br>Developer | PM rate<br>QA rate<br>QA rate<br>Dev rate<br>Dev rate | 80<br>175<br>65<br>75<br>150 | $75<br>$64<br>$64<br>$85<br>$85 | $6,000<br>$11,200<br>$4,160<br>$6,375<br>$12,750 | • Interface Control Document,<br>• AT Functional Specs,<br>• IVR Call Flow,<br>• Reports Specifications | $40,485 |
| Milestone IIII DEV | | | | PM/IM<br>BA<br>QA<br>DBA/Dev Lead<br>Developer | PM rate<br>QA rate<br>QA rate<br>Dev rate<br>Dev rate | 80<br>40<br>120<br>210<br>325 | $75<br>$64<br>$64<br>$85<br>$85 | $6,000<br>$2,560<br>$7,680<br>$17,850<br>$27,625 | • UAT Test Plan | $61,715 |
| Milestone V Testing and UAT | | | | PM/IM<br>BA<br>QA<br>DBA/Dev Lead<br>Developer | PM rate<br>QA rate<br>QA rate<br>Dev rate<br>Dev rate | 100<br>20<br>118<br>143<br>224 | $75<br>$64<br>$64<br>$85<br>$85 | $7,500<br>$1,280<br>$7,552<br>$12,155<br>$19,040 | • UAT Test Scripts<br>• UAT Acceptance<br>• Go-Live Decision | $47,527 |
| **Totals** | | | | **PM/IM**<br>**BA**<br>**QA**<br>**DBA/Dev Lead**<br>**Developer** | **PM rate**<br>**QA rate**<br>**QA rate**<br>**Dev rate**<br>**Dev rate** | **445**<br>**430**<br>**333**<br>**528**<br>**749** | **$75**<br>**$64**<br>**$64**<br>**$85**<br>**$85** | **$33,375**<br>**$27,520**<br>**$21,312**<br>**$44,880**<br>**$63,665** | | ** $190,752 |

** There will be a single invoice for all milestones upon change request deployment to Production.

Form No. DTMB-3521 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

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

# CHANGE NOTICE NO. 3

**to**

# CONTRACT NO. 071B3200036

**between**

# THE STATE OF MICHIGAN

**and**

| NAME & ADDRESS OF CONTRACTOR: | PRIMARY CONTACT | EMAIL |
|---|---|---|
| Xerox State & Local Solutions, Inc.<br>8260 Willow Oaks Corporate Drive<br>Fairfax, VA 22031 | Nancy Collins | Nancy.collins@xerox.com |
| | TELEPHONE | CONTRACTOR #, MAIL CODE |
| | (703) 891-8779 | 6647 |

| STATE CONTACTS | AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|---|
| CONTRACT COMPLIANCE INSPECTOR | DCH<br>DHS | Stan Bien<br>Jim McCreight | 517-335-8448<br>517-335-3636 | biens@michigan.gov<br>mccreightj@michigan.gov |
| BUYER | DTMB | Lance Kingsbury | 517-284-7017 | kingsburyl@michigan.gov |

## CONTRACT SUMMARY:

DESCRIPTION: **Michigan Electronic Benefit Transfer (EBT) for Food Benefit and Cash Benefit Services – DCH/DHS**

| INITIAL EFFECTIVE DATE | INITIAL EXPIRATION DATE | INITIAL AVAILABLE OPTIONS | EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW |
|---|---|---|---|
| June 1, 2013 | May 31, 2018 | 2, one year | May 31, 2018 |
| **PAYMENT TERMS** | **F.O.B** | **SHIPPED** | **SHIPPED FROM** |
| N/A | N/A | N/A | N/A |

| ALTERNATE PAYMENT OPTIONS: | AVAILABLE TO MiDEAL PARTICIPANTS |
|---|---|
| ☐ P-card ☐ Direct Voucher (DV) ☐ Other | ☐ Yes ☒ No |

**MINIMUM DELIVERY REQUIREMENTS:**

N/A

## DESCRIPTION OF CHANGE NOTICE:

| EXTEND CONTRACT EXPIRATION DATE | EXERCISE CONTRACT OPTION YEAR(S) | EXTENSION BEYOND CONTRACT OPTION YEARS | LENGTH OF OPTION/EXTENSION | EXPIRATION DATE AFTER CHANGE |
|---|---|---|---|---|
| ☒ No ☐ Yes | ☐ | ☐ | | |

| VALUE/COST OF CHANGE NOTICE: | ESTIMATED REVISED AGGREGATE CONTRACT VALUE: |
|---|---|
| $0.00 | $42,896,721.80 |

Effective March 16, 2015, Atos SE (The Atos Group) is hereby added as a subcontractor on this contract to provide infrastructure and related services.

All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, and DTMB Procurement approval.

Form No. DTMB-3521 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

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

# CHANGE NOTICE NO. 2

**to**

# CONTRACT NO. 071B3200036

**between**

# THE STATE OF MICHIGAN

**and**

| NAME & ADDRESS OF CONTRACTOR: | PRIMARY CONTACT | EMAIL |
|---|---|---|
| Xerox State & Local Solutions, Inc.<br>8260 Willow Oaks Corporate Drive<br>Fairfax, VA 22031 | Nancy Collins | Nancy.collins@xerox.com |
| | **TELEPHONE** | **CONTRACTOR #, MAIL CODE** |
| | (703) 891-8779 | |

| STATE CONTACTS | AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|---|
| CONTRACT COMPLIANCE INSPECTOR | DCH<br>DHS | Stan Bien<br>Jim McCreight | 517-335-8448<br>517-335-3636 | biens@michigan.gov<br>mccreightj@michigan.gov |
| BUYER | DTMB | Chelsea Edgett | 517-284-7031 | edgettc@michigan.gov |

## CONTRACT SUMMARY:

DESCRIPTION: **Michigan Electronic Benefit Transfer (EBT) for Food Benefit and Cash Benefit Services – DCH/DHS**

| INITIAL EFFECTIVE DATE | INITIAL EXPIRATION DATE | INITIAL AVAILABLE OPTIONS | EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW |
|---|---|---|---|
| June 1, 2013 | May 31, 2018 | 2, one year | May 31, 2018 |
| **PAYMENT TERMS** | **F.O.B** | **SHIPPED** | **SHIPPED FROM** |
| N/A | N/A | N/A | N/A |

| ALTERNATE PAYMENT OPTIONS: | AVAILABLE TO MiDEAL PARTICIPANTS |
|---|---|
| ☐ P-card ☐ Direct Voucher (DV) ☐ Other | ☐ Yes ☒ No |

**MINIMUM DELIVERY REQUIREMENTS:**

N/A

## DESCRIPTION OF CHANGE NOTICE:

| EXTEND CONTRACT EXPIRATION DATE | EXERCISE CONTRACT OPTION YEAR(S) | EXTENSION BEYOND CONTRACT OPTION YEARS | LENGTH OF OPTION/EXTENSION | EXPIRATION DATE AFTER CHANGE |
|---|---|---|---|---|
| ☐ No ☐ Yes | ☐ | ☐ | | |

| VALUE/COST OF CHANGE NOTICE: | ESTIMATED REVISED AGGREGATE CONTRACT VALUE: |
|---|---|
| $172,186.00 | $42,896,721.80 |

Effective April 8, 2014, contract is hereby increased by $172,186.00 for vendor to identify clients with excessive card replacements, create and send to DHS data files, send letters to clients and flag excessive accounts to deny card replacement until the client contacts the local office director to discuss their excessive replacements. Please also note that the buyer is changed to Chelsea Edgett. All other terms, conditions, pricing and specifications remain the same. Per vendor and agency agreement, DTMB Procurement approval and the approval of the State Administrative Board on April 8, 2014.

Form No. DTMB-3521 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract change will not be executed unless form is filed

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

# CHANGE NOTICE NO. 1

**to**

# CONTRACT NO. 071B3200036

**between**

# THE STATE OF MICHIGAN

**and**

| NAME & ADDRESS OF CONTRACTOR: | PRIMARY CONTACT | EMAIL |
|---|---|---|
| Xerox State & Local Solutions, Inc.<br>8260 Willow Oaks Corporate Drive<br>Fairfax, VA 22031 | Nancy Collins<br>**TELEPHONE**<br>(703) 891-8779 | Nancy.collins@xerox.com<br>**CONTRACTOR #, MAIL CODE** |

| STATE CONTACTS | AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|---|
| CONTRACT COMPLIANCE INSPECTOR | DCH<br>DHS | Stan Bien<br>Jim McCreight | 517-335-8448<br>517-335-3636 | biens@michigan.gov<br>mccreightj@michigan.gov |
| BUYER | DTMB | Lance Kingsbury | 517-284-7017 | kingsburyl@michigan.gov |

## CONTRACT SUMMARY:

DESCRIPTION: **Michigan Electronic Benefit Transfer (EBT) for Food Benefit and Cash Benefit Services – DCH/DHS**

| INITIAL EFFECTIVE DATE | INITIAL EXPIRATION DATE | INITIAL AVAILABLE OPTIONS | EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW |
|---|---|---|---|
| June 1, 2013 | May 31, 2018 | 2, one year | May 31, 2018 |
| **PAYMENT TERMS** | **F.O.B** | **SHIPPED** | **SHIPPED FROM** |
| N/A | N/A | N/A | N/A |

| ALTERNATE PAYMENT OPTIONS: | AVAILABLE TO MiDEAL PARTICIPANTS |
|---|---|
| ☐ P-card ☐ Direct Voucher (DV) ☐ Other | ☐ Yes ☒ No |

**MINIMUM DELIVERY REQUIREMENTS:**

N/A

## DESCRIPTION OF CHANGE NOTICE:

| EXTEND CONTRACT EXPIRATION DATE | EXERCISE CONTRACT OPTION YEAR(S) | EXTENSION BEYOND CONTRACT OPTION YEARS | LENGTH OF OPTION/EXTENSION | EXPIRATION DATE AFTER CHANGE |
|---|---|---|---|---|
| ☐ No ☐ Yes | ☐ | ☐ | | |

| VALUE/COST OF CHANGE NOTICE: | ESTIMATED REVISED AGGREGATE CONTRACT VALUE: |
|---|---|
| $600,000.00 | $42,724,535.80 |

Effective immediately, this contract is hereby increased by $600,000.00 to allow the Contractor to block the use of the Michigan EBT (Bridge) cards at casinos and other gambling establishments, liquor stores, and establishments where entertainment is provided by unclothed individuals. All other terms, conditions, pricing and specifications remain the same. Per Contractor and agency agreement, DTMB Procurement approval and the approval of the State Administrative Board on February 4, 2014.

Form No. DTMB-3522 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

December 28, 2012

# CONTRACT NO. 071B3200036
between
# THE STATE OF MICHIGAN
and

| NAME & ADDRESS OF CONTRACTOR: | PRIMARY CONTACT | EMAIL |
|---|---|---|
| Xerox State & Local Solutions, Inc.<br>8260 Willow Oaks Corporate Drive<br>Fairfax, VA 22031 | Nancy Collins | Nancy.collins@xerox.com |
| | TELEPHONE | CONTRACTOR #, MAIL CODE |
| | 703-891-8779 | |

| STATE CONTACTS | AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|---|
| CONTRACT COMPLIANCE INSPECTOR: | DCH<br>DHS | Stan Bien<br>Jim McCreight | 517-335-8448<br>517-335-3636 | biens@michigan.gov<br>mccreightj@michigan.gov |
| BUYER: | DTMB | Lance Kingsbury | 517-241-3768 | kingsburyl@michigan.gov |

## CONTRACT SUMMARY:

DESCRIPTION: Michigan Electronic Benefit Transfer (EBT) for Food Benefit and Cash Benefit Services – DCH/DHS

| INITIAL TERM | EFFECTIVE DATE | INITIAL EXPIRATION DATE | AVAILABLE OPTIONS |
|---|---|---|---|
| 5 Yrs. | June 1, 2013 | May 31, 2018 | 2, 1 Year Options |
| PAYMENT TERMS | F.O.B | SHIPPED | SHIPPED FROM |
| N/A | N/A | N/A | N/A |

| ALTERNATE PAYMENT OPTIONS: | AVAILABLE TO MiDEAL PARTICIPANTS |
|---|---|
| ☐ P-card ☐ Direct Voucher (DV) ☐ Other | ☐ YES ☒ NO |

MINIMUM DELIVERY REQUIREMENTS:

N/A

MISCELLANEOUS INFORMATION:

N/A

| ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION: | $42,124,535.80 |
|---|---|

Form No. DTMB-3522 (Rev. 4/2012)
AUTHORITY: Act 431 of 1984
COMPLETION: Required
PENALTY: Contract will not be executed unless form is filed

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

# CONTRACT NO. 071B3200036

**between**

## THE STATE OF MICHIGAN

**and**

| NAME & ADDRESS OF CONTRACTOR: | PRIMARY CONTACT | EMAIL |
|---|---|---|
| Xerox State & Local Solutions, Inc.<br>8260 Willow Oaks Corporate Drive<br>Fairfax, VA 22031 | Nancy Collins | Nancy.collins@xerox.com |
| | TELEPHONE | CONTRACTOR #, MAIL CODE |
| | 703-891-8779 | |

| STATE CONTACTS | AGENCY | NAME | PHONE | EMAIL |
|---|---|---|---|---|
| CONTRACT COMPLIANCE INSPECTOR: | DCH<br>DHS | Stan Bien<br>Jim McCreight | 517-335-8448<br>517-335-3636 | biens@michigan.gov<br>mccreightj@michigan.gov |
| BUYER: | DTMB | Lance Kingsbury | 517-241-3768 | kingsburyl@michigan.gov |

## CONTRACT SUMMARY:

**DESCRIPTION:** Michigan Electronic Benefit Transfer (EBT) for Food Benefit and Cash Benefit Services – DCH/DHS

| INITIAL TERM | EFFECTIVE DATE | INITIAL EXPIRATION DATE | AVAILABLE OPTIONS |
|---|---|---|---|
| 5 Yrs. | June 1, 2013 | May 31, 2018 | 2, 1 Year Options |
| **PAYMENT TERMS** | **F.O.B** | **SHIPPED** | **SHIPPED FROM** |
| N/A | N/A | N/A | N/A |

| ALTERNATE PAYMENT OPTIONS: | AVAILABLE TO MiDEAL PARTICIPANTS |
|---|---|
| ☐ P-card ☐ Direct Voucher (DV) ☐ Other | ☐ YES ☒ NO |

**MINIMUM DELIVERY REQUIREMENTS:**

N/A

**MISCELLANEOUS INFORMATION:**

N/A

| ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION: | $42,124,535.80 |
|---|---|

**THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the solicitation #071I2200081. Orders for delivery will be issued directly by the Department of Technology, Management & Budget through the issuance of a Purchase Order Form.**

Form No. DTMB-3522 (Rev. 4/2012)

**Notice of Contract #: 071B3200036**

| FOR THE CONTRACTOR: | FOR THE STATE: |
|---|---|
| **Xerox State & Local Solutions, Inc.** | |
| Firm Name | Signature |
| | **Kevin Dunn, Services Director** |
| Authorized Agent Signature | Name/Title |
| | **DTMB Procurement** |
| Authorized Agent (Print or Type) | Enter Name of Agency |
| Date | Date |

**STATE OF MICHIGAN**
**Department of Technology, Management and Budget**
**Procurement**

Contract No. 071B3200036
Michigan Electronic Benefit Transfer (EBT) for Food Benefit and Cash Benefit Services
For the Department of Community Health and the Department of Human Services

Buyer Name: Lance Kingsbury
Telephone Number: 517-241-3768
E-Mail Address: kingsburyl@michigan.gov

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## DEFINITIONS

**24x7x365** means 24 hours a day, seven days a week, and 365 days a year (including the 366th day in a leap year).

**Additional Service** means any Services within the scope of the Contract, but not specifically provided under any Statement of Work.

**Audit Period** means the seven year period following Contractor's provision of any work under the Contract.

**Bidder(s)** are those companies that submit a proposal in response to the RFP.

**Business Day** means any day other than a Saturday, Sunday or State-recognized legal holiday from 8:00am EST through 5:00pm EST unless otherwise stated.

**Blanket Purchase Order** is an alternate term for Contract and is used in the States' computer system.

**CCI** means Contract Compliance Inspector.

**Days** means-calendar days unless otherwise specified.

**Deleted – N/A** means that section is not applicable or included in this Contract. This is used as a placeholder to maintain consistent numbering.

**Deliverable** means physical goods and/or services required or identified in a Statement of Work.

**DTMB** means the Michigan Department of Technology, Management and Budget.

**Environmentally Preferable Products** means a product or service that has a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. Such products or services may include, but are not limited to: those which contain recycled content, minimize waste, conserve energy or water, and reduce the amount of toxics either disposed of or consumed.

**Hazardous Material** means any material defined as hazardous under the latest version of federal Emergency Planning and Community Right-to-Know Act of 1986 (including revisions adopted during the term of the Contract).

**Incident** means any interruption in any function performed for the benefit of the State.

**Key Personnel** means any personnel identified in **Section 1.031** as Key Personnel.

**New Work** means any Services/Deliverables outside the scope of the Contract and not specifically provided under any Statement of Work, such that once added will result in the need to provide the Contractor with additional consideration. "New Work" does not include Additional Service.

**Ozone-depleting Substance** means any substance the Environmental Protection Agency designates in 40 CFR part 82 as: (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or (2) Class II, including, but not limited to, hydrochlorofluorocarbons.

**Post-Consumer Waste** means any product generated by a business or consumer which has served its intended end use; and which has been separated or diverted from solid waste for the purpose of recycling into a usable commodity or product, and which does not include post-industrial waste.

**Post-Industrial Waste** means industrial by-products which would otherwise go to disposal and wastes generated after completion of a manufacturing process, but does not include internally generated scrap commonly returned to industrial or manufacturing processes.

**Recycling** means the series of activities by which materials that are no longer useful to the generator are collected, sorted, processed, and converted into raw materials and used in the production of new products. This definition excludes the use of these materials as a fuel substitute or for energy production.

**Reuse** means using a product or component of municipal solid waste in its original form more than once.

**RFP** means a Request for Proposal designed to solicit proposals for services.

**Services** means any function performed for the benefit of the State.

**SLA** means Service Level Agreement.

**Source Reduction** means any practice that reduces the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment prior to recycling, energy recovery, treatment, or disposal.

**State Location** means any physical location where the State performs work. State Location may include state-owned, leased, or rented space.

**Subcontractor** means a company selected by the Contractor to perform a portion of the Services, but does not include independent contractors engaged by Contractor solely in a staff augmentation role.

**Unauthorized Removal** means the Contractor's removal of Key Personnel without the prior written consent of the State.

**Waste Prevention** means source reduction and reuse, but not recycling.

**Pollution Prevention** means the practice of minimizing the generation of waste at the source and, when wastes cannot be prevented, utilizing environmentally sound on-site or off-site reuse and recycling. The term includes equipment or technology modifications, process or procedure modifications, product reformulation or redesign, and raw material substitutions. Waste treatment, control, management, and disposal are not considered pollution prevention, per the definitions under Part 143, Waste Minimization, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.

**Work in Progress** means a Deliverable that has been partially prepared, but has not been presented to the State for Approval.

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

# Article 1 – Statement of Work (SOW)

## *1.010 Project Identification*

### 1.011 Project Request

This is a Contract for the Michigan Electronic Benefit Transfer (EBT) system for the Department of Community Health and the Department of Human Services.

The period of Contract award through May 31, 2013, will be for implementation and transition for the Contractor; no payment will be made to the Contractor during this period. The Contractor must begin providing all services, without interruption, on June 1, 2013.

Michigan seeks a broad range of EBT services and functions to support the electronic delivery of public assistance benefits and other government related services to eligible recipients in the State.

It should be understood that this Contract will be a service contract and not a technology nor a design and development contract. It is highly recommended that the Contractor maintains offices for their Contract representatives within the State of Michigan.

The Contractor must support the federal requirement of processing interoperable Supplemental Nutrition Assistance Program (SNAP) and cash assistance transactions. Electronic voucher clearing transactions must be processed for both Michigan and out-of-state EBT cards. In addition, the Contractor must have the capability of accepting and processing client transactions occurring at out-of-state (non-Michigan) retailers. The Contractor must outline its plan for supporting interoperable transactions for both Michigan and non-Michigan clients. With the recruitment of cash-only retailers, the Contractor must provide the necessary information of sources where information is available to allow retailers to set up interoperable EBT service.

All standard functions of operating the EBT system including, but not limited to, file transfer, storage and maintenance, and interoperability costs will be paid by way of the Cost-Per-Case-Month (CPCM) charges.

### 1.012 Background

The State has supported an EBT program for delivery of public assistance since June 1, 1999. The current system tracks debits and credits, manages network and retailer participation, and provides management and accounting reports. The recipients are afforded access to their benefits through automated teller machines (ATMs) and point-of-sale (POS) devices using their magnetic strip Michigan Bridge Card.

The Contractor must provide systems and services compatible with current Michigan Department of Human Services (DHS) and Department of Community Health (DCH) systems and services. DHS and DCH systems must use the same Michigan Bridge Card Stock, but WIC and SNAP EBT (Cash and Food Benefits) must have separate cards and must remain separate, independent systems. DHS currently has approximately 120 locations Statewide that are involved to varying degrees in the provision of EBT services for Michigan clients, including using administrative terminals/software capacity and POS devices. The Contractor's system must accurately and efficiently furnish the following:

- Electronic delivery of public assistance; to include Food Assistance Program (FAP), cash assistance (TANF), as well as Refugee Assistance (RA), Repatriate Assistance (Rep), State Family Independence Program (FIP), State Disability Assistance (SDA), LIHEAP (Low Income Heating and Energy Assistance Program), $1 LIHEAP and other programs as specified.
- Customer service for clients, State staff, retailers, and third party processors as needed.
- Michigan Bridge Card issuance service including card issuance equipment, upkeep, replacement, maintenance and all services to keep devices in good working condition.
- Broad client accessibility to cash and/or FAP Benefits through Automated Teller Machine (ATM) access and management of a comprehensive network of retailers.
- Reports for management and accounting purposes in established formats.

- Training products and training services for clients, State staff, retailers and proprietors hosting the access machines.
- Expansion capability to accommodate the addition of other State of Michigan programs as needed. The Women Infant and Children (WIC) program is an example of an addition to the EBT system that is now fully operational.

## ***1.020 Scope of Work and Deliverables***

### 1.021 In Scope

In addition to the items in scope, the Contractor must be prepared for the possibility of additional requirements and prepare costs and methods of including these potential requirements. The possible additions may include, but are not limited to:

- The methods and ability to block cash withdrawals from certain retailers and/or ATMs.
- The methods and ability to block certain UPC codes/item types at retailers.
- The methods, options and ability to provide Photos on the EBT cards.
- Wireless option for Farmer's Markets.

Although these are not currently required, the State expects that one or more of these options may be mandated.

The Contractor must support the following EBT services for each of the functions identified here. These functions and their associated sub-functions are described in this Contract:

- Account Establishment
- Card Issuance and Training
- Client Account Maintenance
- Transaction Processing
- Customer Service
- Retailer Management
- Federal and State Settlement
- Reporting

The services in this Contract provide Michigan the necessary EBT support for all aspects of EBT service, interface with existing systems, transaction processing, process management, account maintenance, Contractor accountability monitoring, and problem resolution.

As mentioned previously, the services that will be required to support the following State administered programs:

- FAP
- Temporary Aid to Needy Families (TANF)
- Refugee Assistance (RAP)
- Repatriate Assistance (REP)
- FIP State
- State Disability Assistance (SDA)
- LIHEAP benefits
- $1 LIHEAP
- SSI Supplemental Security Income (not currently in use)
- Disaster Food Assistance Program (DFAP)
- Disaster Relief Program Cash (DRPC)
- Food Assistance Online

The State's overall plan seeks high compatibility and consistency of approach for client access across all benefit types. The State intends to continue to provide EBT for the above programs. In addition, the (Supplemental Security Income (SSI) section) and other benefits may be added at a future date. The Contractor and State will negotiate the addition of SSI and other programs at a later date, should these programs be added.

The State also seeks transparency for the customers during transition and requires the continued use of the Michigan Bridge Card as it is, file layouts as they currently exist, and report layouts as defined by the State's current reports guide and examples.

**TECHNICAL ENVIRONMENT**
Connectivity is needed to:

- Local Offices
- State Data Exchange Gateway

All local office connections are routed through the State's Local Metropolitan Area Network (LMAN) network to the Contractor Production Host system through the internet or through a private connection.

All file transfers between the State and the EBT Contractor are routed between the State Data Exchange Gateway facility and the Contractor's Production and Test Host system(s). Both the State and the Contractor initiate transfers. There are two choices to access the State Data Exchange Gateway: through the internet or private connection.

Both of these connections pass through the State De-Militarized Zone (DMZ) router which controls State data sharing with outside entities.

Appendix A, Option A – Internet Connection with the State Data Exchange Gateway. Only the secure file transfer protocols are allowed across the internet. FTP (File Transfer Protocol) is not allowed across the internet. See Appendix A for the choice of protocols.

Appendix B, Option B – Private Circuit with the State Data Exchange Gateway. FTP is allowed across private circuits. The Contractor provides and manages the private circuit and equipment with Ethernet hand-off to the State.

Appendix C, Michigan DHS: DHS Interface Record Layouts, Demographic files supply basic non-financial data about the cardholder and are used to setup new clients, to change client or alternate demographic information, to request new cards, as well as numerous other functions. Benefit Files are used to pass benefit authorization information including type of benefit, amount, and effective date of the benefit to the EBT system. Account Activity Files will transmit daily details of all financial transactions, denials, and balance inquiries that occurred during the day. Card Status Change Files provides card status changes performed via the Card Status Maintenance Screen on a daily basis.

**1.022 Work and Deliverable**
The Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below:

The State has identified a set of mandatory base EBT Service Requirements that represent the primary services being procured by the State. Section E of article 1.104 Work and Deliverables/Special Supplemental Nutrition Program For Women, Infants and Children (WIC) addresses the functional requirements for WIC. Unless otherwise specifically addressed in 1.072 WIC Requirements, all of the requirements in this Contract will apply for WIC. The mandatory base EBT Service Requirements include:

- account set-up and benefit authorization
- card and PIN issuance
- training and training materials (client, staff and retailer)
- client account maintenance
- transaction processing
- customer service
- retailer management
- settlement
- reporting
- online application for administrative and client access

- FAP
- Temporary Aid to Needy Families (TANF)
- Refugee Assistance (RAP)
- Repatriate Assistance (REP)
- FIP State
- State Disability Assistance (SDA)
- LIHEAP benefits
- $1 LIHEAP
- SSI Supplemental Security Income (not currently in use)
- Disaster Food Assistance Program (DFAP)
- Disaster Relief Program Cash (DRPC)
- Food Assistance Online

The specifications and requirements for these services are described throughout the remainder of this section.

**SPECIAL REQUIREMENTS**

1. The Contractor must comply with the requirements that are found in the IRS Regulation 139255-08. These requirements apply to both cash and SNAP purchase transactions and to all EBT vendors that deal with credit and debit card payments (not only SNAP). However, cash withdrawals via ATM and POS are exempt from the requirements.

2. The Contractor must comply with IRS regulations at 26 CFR 1, 31 and 301.

3. Changes and/or alterations to the EBT SNAP and WIC systems will be completed by the Contractor without charge to the State if those changes or alterations are required to meet federal or State Rules, Regulations, or Legislation.

4. The Contractor must comply with the State's requirement that there will be no offshore outsourcing.

5. Customer Service must be housed and staffed within the United States of America (preferably in the State of Michigan).

6. The Contractor must be able to block or restrict cash disbursements by providers (ATMs or Retailers) that the State deems inappropriate (example: ATMs accepting the Michigan EBT card at casinos).

7. Store and Forward:
   At its option, a retailer that uses a Third Party Processor (TPP) may electronically store a transaction, and forward it for authorization at a future time, provided the retailer's equipment is capable of storing a cardholder's encrypted PIN. SNAP store and forward transactions are processed at the retailer's risk. If insufficient funds are available at the time the transaction is forwarded, the transaction will be denied.

   However, retailers may opt to use the one-step process described in 7 CFR 274.8(e) to collect the remaining balance. If the retailer and/or TPP have been authorized to use the process and the store and forward transaction is properly identified as such, the Contractor must process the transaction and return the available balance, if any, using the single transaction method described in the X9.58-2007 standards and subsequent corrections. At the State's discretion, a length of time after database conversion may be allowed for implementation of this process.

For clarity, Appendix K, EBT Service and Support Requirements and Associated Deliverables, summarizes many of the Contractor's responsibilities. This summary does not, however, provide an exhaustive list.

Appendix K presents the major Contractor responsibilities. It presents categories of services, describes the expectations associated with those services, and then identifies deliverables required of the Contractor. The deliverables identified consist of a number of outputs from the Contractor. These include documents, coding, products, levels of service performance, and other deliverable items.

The deliverables required under this Contract are assurances that the EBT services and the supporting infrastructure will meet the service level performance and other requirements as set forth in this Contract.

Under the Contract, the Contractor must deliver each of the specific formal deliverables shown in Appendix K, in addition to others required elsewhere in this Contract. If the deliverable is assessing a performance level, for example, a report must summarize the achievement of that performance with independently verifiable documentation attached. All collected data, work papers, source materials, and backup documentation relating to these deliverables will become the sole property of the State at the conclusion of the Contract. The CCI/Project Manager will monitor the Contract progress and provide sign off for these deliverables. The CCI/Project Manager will evaluate deliverables and provide formal acceptance within 30 working days if the deliverables are acceptable. If they are deficient, the deliverable in question will be returned with notification of the deficiencies for Contractor resolution and resubmission.

For those deliverables that require a federal approval, the State cannot give final approval until federal acceptance is also given. Federal offices typically have a 30 day review period, but allowance of 60 days is required. The listing of deliverables, while fairly comprehensive, is not exhaustive. The State reserves the right to identify additional project deliverables as necessary to assure effective performance.

## A. FUNCTIONAL REQUIREMENTS

### 1. Account Set-up and Benefit Authorization

The Contractor must provide the capability to accept account set-up and benefit authorization transactions from the State in either batch and/or on-line processing mode. In either case, the Contractor must always process account set-up data before benefit authorization data. Whether transmitted in batch or on-line, the structure and format of the account set-up and benefit authorization records and file transmissions must be standard and must follow the Automated Clearing House (ACH) file formats. The specific file format, including data elements, field lengths, and number of fields, is supplied in Appendix C, Michigan DHS: DHS Interface Record layouts. The Contractor must utilize these record layouts as presented.

Account set-up records will be on a separate file from Benefit Authorization records. In batch mode, batches will be identified by the respective batch header and batch trailer records. Within one hour of receipt of a file, the Contractor must either confirm receipt of a complete and successfully transmitted file or contact the State and request the file be retransmitted. The Contractor must confirm receipt of a subsequent transmission(s) within 30 minutes of receipt until successful transmission/receipt has been completed. For account set-up and benefit authorization transactions sent in batch mode and received by 11:59 p.m. Eastern Standard Time, the Contractor must process the transactions, perform all set-up and benefit posting processes, and make benefits available by 8:00 a.m. Eastern Standard Time the following day, seven days a week.

Account set-up and/or benefit posting transactions sent to the Contractor on-line must be processed in real-time, in accordance with the processing standards described in this Contract. All on-line account set-up, account maintenance, benefit authorizations, or administrative transactions must be processed by the Contractor in real time and must comply with the 10 second processing standard required for on-line transactions.

When expedited, emergency, or any similar issuance is necessary to meet the timeliness requirements of the State, on-line set-up and benefit authorizations transactions will be sent to the Contractor by the State. The intent of the State is to establish a mechanism through which the State can make benefits available to the client the next day.

#### a. Account Set-up

The Contractor will receive and must process account set-up data transmitted by the administering State agencies. Account set-up data includes client case data necessary for the

set-up of an EBT Account. In addition to account set-up information, the State will transmit records to modify account information or the account status (refer to Client Account Maintenance, Administrative Actions). At a minimum, the account set-up data elements will include information as indicated in the EBT State Interface Record Layouts (Demographic File) in Appendix C.

In addition, the Contractor may also designate account set-up data elements necessary to support its EBT operations. The Contractor must notify the State of account set-up exceptions, including, but not limited to rejected set-up requests and reason for rejection (i.e., duplicate authorization) within 24 hours of the rejection.

**b. Benefit Authorization**

The Contractor will receive and must process Benefit Authorization records transmitted by the administering State agencies. The Contractor must process Benefit Authorizations and post the authorized benefit amounts to the appropriate EBT accounts, based on the State Unique Individual ID and Program Designator. At a minimum, the Benefit Authorization transaction must include the data elements according to the EBT State Interface Record Layouts in Appendix C. In addition, the Contractor may also designate benefit authorization data elements necessary to support its EBT operations. The Contractor must notify the State of benefit authorization exceptions, including, but not limited to rejected benefit authorization attempts and reason for rejection (i.e., duplicate authorization) within 24 hours of the rejection.

For on-going cases, the State will authorize benefits, at a minimum, once per month on a schedule to be specified by the State. In addition to the monthly benefit authorizations, the State will transmit daily benefit authorizations to authorize benefits for new accounts and to authorize supplements for existing accounts. The Contractor must: initiate the data transfer, receive the data and take appropriate actions (account set-up, authorization, etc.), and notify the State immediately of any file transfer problems.

**2. Card and PIN Issuance**

The Contractor must provide card and PIN issuance services to the State. To meet the requirements for both regularly scheduled and supplemental benefit issuance to clients, Michigan utilizes more than one of the following benefit issuance options (i.e., mail, over the counter, etc.). In managing EBT card inventories, the Contractor will be held accountable and responsible for card stock until cards are activated by the client or received by the State.

Card Specifications:

1. The card must include the following:
    - The Michigan Bridge Card bridge scene and logos
    - PAN embossed
    - Case grantees' name (if mailed)

2. The back of the card must include the following features:
    - A high coercivity magnetic stripe
    - A tamper evident signature panel
    - The statement "Misuse of this card is unlawful. Do not write your PIN on this card"
    - Toll free number for Retailer/Manual Authorizations (1-888-529-1693)
    - Toll free number for Cardholder (1-888-678-8914)
    - Web page URL for accessing account information
    - Michigan Relay Center (MRC) for Deaf/Speech Impaired (1-800-649-3777-TTY)
    - The statement "If found or no longer in use, return to" and an address to return the card
    - The Quest logo
    - The following statement "The USDA is an equal opportunity provider and employer"

Two card issuance options are currently being used:

<u>Option 1 - Mail Cards</u>:

If Contractor card issuance by mail is indicated in the Demographic File, the Contractor must assign a Primary Account Number (PAN) and issue a fully encoded and personalized

Michigan EBT Card to the client. The card must meet the requirements specified in this section. The Contractor must propose a secure card activation procedure for cards that are mailed to the client. The Contractor will be liable for loss or misuse of the card until the client activates it. A card issuance request received by the Contractor by 11:59 p.m. Eastern Standard Time (EST) will be delivered to the Post Office no later than 3:00 p.m. EST on the next business day for mailing to the client.

Option 2 - Over the Counter Card Issuance:
Over the counter (OTC) card issuance must be executed by a card issuance/PIN selection transaction from an administrative terminal in a local State agency office. The PAN for OTC card issuance must include a number identifying OTC cards as OTC. The Contractor must have means for requesting, delivering (including delivery timeframes from request date), tracking, and accounting for card stock inventoried at State agency offices. The Contractor will be liable for loss or misuse of cards or card stock until the card stock is received at the designated State location(s).

**a. Card Replacement**
The Contractor must provide the functionality to replace lost, stolen, or non-functioning EBT cards. A replacement card must carry a new PAN. A PAN will not be reissued. Client training will instruct a client to report a lost, stolen, or non-functioning Michigan EBT Card to the toll free customer service number help line for deactivation. The Customer Service Representative must use an agreed upon or reliable voice password(s), including the current mailing address identified on the administrative terminal, and either the last four digits of the card holder's social security number, date of birth, or other data available from the cardholder's master file for client identification if the PAN is not available.

Methods for issuing replacement cards will be the same as the issuance options described in "Card and Pin Issuance". In replacing cards, the Contractor must also meet the time frames for card and PIN issuance specified in the card issuance specifications.

**b. Activate Michigan EBT Card**
The Contractor must require a positive, secure action (such as a call or PIN selection transaction).

**c. De-activate Michigan EBT Card**
The Contractor must deactivate the Michigan EBT Card (PAN) immediately when a card is reported lost, stolen, or non-functioning, when the account is closed, or when the card is revoked through an administrative terminal transaction. The Contractor will be liable for any transaction by a card after it has been reported lost, stolen, or non-functioning and/or has been de-activated. The Contractor must maintain and report records of client reports of lost, stolen, or non-functioning EBT cards. Such tracking must include recording of card number, the date and time of the report, condition (reason for reporting) of the card, and other information to be negotiated between the State and the Contractor. The Contractor must track transaction attempts by a de-activated card. Such tracking must include recording of card number, the date, time, and location of transaction attempts, and other information to be negotiated between the State and the Contractor.

**d. Card Suspension for Invalid PIN Attempts**
After four successive invalid PIN attempts in a 24 hour period, the Contractor must suspend the card for 24 hours. The Contractor must track invalid PIN attempts and transaction attempts by a suspended card. Such tracking must include recording of card number, the date, time, and location of transaction attempts, and other information to be negotiated between the State and the Contractor.

**e. Issue Personal Identification Number (PIN)**
Clients will obtain a four digit PIN through PIN assignment by the Contractor or by selection at a PIN selection terminal. The PIN offset must reside at the EBT host; not on the EBT card. A Food and Nutrition Services (FNS) waiver request may be required on some methods for PIN assignment and selection.

Contractor must have methods for PIN assignment and PIN selection, including remote PIN selection for State agency offices that do not have PIN selection/change capabilities.

**f. Assign PIN**

The Contractor must issue cards through the mail to the designated client and the PIN must be selected by way of the Client Interactive Voice Response (IVR) or at a local office POS terminal.

**g. Select PIN Security**

The Contractor must provide the functionality to select or change a PIN through a PIN/encryption terminal in the State or local agency office. All PIN selections/changes performed on a terminal must be performed on a terminal or device with PIN encryption capabilities. Under no circumstances may a PIN be transmitted to the EBT host in the clear. Contractor must have a remote PIN change capability for State agency offices that do not have electronic PIN selection devices.

**3. Training and Training Materials**

The State requires that any conversion of the EBT system be invisible to the clients, and as invisible as possible to the retailers and State employees. Upon conversion, the Contractor must specify comprehensive conversion and training plans for clients, State and county administrative staff, and participating retailers.

The client training plans must include provisions for communicating with English, Spanish, Arabic, and Braille language clients. The training package must include written materials and the training video as specified in this Section under Client Training, Video for Local Offices. The Contractor may also specify interactive training materials for conversion training. The training packages must cover the same topics listed under Printed Client Training Materials. In summary, the core service requirement is the preparation of comprehensive training plans and training materials for clients, retailers, and State administrative staff. The format and extent of training delivery options is specified in the following Sections a-d.

Any training facilities used must adhere to the Americans with Disabilities Act (ADA) for both physical access and actual training materials. Purchase of any of the following client, State staff, and retailer training services will be at the option of the State of Michigan.

**a. Client Training**

Option 1 - Mail Only Training:

The Contractor must specify, in detail, what information, materials, and methods would be included in delivering training solely through the mail.

Option 2 – Video for Local Offices:

Contractor must provide, in detail, the information and methods to be used for training videos that will be placed in local offices for viewing by clients.

**b. Administrative Staff Training**

The following administrative staff training methods must be presented by the Contractor and priced as noted in the pricing appendices. The State may choose one or more of these methods for delivery of training.

Option 1 - Train-the-Trainers

The Contractor must submit, in its training plan, an approach for the training of State training staff. State training staff, after being trained by the Contractor, will be responsible for training other State and local administrative staff. The Contractor's plan for training State trainers must include all topics listed in "Administrative Training Materials" and must include instructions and demonstrations on how to use the administrative functions being made available to the State staff. If the State selects this methodology, the Contractor must provide the curriculum and materials for State trainers to use in the training of other staff, in formats and quantities specified by the State.

Option 2 - Hands-on-Training for State Staff and Staff from all Counties
The State may opt to have the Contractor provide hands-on, interactive training to all State and Local Office staff responsible for processing EBT transactions. Topics for this method are identical to the Train-the-Trainers method.

**c. Retailer Training**

The Contractor must issue written training materials and a training video to all retailers participating in the Michigan EBT program. Technical materials regarding settlement procedures, EBT transaction sets, and other topics required to enable a retailer to participate in EBT must also be issued.

**d. Training Materials**

The Contractor must provide all State and local agency staff, EBT clients, and participating retailers with training materials. The following training materials are required from the Contractor:

**1) Printed Client Training Materials**

All clients must be provided with standard printed training materials. The training materials must be written in easy-to-understand language – at a fifth grade reading level. Printed training materials must be provided in pamphlet format in English, Spanish, Arabic, and Braille. The Contractor must print and distribute all training pamphlets to designated State locations and for providing a training pamphlet to all clients who receive their cards via the mail (refer to "Card and PIN Issuance"). The quantity of training pamphlets to be produced by the Contractor must be adequate to supply clients for the life of the Contract. At a minimum, the training pamphlet must ensure that ALL required information described in the household training requirements in Part 274 be incorporated, including the bulleted items below:

- Use of the Michigan EBT Card at the point-of-sale, and benefit transactions that can be processed at POS terminals (including information on numbers and costs of transactions).
- Use of the Michigan EBT Card at ATMs, and benefit transactions that can be processed on ATMs (including information on numbers and costs of transactions).
- Use and safe guarding of the card and PIN.
- Card replacement and PIN change processes.
- Manual FNS transaction procedures.
- Benefit availability dates.
- Guidance on reporting problems with the card or its use and on reporting a lost or stolen Michigan EBT Card.
- Procedures for accessing EBT benefits when the client leaves the EBT area.
- Use of the transaction receipt to track balances.
- Use of the Interactive Voice Response Unit (IVRU).
- Use of Contractor supplied online account access.
- Instructions on how to access Customer Service, including instructions on use of IVRU technology used to support access to client information.
- Federal non-discrimination statement under Card Specifications.

The State may also want the Contractor to develop and distribute an EBT client training video for use in the State and local agency offices. The client training video should be no more than 15 minutes in length, and will meet the topic, language, and difficulty requirements specified earlier.

**2) Administrative Training Materials**

The Contractor must provide written training materials for State and local agency staff. In addition to materials provided on paper or other presentation media, training materials must be provided on electronic media (i.e. CD) in a word processing application approved by the State. Administrative training materials must cover the following topics:

- Training clients in use of EBT.
- Administrative terminal/software functionality.
- Operation and use of any proposed card personalization and administrative POS equipment.
- System security and access control.
- EBT system customer service functionality.

**3) Retailer Training Materials**

The Contractor must provide written training materials for participating retailers, for the life of the Contract. In addition to materials provided on paper or other presentation media, training materials must be provided on electronic media (i.e. CD) in a word processing application approved by the State. Retailer training materials must cover the following topics:

- How to acquire information on and/or participate in the Michigan EBT program.
- EBT transaction functionality.
- EBT Settlement.
- Operation and use of any marketed card POS equipment.
- System security and access control.
- EBT retailer customer service functionality.
- Instructions on how to access Customer Service, including instructions on use of (IVR technology used to support access to retailer information.

The State may require the Contractor to develop and distribute an EBT retailer training video for use by participating retailers.

**4. Client Account Maintenance**

The primary purpose of client account maintenance is to ensure that accurate and timely information regarding client account balances, account status, and client demographic information is maintained.

**a. Maintain Account Balances**

Benefit balances for cash benefit programs must be commingled in a pooled cash account, while benefit balances for Food Assistance and WIC benefits will be maintained separately and cannot be commingled.

**b. Maintain Account Balance and Transaction History**

Current account balances and a rolling three year transaction history for each account (cash, FAP, WIC, WIC detail to be determined by WIC) must be maintained for on-line access through administrative terminals or the Customer Service IVRU. After three years, transaction history data will be maintained off-line for an additional seven years. At a minimum, transaction histories must include:

- Client name
- Client Unique ID
- PAN (card number)
- EBT account number
- Benefit program identifier
- Transaction amount
- Transaction date
- Transaction time
- Acquirer identifier

A transaction history of the last 10 transactions, specified by program type, must be available to the client through the Customer Service IVRU. More extensive transaction histories must be available through customer service.

**c. Respond to Balance and Transaction History Inquiries**

Information regarding account balances must be available to the client 24 hours per day through the Customer Service IVRU toll free number, and POS terminals with balance inquiry capability.

Transaction history regarding Food Assistance, WIC, and cash accounts must be available to the client 24 hours per day through the Customer Service IVRU toll free number, POS terminals, or Internet access.

The State must have access to client balance and transaction history data through administrative terminals.

**d. Post Benefits (Credits)**

Benefits must be authorized for posting to the client's account, at a minimum, once per month according to a schedule established by the State. The Contractor must maintain the current benefit schedule (WIC benefits are issued throughout the month) to prevent long lines at ATMs and POS merchant sites at the first of the month. Due to changes in client status, or for new cases, benefits will also be authorized by the State throughout the month. The Contractor will be provided with the most recent benefit issuance schedule for SNAP and Cash benefits.

The current month's authorized benefit allotment will be added to any benefit balance remaining in the account at the time of posting for all programs except WIC.

In addition to benefit authorizations, Food Assistance refunds at the point-of-sale in merchant locations will also result in a credit to client accounts. Cash refunds of Food Assistance benefits are not permitted. The Contractor must ensure that Food Assistance refunds are posted to the Food Assistance account. WIC Refunds are not allowed, only like kind exchanges.

**e. Post Debits**

The Contractor must capture and post account debit transactions immediately to ensure that client accounts are not overdrawn and there are sufficient balances to cover any authorized transactions.

**f. Maintain Account Status**

An account status must be maintained for each client:

1. Active
   Accounts for which ongoing financial transactions are being posted must be designated as active accounts.

2. Expunged
   FAP Benefits must be expunged after 365 days of inactivity. Cash Benefits must be expunged if they have not been accessed within 365 days, or as specified by the State. The Contractor must expunge the benefits daily and must report all expungements back to the State. Expunged benefits cannot be reinstated. WIC benefits are expunged (expired) at the end of each benefit period (start dates and end dates are included in the food benefit layout record).

**g. Administrative Actions**

1. Account Update

Upon notification by the State, the Contractor must change information in the Cardholder's Master File. The Contractor must protect the privacy of the Cardholder's Master File.

2. Account Adjustment

Upon receipt of the adjustment transaction, the Contractor must post the transaction to the client's account. The State is seeking a waiver so that no hold is placed on an account balance when a retailer requests an adjustment. Account adjustments are non-settling transactions.

The Contractor and/or retailer/TPP can initiate an adjustment to resolve errors and out-of-balances related to system problems. The Contractor, on behalf of a client complaint, can initiate an adjustment to resolve a transaction error. The adjustment will reference an original settled transaction, which is partially or completely erroneous. The Contractor must have the capability to process the adjustment and have this reflected in the client's account. Adjustments made by the Contractor must be in compliance with FNS regulations. Adjustments made by the Contractor

must cause money to be moved either to or from the client's EBT Account, and will impact the daily settlement. Notification must be provided to the State of pending debit adjustments so that notification can be provided to the client.

3. Expungement
The Contractor must track aging at both the account and benefit level. Each benefit begins aging at the time it becomes available to the client (by meeting both of the conditions defined in Benefit availability. The SNAP account begins aging at the point that the first benefit becomes available. Subsequently, each time that the client completes a transaction, the account aging clock is reset to start anew, even if one or more benefits have been expunged.

No benefits may be expunged until the account aging clock has reached 365 calendar days. Once the account has reached expungement age, only those benefits that have been available to the client for 365 or more calendar days can be expunged. If one or more subsequent benefit authorizations for the same client account have been available to the client for less than 365 calendar days, they must not be expunged. They must remain online until each has reached full expungement age. If an account that has had all benefits expunged is reactivated because the client has again become eligible, the account must be treated in the same manner as a new account in terms of benefit aging and expungement timeframes.

4. Re-obligation
Upon notification by the administering agency, the Contractor must re-obligate or transfer benefits from one EBT account to another EBT account. Re-obligations are non-settling transactions.

5. Hold Benefits
When manual Food Assistance transactions are performed, the retailer must obtain from the Contractor a verbal authorization. The Contractor must hold benefits authorized by verbal authorization for up to 15 days (the retailer or acquirer will be required to convert the manual Food Assistance transaction to an electronic transaction for transmission to the Contractor). If the manual transaction is presented for settlement within 15 calendar days from the date of authorization, the Contractor must debit the client account and settle the transaction. If the manual transaction is not presented within 15 calendar days from the authorization date, the Contractor must release the hold on benefits and make them available for client access and the retailer or acquirer bears the liability for the transaction if benefits are not available.

WIC benefits differ from Food Assistance and Cash benefits as they are only valid for a specific period of time (start dates and end dates are sent in the food benefit record); WIC manual authorization holds will be held for a period of five days. The Contractor's system must handle the expiration of WIC benefits at the end of the valid period, but process WIC manual authorization holds for a period of up to five calendar days after the end of the valid benefit period. All expired WIC benefits, including WIC manual authorization holds not processed within the five day period after the end of the valid benefit period, need to be reported to the WIC Division as not redeemed/expired.

## 5. Transaction Processing

The Contractor must receive and process Michigan client ATM and POS EBT transactions. These transactions must be routed from the point of origination through a commercial switch or a direct connection to the Contractor.

### a. Transaction Authorization Request

When a transaction authorization request is received, the Contractor must provide the following transaction processing capability:

1. Determine and record the transaction type.
2. Determine the fee structure and payee for all transactions.
3. Charge fees, as permitted contractually, to client accounts.
4. Authorize the transaction if:
   - The merchant has a valid FNS or State WIC authorization number (if required).
   - The client PIN is verified.

- The Card Authentication Value (CAV) is verified.
- There is a sufficient balance in the account.

**b. Transaction Sets**

At a minimum, the Contractor must support and process, ATM, POS, and Adjustment transaction sets. Transactions from the cash account can be supported by the checking account/debit account function/key. The Food Assistance account, however, must be a separate account and use a separate function/key. ATM, POS and Adjustment sets include, but are not limited to:

1. ATM Transactions:
   Withdrawal from cash account with available balance returned (if ATM's allow balance return). WIC is excluded from ATMs.
2. POS Transactions as listed in 274.8(b)(9) including, but not limited to:
   - Food Assistance Purchase from Food Assistance Account with available balance returned
   - Purchase Only from Cash Account Purchase with Cash back from Cash Account
   - Balance Inquiry from Food Assistance Account
   - Balance Inquiry from Cash Account
   - Cash Only from Cash Account
   - Food Assistance Merchandise Refund Transaction
   - Cancellation
   - Correction
   - Manual Food Assistance Transaction
   - Manual Submission/Resubmission of Food Assistance Transaction
   - Key-entered transaction
   - Adjustments (ATM and POS):
   - Chargeback, Representment, and Adjustment
   - Reversals
3. Households must be provided printed receipts at the time of transaction. At a minimum, this will include:
   - Date, merchant's name and location, transaction type, transaction amount, and remaining balance for the SNAP account.
   - Identify the SNAP household member account number (PAN) using a truncated number or coded transaction number. The households' name must not appear on the receipt except when a signature is required when utilizing a manual transaction voucher.

**c. Transaction Routing**

The Contractor must recognize and receive transactions through the following transaction routings:

1. ATM Routings:
   Only the EBT cash account will be accessible at participating ATM terminals. There are three ways in which an acquirer's ATMs can access the client authorization database at the Contractor:
   a. Commercial Network or Switch Routing: Transactions route from the acquirer through one or more networks or switches to access the Contractor for authorization.
   b. Direct Connect: The acquirer maintains a direct connection to the Contractor.
   c. Proprietary Transaction Routing: The Contractor acts as the acquirer for ATM transactions.

2. Point-of-Sale (POS) Routings:
   Cash, Food Assistance, and WIC accounts are accessible at POS terminals. A merchant can access the client authorization database by a direct connect to the Contractor, or by going through a commercial switch.

**d. Merchant Validation:**

For all Food Assistance transactions, the Contractor must validate that the transactions originated at an FNS authorized retail merchant location (refer to Retailer Participation Requirements as described in the Code of Federal Regulations, 7 CFR 274). The FNS retailer authorization number must be included in the Food Assistance transaction message. Requirements for merchant validation include:

Michigan Merchant Validation
The Contractor must maintain a database of authorization numbers for all FNS authorized retail merchants. The merchant number transmitted in the transaction message must be validated against the database prior to proceeding with transaction processing (see Merchant Validation Requirements specified in the Retailer Participation Requirements section of 7 CFR 274).

**e. Transaction and Fee Accounting**

In processing transactions, the Contractor must maintain the integrity of the system by accounting for transactions by program and accounting for transaction fees. The Contractor must track total number of transactions by transaction type and by merchant.

1. Transaction Accounting

Each transaction must be allocated to the appropriate cash, FAP, or WIC account. In addition, a general ledger account for each benefit program and each client cardholder account must be maintained. Changes in client account balances must be balanced to changes in program benefit obligations outstanding at the end of each 24 hour processing cycle. The changes in program and client account balances must balance to the value of the day's transactions, including expungement transactions.

2. Fee Accounting

The Contractor must have the capability to track and account for both the State paid and client paid transaction fees on a monthly basis. The Contractor may elect to deduct the client paid fees from the client account at the time of the transaction or may accumulate fees for deduction at the beginning of the next month. If the Contractor elects to deduct fees at the beginning of the next month, it will be at its risk. If the Contractor elects to deduct a client fee at the time of the transaction, the Contractor must ensure that the client has a sufficient cash account balance to cover both the withdrawal and the fee. The Contractor must also ensure that the State is billed only for those fees for which the client is not responsible. WIC and Food Assistance Benefit clients cannot be charged transaction fees.

**f. Stand-In Authorization Processing for Food Assistance Transactions**

The Contractor must have an agreement with a network to provide stand-in processing for Food Assistance transactions if all parts of the EBT system are operating except for the Contractor System. Such stand-in authorization procedures will provide for a maximum stand-in authorization dollar amount of $40.00 per day per Michigan EBT Card Food Assistance Account and will be conducted at the Contractor's risk. Such stand-in authorization procedures for WIC will be determined by the DCH.

**6. Customer Service**

**a. Client/Cardholder**

The Contractor must provide and maintain Client/Cardholder Customer Service housed and staffed within the United States of America, to provide current account and benefit access information via a toll-free, "1-800" number, 24 hours a day, seven days a week, unless the State chooses to reduce these hours. If the hours for Customer Service are reduced, Customer Service must be available 24 hours a day only for LOST/STOLEN transactions. The Client/Cardholder Customer Services Help Desk must be accessible to all clients/cardholders without charge or fee to them, and must be used exclusively for EBT support.

The State's current contract allows for Clients to contact the Contractor's Customer Service using payphones, with the payphone charges being borne by the State. This policy is under review and the practice may or may not continue in the future.

The Contractor must provide, to the State, Remote Call Center Monitoring in order for the State to ensure adequate service to the clients.

1. Interactive Voice Response Unit (IVRU)
Initial calls to the Customer Service Help Desk must be answered by the IVRU. The State reserves the right to review and approve the transaction flow and content of all IVRU messages, prompts, and customer service scripts. The Contractor cannot change IVRU messages or menu functions without prior approval by the State.

The IVRU must have the ability to handle calls through speech recognition or by numerical prompts through the telephone. The IVRU must prompt the caller to indicate whether they are using a touch-tone telephone. If no response is recognized, the call must automatically be transferred to a Customer Services Representative. At a minimum, the IVRU must prompt and provide responses in Spanish, Arabic, and English.

2. Customer Service Help Desk
The live customer service help desk representatives must have the ability to provide information in Spanish, Arabic, and English. The Contractor must ensure through technical design, resource allocation, and staffing that each client/cardholder call is answered and attended in a manner consistent with industry standards for client/cardholder help lines.

The IVRU, as well as the Customer Service Help Desk representatives, must have the ability to handle all of the following:

- Report a Lost/Stolen Card
- Current Balance Inquiry (IVRU ONLY)
- Transaction History
- Account History
- Card Replacement
- PIN Creation/Change (IVRU ONLY)
- Benefit Access/Service Points
- Report Unauthorized Card Use

Callers selecting "Report a Lost/Stolen card" from the IVRU menu must be immediately transferred to a live customer service representative. The customer service representative must:

- Confirm the client's identity using a State-approved security methodology.
- Deactivate the lost/stolen card access to EBT benefit accounts.
- Obtain detailed "last transaction" information (i.e., transaction type, program, site/location, amount, date, etc.).
- Provide card replacement procedures to the caller.

3. Online/internet Account Access
An online web based application must be made available to provide secure access to account balance and transaction history.

**b. Retailer**

The Contractor must provide and maintain a Retailer Customer Service Help Desk to provide settlement information, manual FNS transaction authorization, general problem resolution and current account and benefit access information via a toll-free 800 number, 24 hours a day, seven days a week. The Retailer Customer Services Help Desk will be accessible to all retailers participating in the participating in the Michigan EBT project without charge or fee to the Retailers. The Retailer Help Desk must be used exclusively for EBT support, and will adhere to performance standards as supplied under Penalties for Non-Compliance with Performance Standards and Contract Performance.

1. IVRU:
Initial calls to the retailer customer service help desk must be answered by an IVRU. The State reserves the right to review and approve the transaction flow and content of all IVRU messages, prompts, and customer service scripts. The Contractor cannot change IVRU messages or menu functions without prior approval by the State.

The IVRU will have the ability to handle calls through voice recognition or by numerical prompts through the telephone. The IVRU must prompt the caller to indicate whether they are using a touch-tone telephone. If no response is recognized, the call must automatically be transferred to a Customer Service representative. At a minimum, the IVRU will prompt and provide responses in Spanish, Arabic, and English.

2. Customer Service Help Desk
The live customer service help desk representatives must have the ability to provide information in Spanish, Arabic, and English. The Contractor must ensure through technical design, resource allocation, and staffing that each retailer call is answered and attended in a manner consistent with industry standards for client/cardholder help lines.

The Contractor must have a method of access control to ensure security of the retailer account information.

The Contractor must establish a daily, electronic financial settlement schedule(s), develop settlement policies and procedures, and provide settlement information over the Help line (refer to EBT Settlement).

**c. State of Michigan**
To support EBT Settlement, the Contractor must establish an IVR application to provide client information regarding current account balances and benefit access information to State agencies.

**d. Customer Service Performance Reports**
Customer Service performance reports must be used by federal and State agencies to monitor the operations and performance of the EBT system, Customer Service operations, and the IVR system. The Contractor must furnish the State of Michigan various monthly reports relating to statistical information on the system utilization and response times. These reports must provide information from the first day of a reporting month to the last day of a reporting month. Reports should be separated to provide specific information on Client/Cardholder, Retailer, and State of Michigan representative calls handled by the IVRU and calls handled by a live Customer Services Representative.

Data to be provided in reports should include, but are not limited to:

1. Client/Cardholder
   - Account Statements
   - ATM/POS Related
   - Balance Inquiry
   - Benefit Availability
   - Claim Status
   - PIN Change
   - PIN Related
   - Report Complaint
   - Report Fraud
   - Disconnected Before Assistance
   - Total Client Calls Answered

2. Retailer
   - Manual Authorization Debit
   - Retailer Questions
   - Disconnected before Assistance
   - Total Retailer Calls Answered

3. State of Michigan
   - Calls from Local Offices
   - Card Activation
   - Card Status
   - Total State of Michigan Calls Answered
4. General
   - Daily Number of Calls handled in English, Spanish, Arabic, Other
   - Daily Number of Calls handled by Automated Voice Response Unit
     - Client/Cardholder
     - Retailer
     - State of Michigan
   - Daily Number of Calls handled by Customer Services Representative
     - Client/Cardholder
     - Retailer
     - State of Michigan
   - Monthly Top 50 Excessive Callers
   - Monthly summary of average hold time per call when callers choose to leave the IVRU to speak to a live Customer Service Representative.
   - Response time analysis information including a statistical summary of response times by merchant-terminal, ATM, third-party, and network acquirers.
   - Utilization reports providing statistical information (i.e. capacity utilization) on the number and amount of transactions processed by card, case, merchant-terminal, ATM, third-party, and/or network.
   - Monthly report on the IVRU availability, including a detailed documentation and explanation of both scheduled and unscheduled downtime or processing interruptions.

**e. Customer Service Performance Standards**

Performance standard regarding the number of rings prior to the call being answered and the average time callers are on hold must be consistent with call center industry standards for customer service, especially the standards listed here. The Contractor is obligated to meet the minimum standards as defined below:

1. Availability
   - The Contractor's IVR/CSR must be available 99.9% of the time, excluding scheduled outages.

2. Answer Rate
   - An average of 85% of calls (IVR and CSR) must be picked up within four rings or 24 seconds.
   - Ten percent of calls to be picked up in 60 seconds.
   - A minimum of 95% of calls must not receive a busy signal measured over a three month period or a period defined by the State.
   - A call automatically placed on hold prior to the caller receiving a prompt for caller response does not meet the definition of "answered" for the purposes of this Contract.
   - The Contractor must provide a response for average wait time for calls on hold.
   - The Contractor must define measures to be taken to accommodate escalated call volumes.
   - Lost and stolen cards request must be given top priority in the call wait queue.

3. Answer Period
   - Ninety-seven percent of all calls for Customer Service Representatives must be answered within two minutes measured over a three month period; the remaining three percent to be answered in three minutes.
   - Ninety-seven percent of CSR calls to be picked up within five seconds of ringing through to a CSR.

## 7. Retail Merchant Management

This section describes the requirements that the Contractor must meet for managing the participation of retail merchants in Michigan. Currently, the State has 9,147 actively enrolled food retailers, 45 restaurants, 58 farmer's markets, and 10,650 ATMs. The State is extremely interested in the Contractor acquiring as many charge free ATM providers as possible. In addition to the acquiring responsibilities that must be met when the Contractor acts in the capacity of a transaction acquirer, the Contractor must meet the following requirements:

### a. Managing the Food Assistance Program Merchant Validation Database

The Contractor must develop and maintain a Michigan FNS food retailer database management system which must meet or accomplish, at a minimum, the functional requirements listed below. The retailer databases will be comprised of records of retailers authorized to participate in the Food Assistance Program.

1. The Contractor must develop and maintain a database and database management system that is structured to ensure that accurate EBT transaction detail data pertaining to each retailer are captured.

2. The Contractor must provide physical and access security to the retailer management data and will ensure the privacy of confidential data.

3. The Contractor must acquire electronically Food Assistance retailer authorization numbers from the Food and Nutrition Service and maintain a mechanism for acquiring data updates. This function is vital to maintaining the integrity of the EBT system in assuring that only authorized retailers are redeeming Food Assistance benefits.

4. For all Food Assistance transactions that originate from authorized locations, the Contractor must validate the transactions. The FNS retailer authorization number must be included in the Food Assistance transaction message.

All WIC vendors will be approved by WIC Vendor Management staff who will assign a WIC vendor ID. All WIC transactions originating from authorized WIC locations will be required to have the WIC vendor ID validated. WIC Vendor Management staff will update the authorized WIC vendors on a daily/as needed basis. The Contractor's system must be able to handle a begin WIC transaction date and end WIC transaction date for all authorized WIC vendors, allowing WIC Vendor Management staff the ability to stage activation and deactivation of WIC vendors.

### b. Authorized Merchant Validation

The Contractor must maintain a database of the seven-digit authorization numbers for all Michigan FNS authorized retail merchants. The merchant number transmitted in the transaction message must be validated against the database prior to proceeding with transaction processing.

Contractor will receive daily updates to the FNS retailer database. The Contractor must transmit FNS required information daily on retailer Food Assistance redemption to the Food and Nutrition Service's Benefit Redemption Systems Branch (BRSB), formerly known as the Minneapolis Computer Support Center.

### c. Food Assistance Retailer Management Data Exchange Requirements

The Contractor is responsible for receiving retailer data from the authorizing government agencies.

1. The Contractor must establish a mechanism for receiving and confirming receipt of electronic file transmissions of retailer records from the FNS BRSB.

2. The Contractor must ensure that a new retailer/provider is enabled to conduct Food Assistance transactions within two weeks of communication of authorization from the BRSB if the Contractor acts as the acquirer; or within 30 days or by mutual agreement for retailers processing through another acquirer or third party.

3. Food Assistance Retailer Disqualification, File Updates. The Contractor will receive from the BRSB updates (transmitted daily and monthly) to the Food Assistance retailer management database.

4. The Contractor must suspend or de-authorize the Food Assistance transaction processing privileges of a retailer within 48 hours of notification by the BRSB that the retailer is de-authorized/suspended.

5. WIC reporting requirements – See Section E, WIC, #9, EBT Reporting.

**d. Participation by Merchants in Providing Cash Access**

The Contractor must permit all retailers to provide cash-access services to EBT clients. Authorization of cash-access retailers and maintenance of a database of cash-access retailers are required.

**8. EBT Settlement**

The Contractor's EBT host must operate on a 24 hour processing cycle. At a designated cutoff time each day, the Contractor must close out the current processing day and commence the next processing day.

**a. Daily Cutoff and Balance Processing**

The standard daily cutoff time for EBT transaction processing must be 3:00 p.m. Eastern Standard Time (EST) so that the daily settlement reports are available by 3:45 p.m. (EST) the same day.

1. Maintain General Ledger Accounts

a. The Contractor must maintain ledger accounts at the client, program, and government agency levels. Subsequent to cutoff, the EBT system must be balanced and reconciled. The Contractor must compute the end of day net position or balance for each general ledger account. For each account, the end of day net position is equal to: **Opening balance + credits - debits = End of day balance**

b. The Contractor must balance the EBT system as a whole to ensure that the change in the net position in the sum of client accounts balances to the change in the net position of program accounts. The Contractor must also ensure that the change in the net position in the sum of the program accounts balances to the change in the net position (obligations outstanding) for government agencies.

2. Reconciliation

The Contractor must meet Food Assistance Program reconciliation requirements of 7 CFR 274.4(a). The Contractor must use the FNS reconciliation requirements to perform reconciliation for all EBT programs. At a minimum, the Contractor must have procedures for reconciling:

- Client account daily beginning balance and net draws versus the ending balance.
- Client net redemptions versus acquirer settlement values.
- Total funds entering, exiting, and remaining in the system each day.
- Total net change in system-wide obligations outstanding to the sum of the net change in obligations outstanding for all benefit programs.
- Total net change in system wide obligations outstanding to the sum of the net change in obligations outstanding for all Government agencies.
- The net settlement value of all transactions to the sum of the net settlement values for all benefit programs.
- The net settlement value of all transactions to the sum of the net settlement value for the State.

As part of system balancing and reconciliation, the Contractor must determine the total amount of federal funds by program and the total amount of State funds by program necessary to reimburse its accounts for the total credits due to EBT acquirers. The information generated during system cutoff and balance processing must be used by the Contractor to prepare the daily settlement files. The Contractor must have procedures for maintaining audit trails throughout the settlement processes.

**b. Commercial Settlement**

To effect commercial settlement through the ACH, the Contractor must have an originating and receiving relationship with the ACH. For purposes of clearing through the ACH, the Contractor must maintain a Federal Reserve Bank clearing account. For transaction processing and settlement purposes, the Contractor must also be a member of the prevailing regional network(s) and/or national networks and be capable of settling both ATM and POS transactions.

1. Contractor Originated Settlement

For retail merchants, third parties, or other benefit providers that are directly connected to the EBT host, the Contractor must originate an ACH credit for the total balance due for EBT benefits provided during the just closed EBT processing day. The benefit provider credits must be entered into the ACH for settlement on the next banking day.

2. Network Settlement

Credits due EBT benefit providers who are connected to the Contractor through a regional or national network must settle utilizing standard commercial practices.

3. Inter-Processor Settlement

The Contractor may experience crossover traffic of transactions processed by another contractor. At their discretion, the Contractor and another contractor may enter into an agreement for direct interchange to save the switch fee. Any agreements for direct interchange must also include provisions for the settlement of transactions.

4. Settling Manual Food Assistance Transactions

Retailers will conduct manual Food Assistance transactions using a standard paper draft voucher. Their acquirer will convert the paper voucher into an electronic transaction for transmission to the Contractor. Upon receipt of a properly executed transaction, the Contractor must provide settlement to the authorized retail merchant.

**c. Federal System Interfaces**

The Federal Reserve Bank (FRB) of Richmond serves as Account Management Agent (AMA) for the Food and Nutrition Service SNAP EBT Benefit account and the AMA system interfaces with the Treasury Department's Automated Standard Application for Payment (ASAP), monitors ASAP funding limits, based on projected SNAP activity established by FNS for each State, and performs reconciliations required by FNS. Consequently, it will be necessary for the Processor to interface with the AMA and provide data necessary for funds projection and SNAP reconciliation.

The Contractor must provide summary information by availability (effective) date on: increases in benefit authorizations; on expungements; and on returned benefits. The transmission of issuance and returned benefit data elements must be accomplished through automated batch processing in a file format specified by FRB. This method allows for the automated flow of the State's issuance data, through the Contractor's EBT system, to the AMA. Therefore, the Contractor must be able to accommodate batch processing. File specifications may be obtained by contacting the FRB of Richmond at (804) 697-8384. In addition, the Contractor must be responsive to requests from the State or FNS to research and resolve discrepancies discovered in reconciliations of State-reported issuance data and the data provided to AMA by the Contractor.

AMA also uses the summary level retailer credit data provided by the Contractor to the FNS Benefit Redemption Systems Branch in Minneapolis to reconcile funds drawn from the EBT

benefit accounts in ASAP. Discrepancies will be brought to the attention of Contractor staff for prompt research and resolution.

Upon implementation of batch processing, States and their contractors must be certified by FNS, to ensure the accuracy of data transmission. The on-line method of entering AMA issuance should serve as a back-up to batch processing; any manual data entry will require State on-line certification before it will be allowed to update ASAP and requires special equipment and software provided by FRB. The technical requirements for the on-line data entry capability are available from FRB of Richmond as well.

**d. Settlement – Standard Daily**

To cover settlement, the State will reimburse the Contractor, via a wire payment, for both Food Assistance and Cash programs on the next banking day following the EBT settlement date(s). When applicable, for federally funded programs, the State will originate a payment request in the federal draw system(s), and the federal funds will be transferred to the State's bank account.

**e. Settlement – State Holidays not observed by the Federal Reserve Bank (FRB)**

For holidays which are observed by the State, but not observed by the FRB, the State will allow the Contractor to originate a payment request in the federal draw system for Food Assistance programs. The State will send the Contractor an estimated payment for the Cash programs.

1. State Holiday Schedule when the FRB is operational
The State will annually review the upcoming calendar year and identify the holidays the State is closed for business, but the FRB is operational. A list of these occurrences will be documented including the holiday, the date(s) the State is closed, the actual and estimated days the cash side of EBT will cover and the date the estimated cash minus EBT payment will be sent to the Contractor. The dates of the reconciliation between the estimated cash minus EBT payment and the actual cash minus EBT expenditures will be listed. The State will provide a list of these occurrences to the Contractor in writing by December first of the prior year.

2. Estimated Holiday Payment – Cash Programs
The State will send an additional estimated wire for Cash programs with the normal EBT payment to the Contractor the business day prior to the State holiday. The amount of the additional payment will represent expenditures for all date(s) which the Contractor would receive a payment under normal operating conditions (when a State holiday occurs on a Wednesday, on Tuesday the wire would include the actual payment for Monday, and an estimated payment for Tuesday. Under normal operating conditions the State would make a payment for Tuesday expenditures on Wednesday).

3. Food Assistances – Contractor Draws
The State will allow the Contractor to originate a payment request in the federal draw system for Food Assistance programs on those dates that the FRB is operational, but the State is closed.

4. Reconciliation of Cash Programs estimated payments
Any adjustment to the advance wire payment for actual dollars redeemed would be completed on the next business day following the State holiday. When the State underestimated and owes the Contractor additional funds, a separate wire(s) will be processed the next business day after the State holiday. When the State overestimated and the Contractor owes a refund, the Contractor must send a wire to the State the next business day after the State holiday (when a State holiday occurs on a Wednesday, the reconciliation of Tuesday estimate to the actual expenditure will occur on Thursday).

**9. Online Application for Administrative and Client Access**

The Contractor must provide online real time access to the Contractor's EBT system for, but not limited to:

- Central Office Administration
- Local Office Administration
- Local Office Pin Capability
- Clients

**10. Online Application Administrative Access Security**

The Contractor must adhere to the DTMB Technical Standard for security. That standard can be found in Appendix N.

## B. BASE SERVICE REQUIREMENTS

**1. Card Specifications**

The Michigan EBT Card design will remain the existing Michigan Bridge Card. The Contractor must provide card production and distribution services for the Michigan EBT Card.

a. Standards Compliance

The Contractor must ensure that the Michigan EBT card complies with the specifications of the International Standards Organization (ISO) and American National Standards Institute (ANSI) (ISO 7813).

b. Non-Discrimination Statement

A statement of non-discrimination must be printed on the card. The statement must read as follows: "The USDA is an equal opportunity provider and employer."

c. Primary Account Number (PAN)

The Track 2 Primary Account Number (PAN) must be displayed fully on the face of the Michigan EBT card.

d. EFT Capability

Each Michigan EBT card must be capable of initiating an electronic fund transfer.

e. Client Service Information

The following information must appear printed on the Card:
1-888-678-8914 for clients
1-888-529-1693 for retailers
1-800-649-3777 for TTY

f. Signature Panel

Each Michigan EBT card must contain a panel of tamper proof material that allows a Cardholder to sign his or her name for use in Cardholder identification. The Contractor must notify Cardholders that the signature panel must be signed upon receipt of the Card. The card must have two signature panels: one for the printed name and one for the signature.

g. Magnetic Stripe Encoding

1. Standards Compliance.

The Contractor must ensure that all Michigan EBT cards it issues comply with International Standards Organization and American National Standards Institute approved standards for Track 2 encoding. Cards must be encoded according to ISO 7813. The maximum character count in Track 2 must not exceed 40, including all control characters. The layout of Track 2 on each card must be as follows:

| Track 2 Layout | | | |
|---|---|---|---|
| **Field No.** | **Field Name** | **Minimum Length** | **Maximum Length** |
| 1 | Start Sentinel | 1 | 1 |
| 2 | Primary Account Number | 16 | 19 |
| 3 | Field Separator | 1 | 1 |
| 4 | Expiration Date | 4 | 4 |
| 5 | Service Code | 3 | 3 |
| 6 | PIN Verification Field[1] | 5 | 5 |
| 7 | Card Authentication Value (CAV) | 3 | 3 |
| 8 | Discretionary Data | 0 | 2 |
| 9 | End Sentinel | 1 | 1 |
| 10 | Longitudinal Redundancy Check | 1 | 1 |

1 - The PIN must be verified at the host; the PIN offset will not be carried on the magnetic stripe. This field must be left blank; it may not be zero filled.

2. Primary Account Number (PAN)

A 16 digit numeric field that provides the means of identifying the Card Issuer and the client to whom the card was issued. Card prefixes must be ISO assigned and must be used only for the Michigan EBT program. The layout of the PAN must be as follows:

| PAN Layout | | | |
|---|---|---|---|
| **Component** | **Position** | **Length** | **Minimum Length** |
| BIN | 1-6 | 6 | 6 |
| Discretionary Field | 7-9 | 3 | 3 |
| Customer Identification | 10-18 | 6-9 | 6 |
| Check Digit | 16, 17, 18, or 19 | 1 | 1 |

(i) BIN (Bank Identification Number) / IIN (Institution Identification Number): a number which begins immediately after the start sentinel and consists of six contiguous digits. It is a unique identifier for the card issuer of the Michigan EBT program. This number must be in compliance with ISO 7813.
(ii) Discretionary Field: a three digit number that may be used to identify the GDI (or the State from which the card originates).
(iii) Customer Identification: a nine digit number which uniquely identifies the customer.
(iv) Check Digit: the last digit in the PAN which is used to validate the PAN.

3. Expiration Date

Michigan EBT cards must be non-expiring using the "4912" convention encoded on Track 2. The expiration date must not be embossed on the obverse of the card.

4. Service Code Field

The Contractor must encode the Track 2 Service Code Field on all Cards with the designated numeric value of “120".

5. CAV Field

The Contractor must encode the Card Authentication Value Field of Track 2 with a cryptographic value to validate the Track 2 data contents.

**2. Card Security Specifications**

Existing card security features are designated to deter counterfeiting and lifting of data from the magnetic stripe and must be maintained by the Contractor. Security features are also designed to assist in investigations. All cards must be of the Hi-Coercivity type. If the Contractor proposes a card envelope, it must be submitted to the State for approval.

a. Card Obverse

The obverse of the Michigan EBT card must have the following security features:

1. The existing Bridge Card design, which must remain as is.

2. At a minimum, the PAN must be embossed on the obverse of the card. The Cardholder name must be embossed on the obverse of the card, with the exception of cards issued over the counter.

b. Card Reverse

The reverse side of the card must contain the following security features:

1. Nonwhite Reverse: The card must have a colored reverse, consistent with the existing design.

2. Signature Panel: The card must contain a tamper evident signature panel. The card must have two signature panels: one for the printed name and one for the signature.

3. Liability Language and Instructions: "Do Not Write PIN on Card" must be printed on the card. A toll free number for reporting lost or stolen cards must be printed on the card.

4. Magnetic stripe: The State requires Hi-coercivity magnetic stripe.

**3. PIN Issuance and Management**

a. PIN Issuance.

The Contractor must support customer selected PINs. The Cardholder PINs must be made up of four numeric digits.

b. Use of PIN and Magnetic Stripe Reader.

Except as provided for manual and/or key-entered Food Assistance transactions, each original Cash Transaction and Food Assistance Transaction must be initiated by swiping the EBT Card through the Magnetic Stripe Reader (or inserting the Card into the ATM reader) and by the Cardholder keying in the PIN at the ATM or at the PIN Pad located at or in proximity to the point of sale (POS) terminal.

c. Verification of PIN.

The Contractor is responsible for PIN verification.

d. PIN Confidentiality.

The Contractor is responsible for ensuring the confidentiality of a PIN during generation, issuance, storage, and verification. ATM's and POS terminals must be configured in a manner such that only the Cardholder may enter the PIN. PIN Pads on ATMs and POS terminals must be designed and installed so that the Cardholder is able to prevent others from observing the entry of the PIN value.

e. Data Encryption Standard (DES).

Federal Food Assistance Program regulations require minimum encryption standards using the Data Encryption Standard (DES) from the point of entry of a PIN. Recently, the National Institute for Standards and Technology (NIST) announced that Triple DES will replace DES as the federal data encryption standard. Current industry encryption practices have already updated to 3DES or derived unique key per transaction (DUKPT) for encryption of PINs entered at the point-of-sale. The State of Michigan desires a solution that is consistent with the revised NIST standards and industry practices to the extent possible.

f. Implementation of Cryptography.
The Contractor must implement cryptography for its PIN management operations.

g. PIN Security.
ATMs and POS terminals must be capable of accepting and securely encrypting PINs of four characters in length, in accordance with the requirements in this section. The value of the entered PIN must not be displayed in plain text or be disclosed by audible feedback. The clear text value of the entered PIN must never be printed, electronically recorded or written to software.

h. PIN Entry.
The first digit entered to the PIN pad must be the high order digit (far left). The last digit to be entered must be low order (far right). All ATM and POS terminals must have an "enter key" function in order to indicate the completion of a variable length PIN. The clear key function is recommended to allow the Cardholder to clear the PIN entry if an error has been made.

i. PIN Disclosure.
All participants must instruct its employees that they must never request Michigan clients to disclose their PINs.

j. PIN Storage Requirements.
PIN storage procedures must comply with Section 3.3 of ANSI Standard X9.81983. It is recommended that PINs never be stored. If stored, PINs must be encrypted under a unique PIN encryption key not used for any other purpose. Access to stored, encrypted PINs must be strictly controlled.

**4. Benefit Access via the Card**

Except as permitted for manual and key-entered Benefit transactions, an EBT Cardholder accesses their EBT benefit accounts for either a debit or inquiry by swiping their card through the magnetic stripe reader within the POS terminal, or by inserting the card into the ATM (excluding WIC). The Cardholder specifies a transaction type if accessing through a POS terminal (see Section B, 22, Application of EBT POS Functionality) and keying their PIN. The Contractor must verify each cardholder PIN during transaction processing, based on an ISO 8583 standard message format.

Key Entered Benefit Transactions
If a client's card is inoperable, the client with possession of their EBT card and PIN must be allowed to attempt a Benefit transaction by key entering the card number into the POS terminal. The Contractor must allow and process such a transaction if the card number and PIN offset are verified appropriately by the system.

The Contractor must accept and process EBT transactions where the card number (PAN) has been manually entered (key-entered) into the POS device. Transactions may be key-entered at times when a card presented by a client is damaged and/or the POS device is unable to accurately read the magnetic stripe. The validation of the client's PIN is still required on key-entered transactions. If a PIN pad is defective or for other reasons a PIN does not accompany the transaction to the EBT host for processing, the Contractor must deny the transaction.

The Contractor must adopt other security measures to prevent client and retailer abuse/misuse of the key-entry feature. The Contractor must ensure that the PAN printed on the transaction receipt is truncated, and the Contractor must be able to selectively disable or deny the capability of an EBT-only POS device from completing key-entered transactions. Finally, the Contractor must track key-entered transactions by card number and by retailer site. The Contractor must propose procedures for responding to client reports of malfunctioning or defective equipment at retailer sites, including both EBT-only POS devices and retailer- owned devices.

See Section E.10.b. (i) for clarification on WIC requirements if the card is inoperable.

**5. Processing Technology**

The Contractor must provide on-line processing, in a real-time environment. The Contractor's EBT host must process transaction requests and maintain EBT account balance and transaction history data. The Contractor must initiate and perform daily financial settlement, account reconciliation, and EBT system activity and performance reporting. The Contractor must process Cardholder's balance inquiries and requests for historical data received via the IVRU and Customer Service Help Desk and Contractor's website. Finally, the Contractor must respond to inquiries and processing requests initiated by authorized State personnel via administrative terminals or software.

a. Performance Standards

The Contractor must comply with the performance standards required by FNS in 7 CFR 274.8 (b). The EBT host must adhere to the standards summarized below except during scheduled downtime for system maintenance as specified in the Contract.

1) Operate 99.9 percent of the time.
2) Process 98.0 percent of transactions in 10 seconds or less.
3) Maintain an accuracy standard of no more than two errors per every 10,000 transactions.

**6. EBT Account Structure**

The Contractor must support and maintain EBT account designations as follows:

a. Pooled Cash Benefits

The State will issue benefits (but not limited to) for the following programs through EBT:

- Temporary Aid to Needy Families (TANF);
- Refugee Assistance (RA);
- Repatriate Assistance (Rep)
- FIP State
- State Disability Assistance (SDA)
- LIHEAP benefits
- $1 LIHEAP
- SSI (not currently in use)
- Disaster Relief Program Cash (DRPC)

Conceivably, cash benefits can be either pre-funded at the beginning of each benefit period or funded on the day of draw. However, the prefunding process is currently not a part of any of the programs. Regardless, the balance available to clients for cash withdrawal or balance inquiry must be the sum of all cash benefits in the Pooled Cash Availability Account. The Contractor must retain the ability to determine cash benefit balances by program for customer service or administrative purposes.

1. Pre-funded Cash Benefits

The Contractor must hold pre-funded benefit funds for access by clients and will retain liability for these funds until they are disbursed to clients and the Contractor has settled the transaction. Pre-funded cash benefits may be disbursed to clients from ATM or POS terminals. Currently, no EBT programs are pre-funded, but pre-funded programs may be added in the future.

2. Day of Draw Cash Benefits

These benefits represent credit balances only – no funds will be transferred when benefits are authorized. All settlement activities must be coordinated with the State and must ensure compliance with the Cash Management Improvement Act. Day of draw transactions must be settled on the next banking day following the day of draw. Day of draw cash benefits may be disbursed to clients from ATM's or any POS merchant displaying the Michigan EBT logo.

b. FAP Benefits

- Food Assistance Program (FAP)
- Disaster Food Assistance Program (DFAP)
- FAP Online

FAP benefits are not funded until the client accesses benefits. FAP benefits credited to the Food Assistance Account represent credit balances only. On the day the client accesses benefits, the State will initiate a draw of Federal funds sufficient to settle the client FAP purchase. Day of draw FAP transactions must be settled on the next banking day following the transaction day. FAP benefits may be disbursed through POS terminals at food retail merchants which are authorized to display the Michigan EBT logo and are authorized to disburse Food Assistance benefits by the Food and Nutrition Service. The merchant's authorization to disburse Food Assistance must be verified by the Contractor before benefits are disbursed to the client. The same will hold true for restaurants that disburse FAP Benefits.

c. WIC Benefits

For a full description of WIC benefit functionality refer to Section 1.072 WIC Requirements.

**7. EBT Account Types**

The Contractor must establish an EBT account for each benefit type for which a client may be certified. The Contractor must design the EBT Account Structure to ensure that:

- Benefit balances are maintained accurately.
- Benefits accessed by clients are drawn from the appropriate EBT account.
- Benefit accounts are not overdrawn.

The Contractor will be liable for any funds drawn from an incorrect account or program or for overdraws of benefit accounts.

Balances for Food Assistance and WIC benefits may not be commingled either with each other, or with cash benefit balances. Cash benefits may be used to purchase food items at the point-of-sale. Food Assistance and WIC benefits must not be converted to cash and must not be accessible at an ATM.

**8. EBT Account Number**

The Contractor must establish and/or maintain a unique client identifier or EBT Account Number. The EBT Account Number must be a standard primary number that will be assigned to uniquely identify a client regardless of the number of benefit programs to which the client is entitled. The Contractor must propose a set of program indicators that, in conjunction with the EBT account number, identify the program benefits for which the client is certified.

The State will use its own unique client identifier (State Unique ID/Individual ID) in all client account set-ups, account maintenance, and benefit authorization records transmitted to the Contractor. The Contractor may use the State Unique ID as its EBT account number or assign a separate unique client identifier. The relationship between the State Unique ID and the Contractor client identifier must be established and maintained by the Contractor.

**9. Primary Program Designation for Cash Withdrawals**

When a client has multiple cash benefits, the Contractor must apply a first in, first out disbursement method.

**10. System Interface Requirements**

The Contractor must support both batch and on-line, real-time transmissions from the State. The Contractor must provide communications facilities for batch and on-line transmissions between the Contractor and the State. The Contractor must use communication software and protocols compatible with those of the State. The Contractor must be able to transfer data files between the Contractor's computer system and the Michigan Data Exchange Gateway. The Contractor must have connections at speeds of 1.5 MBPS, and 10 MBPS, as well as technical descriptions of the primary and redundant connections planned for both the production and test environment(s). The Contractor must negotiate with the State to determine how the State will access the EBT host for both batch and on-line, real-time communications.

**11. Equipment Services**

For equipment obtained through this Contract (except for POS devices deployed in authorized Food Assistance retail stores), the Contractor must charge the State a monthly lease or usage fee. This fee must include routine installation, maintenance, repair, and replacement of equipment. The State reserves the right to negotiate with the Contractor for substitution of equipment different than those currently in use. In the event that POS devices issued to DHS offices are not returned by DHS, the Contractor must charge DHS a depreciated value for the device rather than a full replacement value.

**12. Administrative Transaction Functionality**

The Contractor must also support on-line administrative transaction functionality, including:

- Account Set-up
- Update account information
- Add programs to existing card
- Benefit Authorization
- Card Issuance
- Card Replacement
- Client PIN Selection
- Account Adjustments
- Benefit Repayments
- Client Account Information Inquiry

The Contractor must provide administrative/POS device, application software, and communication protocols to State and local agency offices. Administrative terminal/software functionality must include multi-level physical access controls to ensure that only authorized individuals can process administrative transactions or access client account information.

**13. Authorized Representatives**

An EBT client may designate, or the State may appoint, authorized representatives to access client benefit accounts. In State authorized representative instances, multiple cards with unique PAN's may access a client's benefit account. In others, only the authorized representative's card may access the client's account. The Contractor must work with the State to ensure that methodology is available to accommodate both authorized representative types.

The authorized representative card must have a unique PAN. Contractors must provide a method for linking multiple unique PAN's to a single client account and for linking the authorized representative to the payee.

**14. Terminal Deployment in Authorized Food Assistance Stores**

a. The Contractor must equip all authorized Food Assistance retailers, combined FAP and WIC retailers, and WIC only retailers in Michigan with standard EBT-only POS devices. These POS devices must be capable of transmitting and receiving all on-line EBT POS transactions. POS deployment must be conducted by the Contractor in complete compliance with 7 CFR 274, including lanes to be equipped, functionality, and services. The cost of POS deployment, including equipment, installation, maintenance, supplies, and required new communications must be borne by the Contractor. Neither the Contractor nor the State will pay for retailers' existing communications resources if they are used for EBT.

b. Authorized Food Assistance merchants, combined FAP and WIC retailers, and WIC only retailers may elect to use EBT-only POS devices supplied by the Contractor at the Contractor's expense, multi-function POS devices marketed by the Contractor, or POS devices owned or controlled by the merchant. The Contractor is required to supply each authorized FAP food-stamp merchant with EBT-only POS terminals according to the FNS formula, but may negotiate with retailers the use of other equipment and methods to provide EBT services to Michigan, at the discretion of the Contractor, subject to the approval of the State. The cost of any POS deployment in excess of EBT-only POS devices supplied by the Contractor will not be borne by the Contractor or the State. Deployment is not required for retailers with redemptions less than $100 per month.

**15. Contractor (State) Marketed POS Services and Terminals**

The State expects authorized Food Assistance retailers to arrange for POS access for cash transactions, in addition to Food Assistance transactions. Retailers will have the option of providing cash withdrawal services and cash back services based upon their internal policies. The Contractor must market POS cash-back services to all authorized Food Assistance retailers. Transaction fees incurred in conjunction with providing POS cash-back services must not be charged to the State. Any transaction fees for POS cash-back transactions must be negotiated between the Contractor and the retailers, and must be reflected in merchant agreements. The Contractor must provide an on-going marketing and recruitment program for enrolling retailers to provide cash-back access to clients.

Except for POS deployment provided for authorized Food Assistance merchants, the State will neither acquire POS equipment nor be party to any agreements for POS services (Refer to Section E for WIC retailer deployment). In addition to the POS terminals provided by the Contractor to authorized Food Assistance retailers, the Contractor must promote and market point-of-sale terminal services to food and other retail merchants and encourage them to provide POS cash-back services. The Contractor must develop information and recruitment methods to encourage all Michigan and border retailers (food retailers and cash benefit redemption retailers) to participate in EBT and/or acquire terminal services, including printed materials and brochures that promote acceptance of the EBT program and market cash-back participation. The Contractor must act as an acquirer for POS EBT transactions for merchants accepting the Contractor-deployed POS terminal services, either directly or through subcontractor arrangement.

Each retailer choosing to accept the marketed POS services or to use other POS services will be making a business decision to do so.

**16. Technical Requirements**
Terminals deployed through the Contractor must meet the operational requirements of the EBT system described throughout this Contract.

**17. POS Terminal Processing Standards**
POS terminal services provided by the Contractor must comply with the requirements of 7 CFR 274.

Contractors must certify and assure that TPPs connected to the EBT system comply with FNS regulations and other State requirements. All TPP agreements between the Contractor and TPPs or their retailers must be reviewed and approved by the State. At the State's request, the Contractor must attempt to enforce the agreements if problems are discovered in TPP activities.

Requirements include, but are not limited to:

- Terminal IDs – TPPs must give each terminal a unique ID and include those terminal IDs as part of their transaction messages. The Contractor must include those IDs in the ALERT data submitted to FNS.
- Transactions – TPPs must be able to support the entire transaction set included in the FNS regulations. The Contractor must be able to process all of these transactions.
- Interoperability – TPPs must be able to process transactions for cards issued by all States for all point-of-sale equipment they support.
- Balance information – TPPs must be able to display remaining balance on the printed receipt for all point-of-sale equipment they support.
- Serving only FNS-authorized retailers – TPPs must only route SNAP transactions for retailers authorized by FNS to redeem SNAP benefits.

**18. POS Terminal Support Services**
The Contractor must provide the following services for all POS terminals deployed by the Contractor:

- Routine maintenance on all equipment.
- Repair or replacement services on faulty POS terminal equipment within 48 hours of service calls.
- Supplies.
- Retailer training for all Contractor deployed terminals.

**19. Third Party Processors**
Third party processors are financial institutions, authorization processors, and/or retailers driving their own terminals that are capable of relaying EBT transactions to the Contractor. Retailers must have the opportunity to use TPPs if they so choose. The Contractor must identify TPPs used by retailers that might participate in the Michigan EBT program.

The Contractor must publish interface specifications and certification standards for TPP participation and make them available to TPPs. The Contractor, through merchant agreements, must grant access to the Michigan EBT program by TPPs and must ensure that TPPs comply with the requirements of this Contract.

**20. Merchant Agreements**
The Contractor must enter into agreements with all merchants participating in the Michigan EBT program, including TPPs.

**21. Regulatory Provisions**
Existing federal EBT regulations and policies have greatly impacted the development of EBT system design and performance requirements. The requirements outlined in this Contract conform generally to federal guidelines. Where current EBT regulations are believed to significantly increase conversion implementation and operating costs, the State of Michigan will seek waivers to those policies. Specifically, DHS anticipates waivers to the provisions in the table below. This represents both previously approved waivers that are being resubmitted for approval for this acquisition, and new waiver requests.

| FNS Regulation Requirement | FNS Regulation Citation |
|---|---|
| PIN Assignment | 274.2 (f) |
| Client Training | 274.2 (e) |
| Stale Account Handling | 274.2 (h) |
| Card Replacement | 274.6(b) |
| Retailer Participation | 274.3 (b) |
| Non-discrimination Statement in training material sent with card | 274.8(b)(5) |
| Adjustment Holds | 274.2(g)(2)(ii) |
| POS Replacement | 274.3(e)(6) |

In other areas of this Contract, the Contractor may suggest solutions to certain issues. The solutions that are suggested may require waivers to be put into effect. If a particular solution is desired by the State, waivers will be sought if needed.

**22. Application of EBT POS Functionality**
At the POS, clients will indicate an EBT transaction type (cash, FAP, or WIC). This functionality may be provided by function keys, menu selection, or combination of both. The appropriate function key(s) or menu item(s) must be selected by the authorized cardholder when asked to select the appropriate benefit account. The transaction type must be transmitted in the transaction message. The Contractor's transaction processing application must capture and retain transaction type information and must match the transaction to the appropriate client account (cash, Food Assistance, or WIC).

**23. Adding Program Benefits to an Existing Card**
The Contractor must provide the functionality to add access to new benefit programs and/or accounts to an existing card, refer to Work and Deliverables In Scope. SSI and other benefits may be added at a future date. The Contractor and the State will negotiate the addition of SSI and other programs at a later date should these programs be added.

## C. INTERFACE REQUIREMENTS

To facilitate the delivery of EBT services, there will need to be interfaces between the existing State systems and the Contractor's EBT system. The Contractor must have the necessary interface connections for primary and redundancy and processing to make this interface successful and efficient for both the production and test environments.

**1. Server to Server**
The Contractor must manage and be responsible for development, installation, and maintenance of the circuits and communications hardware and software; this includes any leased line(s), communications control and transport equipment, line status monitoring, and the cost to connect with the State server(s) where applicable. The connection protocols/methods must match the State's methods for both batch file transfer and on-line query/response transactions. Refer to Appendices A and B for description of the State hardware and communications resources.

**2. Recipient and Benefit Identification**
State systems staff will be responsible for designing and implementing the programs necessary to identify recipients and benefit amounts to be communicated to the Contractor. State staff will be responsible for determining if the data transfer is to be initiated by State or Contractor systems, and for getting State data files to the appropriate places at the appropriate times for the transfer of data going from the State to the Contractor.

The Contractor must initiate the data transfer, for receiving the data and taking appropriate actions (account set-up, maintenance, etc.) within reasonable timeframes as will be described by the State's EBT IT team during transition, and for notifying the State within eight hours of any file transfer problems, especially (but not limited to) monthly benefit files. The Contractor must resolve any problems to the satisfaction of the State.

The Contractor must identify any data necessary from the State to meet the requirements of this Contract. The Contractor must determine means acceptable to the State of working around the absence of this data for a reasonable period until the State can make the necessary changes to the data file content being sent to the Contractor. The Contractor must develop the screens and files necessary to communicate data to the State in batch and on-line modes. For batch communications, the process, at the State's determination, will be initiated either by the State or the Contractor.

The Contractor must provide to the State their process run schedule so the State knows how long the Contractor's posting processes will run once the State's files are received. Should a file transfer failure occur that affects the timely posting of benefits, the Contractor must provide notification to their food and cash providers (retailers and banks) alerting them of any such failure or outage.

This level of Contractor support must be required for both the current system and for those modifications that may become necessary for systems currently under development within the State. The State considers the issue of interface activities and Contractor support to be critical.

**3. Transaction Processing**
This is the process to develop the Contractor interface to process transactions to and from the State interfaces.

It is expected that existing equipment will be used for presenting a limited set of status information to State employees at the approximately 120 locations involved in the provision of EBT services to Michigan clients. It is expected that the above interfaces will have query/response capacity to support transfer of such information for presentation to selected workers. In the event that this is not cost effective or practical, the Contractor must provide an access device at designated sites, to allow access to Contractor information.

**4. Access Device**
The Contractor must provide one access device per designated work site in the event that it is not cost effective or practical to use existing equipment. All access device costs including: purchase, deployment, maintenance, software, communications and management costs must be included in the performance of this Contract.

**5. On-line Communications**
The on-line process will function in two ways. First, on-line account information may be transmitted to the Contractor to set-up or modify accounts as necessary. These transactions will be sent from the State's system to the Contractor's system. Second, selected State workers using terminals at their workstations may be authorized to query the EBT system directly through dial-up or dedicated processes as discussed above. The solutions proposed to permit this to occur should discuss advantages, disadvantages, cost implications, and explanations of how this could be implemented.

## ***1.030 Roles and Responsibilities***

### 1.031 Contractor Staff, Roles, and Responsibilities

- Dawn Cooley – Contract Manager
- Doug Darr, PMP – Project Manager
- Ed Yorkavich – Retailer/Vendor Manager
- Chad Main – Senior Implementation Manager
- Asad Salahuddin, PMP – Operations Manager
- Ricky Aviles – WIC Consultant
- Bill Kelly – Senior Director, Technology Solution Development

**Key Personnel**
The State will have the right to approve the assignment and replacement of all key personnel assigned to this Contract by the Contractor. This includes without limitation, the overall project manager, individuals named or described in a schedule to the Contract, and individuals assigned significant managerial responsibilities as mutually agreed upon by the parties. Before assigning an individual to any of these positions, the Contractor must notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and must provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting approval.

**Replacement of Personnel at the State's Request**
The State reserves the right to require the Contractor to replace Contractor employees who the State judges to be incompetent, careless, unsuitable or otherwise objectionable, or whose continued use is deemed contrary to the best interests of the State. Before a written request is issued, it will be discussed by authorized representatives of the State and the Contractor. Upon receipt of a written request from an authorized representative of the State, the Contractor will be required to proceed with the replacement. The replacement request will include the desired replacement date and the reason for the request. The Contractor will use its best efforts to effect the replacement in a manner that does not degrade service quality. This provision will not be deemed to give the State the right to require the Contractor to terminate any Contractor employee; it is intended to give the State only the right to require that the Contractor discontinue using an employee in the performance of services for the State.

**Replacement Personnel**
Any replacement personnel assigned by the Contractor to perform services under the Contract must have qualifications for the assigned position that equal or exceed those of the person being replaced.

## ***1.040 Project Plan***

### 1.041 Project Plan Management

**EBT Project Schedule**
The Contractor must have an appropriate schedule for EBT services implementation in the State. This schedule will be part of the required overall work plan. Target dates for key events in the project must be in the Contractor's work plan and associated project schedule. This work plan must be used for status reporting and updated and maintained as required to respond to approved target dates.

The State's EBT project consists of four generally sequential phases (although there may be some overlap). These phases are:

- Design Phase
- Development Phase
- Transition Phase
- Operations Phase

Because of the many possible factors impacting the timeline that may be required for the design, development, and conversion to a new system, the State does not intend to prescribe any set period of time for each of the respective phases. The transition process must be completed by May 31, 2013.

The first deliverable required from the Contractor will be the Project Work Plan. The Contractor's Project Work Plan will be based on their proposal, using approved Project Management practices and industry standards. The plan must include, at a minimum, a schedule of all tasks and deliverables required through the project. The plan should identify the individual tasks and deliverables by project phase, as defined below. This plan must identify all critical path and dependency tasks and delineate the responsibilities of the Contractor, the State and federal agencies. The Contractor must submit a preliminary Project Work Plan within three weeks after the Contract start date. The State will review and comment on the plan within 10 working days. The final Project Work Plan must be provided for State approval 10 working days following the receipt of the comments from the State.

**A. DESIGN PHASE**
The timeframe for the deliverables from the Project Design Phase will be based upon tasks and deliverables identified within the Project Work Plan. The Design Phase will commence on the Contact award date and must continue for the timeframe identified within the Contractor's response and proposed work plan and mutually agreed upon the by the State and the Contractor. All deliverables identified within the project plan are subject to State review and approval. The Contractor must allow an appropriate time for the State to review and comment upon the deliverable.

**1. Transition Plan**
The Contractor will be responsible for the migration of the client and retailer database from the current Contractor's EBT system to the new EBT system, if required. The Contractor must prepare a transition plan that covers each of the following activities in detail:

- Migration of transaction acquirers
- POS device deployment and installation
- Migration of client database

The plan must address the processes to be used for the migration, how the processes will be tested, and contingency plans for problems and issues that may occur during the migration. The transition plan must also address the verification and validation of the migration process, in particular the validation of the clients' account balances that are converted to the new system. The Contractor must submit the draft Transition Plan for approval no later than three months after Contract award date.

**2. Functional Design Document**
This document must, at a minimum, provide a functional overview and a description of the operating environment, procedures and workflow of the EBT system. The Contractor must submit the final Functional Design Document no later than three months after Contract award date.

**3. Detailed Design Document**
The Detailed Design Document must describe the total system configuration including system hardware, functionality, file layouts, message and file flows, IVRU Scripts, data elements, system interfaces, settlement and reconciliation functions, and the system security plan. The Contractor must submit the final Detailed Design Document no later than five months after Contract award date.

**4. Life Cycle Testing Approach**
The Contractor must provide a System Life Cycle Testing Plan. The basic premise of the life cycle testing approach is that any changes made, whether by the Contractor's system or the State's system, should be properly tested prior to being introduced into a production environment. The plan must include, at a minimum, the tests identified in the following Test Plan as appropriate for each of the project's four phases. The plan must address the extent of integration testing that is to occur to ensure that all systems properly interface and operate as designed. The final Life Cycle Test Plan must be submitted no later than six months after Contract award date.

**5. Test Plan**
The Contractor must develop system test plans during the Design Phase. Test plans must, at a minimum, outline the test purpose, methodology, environment, and approval rating system. Test plans must be developed for the Functional Demonstration, System Acceptance Test, System and Network Capacity Test, IVRU Test, and the System Interface Test. The final System Test Plans must be submitted no later than six months after Contract award date.

**6. Back-up and Recovery Plans**
The Contractor must provide an evaluation of the types of service interruptions that may impact the EBT system's operations and therefore require the use of a backup and recovery process. For each potential interruption type, the Contractor must, at a minimum, detail the steps to be taken to survive and recover from the interruption. The plan must include provisions to ensure that benefits continue to be accessible to cardholders. In addition, the Contractor must outline the resources committed to each proposed contingency plan (i.e., people, systems, telephone lines, and operation sites) and indicate whether the contingency plan has been tested under real or simulated conditions. The final Back-up and Recovery Plan must be submitted no later than six months after Contract award date.

**7. System Security Plan**
The Contractor must prepare a security plan detailing, at a minimum, the security provisions and proposed user profiles established within the EBT system. The Contractor must submit the final System Security Plan no later than six months after Contract award date.

**8. Training Plan**
The Contractor must prepare and submit a Comprehensive Training Plan that identifies the proposed deadlines and supportive tasks for the planning, designing, developing, producing and distributing all training materials, as selected by the State. The training plan should address the timeline for creation of the deliverables as noted in Appendix K. It should also provide the timeframe for training the State and local office staff and retailers. The plan should outline deliverable dates of training products chosen by the State with sufficient time allowed for State review and approval.

**9. Retailer and TPP Agreements**
The Contractor must provide copies of the retailer and TPP agreements that will be utilized, within the State, for review and approval by the State and FNS. The retailer must secure signed contracts prior to conversion.

## B. DEVELOPMENT PHASE

The Development Phase must commence following the completion of the Design Phase, and must be completed no later than nine months from the Contract award date. During this phase of the project, the Contractor must configure and test the Michigan EBT system according to the system specifications defined and agreed upon during the Design Phase. All deliverables for the development phase identified within the Project Work Plan are subject to the State's review and approval. The Contractor must allow an appropriate time for the State to review and comment upon the deliverable. The Contractor must complete system testing, as well as provide the final training materials during the Development Phase.

### 1. Testing Phase

System testing must be performed on all components and functional areas of the EBT application system before delivery of the system. Upon completion and approval of the design documents, the Contractor must update the System Test Plan as appropriate. The Contractor must provide system test scripts detailing step-by-step instructions on the actual test and system functions to be demonstrated. Test scripts will also describe the desired system outcomes and test results. The Contractor must develop and control test data. Required system tests and demonstrations, which must be conducted by the Contractor during the Development Phase, include:

**a. Functional Demonstration** – this test will provide State and federal representatives the opportunity to review and observe planned EBT system operations. The Contractor must prepare a report of the demonstration results including any system modifications that were identified. The Functional Demonstration should occur as early as possible, but no later than six weeks prior to the System Acceptance Test to ensure the design is proceeding according to the expectations of the State and the Contractor.

**b. Interface Testing** – this test will be conducted between the State's EBT Interface System and the Contractor's EBT system to ensure that all files sent between the two systems are properly received, accepted, and processed.

**c. System Acceptance Testing** - The system acceptance test provides both State and federal representatives the opportunity to test the EBT system functionality and ensure compliance with the system design requirements. This test will consist minimally of functional requirements, security, recovery, system controls, and "what if" testing. In addition, as part of the system acceptance testing, the Contractor must demonstrate the methods and processes for performing daily reconciliation between the State and Contractor interface and processing activities including financial settlement. During the formal test script portion of the acceptance test, testing representatives must follow detailed test scripts developed by the Contractor. The test scripts should cover all facets of the system's operations and test all of the system processing options and environmental conditions (e.g., POS hardware and communications failure and entry of erroneous data) and testing of the federal Interfaces (ALERT, AMA, STARS). The ad hoc, or "what if", portion of the acceptance test provides the State and federal representatives the opportunity to include various transaction sets and sequences that have not been included in the test scripts and to challenge the system's operations and design.

**d. Performance (Stress) Testing** - the purpose of this test is to ensure that there is sufficient capacity within the EBT system being provided to the State to handle the expected transaction volume. Test results from the stress test must be used to formulate a system capacity model to determine the appropriate hardware and software requirements and configuration so that the Michigan EBT system can accommodate the anticipated transaction volumes. The Contractor may, as an option, choose to use current production data in order to develop a system capacity model for modeling the anticipated transaction volumes.

**e. IVRU Test** - The IVRU system must be tested to ensure the system properly accepts, processes, and transfers both retailer and client calls per the system requirements and within the specifications defined under Contract Performance.

**f. Transition Testing** - The Contractor must demonstrate to the State the conversion process of the EBT system from the current Contractor to the new EBT system, if required. Part of the conversion test is a validation of conversion results, and the ability to perform test transactions against the converted database. Test transactions performed against the converted database must include both client transactions (e.g., Food Assistance and cash transactions) and administrative transactions (e.g., benefit adds and card replacement transactions).

**g. Live Demonstration** - Because the State EBT Interface System is currently running in a production environment for existing Michigan benefit clients, the State does not believe it will be possible to perform a live demonstration of the Contractor's EBT system prior to conversion. Consequently a Live Demonstration is not required.

The Contractor must provide reports describing the results of each test that is performed, as well as any additional re-testing that is required to satisfy the test objectives. The test reports must describe the intended scope and results from the tests, and any system modifications that are identified as necessary to resolve system errors and deficiencies found during the testing. The Contractor must submit interim test reports no later than two weeks following the completion of the respective test being performed. Final System Test Reports must be provided no later than nine months after Contract award date.

**2. Updates to Detail Design**

The Contractor must revise the Detailed System Design documents to reflect any system modifications identified and made as a result of the system testing. If revisions are required, the Contractor must submit the updated Detailed System Design no later than one month following the completion of the EBT system testing process.

**3. Manuals**

**a. System Operations/Interface Procedures Manual**

The Contractor must provide a manual on Systems Operations/Interface Procedures that must include an introduction giving the purpose, audience, organization, related documents, and feedback. This manual, at a minimum, must include:

- Batch Files and the times of transmission;
- Administrative Terminal configuration;
- Problem Resolution and Escalation Procedures; and
- Batch Maintenance Record Formats.

The Problem Resolution and Escalation Procedures must define the process by which the State will report System and Operational problems to the Contractor, and the process by which these problems will be resolved and the resolution reported back to the State. The procedures must include a priority scheme for identifying the relevant severity of the problem as well as the expected timeframes for the resolution of the problem based upon the relative severity of the problem.

**b. Reports Manual**

A Reports Manual must be provided describing all standard reports to be generated by the Contractor. The Reports Manual must provide a brief description of the data files provided to the State for internal report generation. The Contractor must submit the final Reports Manual no later than nine months after Contract award date.

**c. Settlement/Reconciliation Manual**

The Contractor must provide a Settlement/Reconciliation Manual that provides guidance and procedures to the State on performing a daily reconciliation of the Contractor's EBT System as defined within 7 CFR 274.4(a) and consistent with FNS reconciliation guidance of March 29, 2007. The manual should identify the specific EBT reports from the Contractor's system that are required for settlement and reconciliation of the Contractor's EBT system.

**d. Administrative Terminal Manual**

The Contractor must provide an Administrative Terminal Manual that provides guidance and procedures for State and county staff on the functionality of the Administrative Terminal.

## C. TRANSITION PHASE (as applicable)

It is anticipated that some of the Transition Phase activities, specifically the EBT-only retailer conversion, will begin prior to the end of the Development Phase. However, it is expected that none of the database conversion activities will occur until the development activities have been completed, and specifically the Transition Testing has been completed and a sign-off has been received from the State. The activities within the Transition Phase consist of the following:

- EBT Only Retailer Conversion – which includes no less than two retailer notices in case of possible data base conversion outages.
- Third Party Processor (TPP) Conversion – which must include no less than two notices to all TPPs in case of possible data base conversion outages.
- Cardholder Database Conversion – which must include a notice to clients in case of database conversion outages.
- Transaction History.
- Client card and demographic data.
- Benefit Data.
- Account Aging and Expungement Data.

The activities taking place during the Transition Phase must follow the process defined within the State approved Transition Plan submitted during the Design Phase.

As part of the Transition Phase, the Contractor must include an alternative OPT OUT scenario in the event of a conversion failure. If there is a conversion failure, the State will use the old (existing) system until the Contractor can get their new system converted and fully operational without failure (i.e. provide services in accordance with this Contract without interruption and/or failures).

## D. OPERATIONS PHASE

During the Operations Phase, the Contractor must maintain ongoing communication to the State on EBT operations and provide immediate notification to the State of any issues or system problems. The Contractor's assigned Project Manager must be the point person for ongoing communications to the State for all EBT system and operational issues. The ongoing communications required from the Contractor must include a monthly status report containing open and closed issues, monthly status meeting with Contractor, and other State reports/meetings at the State's request. Of particular importance is the advance notification of scheduled system downtime to the State by the Contractor.

The Contractor must be proactive in identifying, diagnosing, and correcting any issue or problem, and must provide the State with a detailed description of internal and external notification and escalation procedures.

During the Operations Phase, the Contractor must maintain and update as needed, the key design documents and operational manuals delivered during the Design and Development Phase. These documents and manuals include:

- Detailed Design Document
- Back-up and Recovery Plans
- System Security Plan
- System Operations/Interface Procedures Manual
- Reports Manual
- Settlement/Reconciliation Manual
- Administrative Terminal Manual

The Contractor must provide updated documents and manuals to the State prior to implementing system and operational modifications into production.

**a. Reports**
The Contractor must provide similar reports with the data the State currently receives.

**b. Issue Management**
Any issues regarding the operations, as identified by the Contractor, would be directed to the DHS Project Manager or CCI, the first level of resolution. The Contractor's Project Manager must identify and report issues to the State.

**c. Risk Management**
Risk management generally involves (1) identification of the risk, (2) assigning a level of priority based on the probability of occurrence and impact on the project, (3) definition of mitigation strategies, and (4) monitoring of risk and mitigation strategy. Risk assessment will be part of the regular weekly status meetings with the State.

**d. Change Management**
For enhancements and change orders requested by the State, the Contractor must provide to the State its cost estimate including programming time and/or any incremental change for the State's review prior to implementing any requested changes. The cost estimate must be provided by hour utilizing the hourly rate for the labor grades provided in the Contractor's pricing. The Contractor must provide its cost estimate for enhancements and change orders requested by the State within two weeks of receiving the request. If the Contractor is unable to provide an accurate estimate within two weeks, the Contractor must provide, within the two weeks, a timeframe of when a complete estimate will be delivered to the State. Work must not begin on the enhancement and/or change order by the Contractor until written approval is received from the State in the form of a Contract Change Notice issued by the Department of Technology, Management and Budget.

**1.042 Reports**
The Contractor must accommodate the informational and reporting needs of the State. General categories of State reports have been identified and are described below. In addition, the United States' Department of Agriculture (USDA), Food and Nutrition Service (FNS) requires reports to be provided by the Contractor throughout the Contract period. The Contractor must work with the State to define the content and schedule of all reports.

**a. Financial Audit Reports**
Financial audit reports include those reports the Contractor must provide to the State in order to account, reconcile, and audit the EBT system processing and operations.

**b. Retailer/ATM/TPP Listings.**
The Contractor must provide quarterly updated listings of all retailers as defined below:

- ATMs, including those that are charge free and those that charge.
- Retailer listing
- Restaurant listing
- Farmers Market listing
- Third Party Processor listing

**c. Account Activity Reports**
The Contractor must provide daily account activity reports reflecting all account actions received from the State via batch and/or on-line administrative terminal processing. The following account activity reports have been defined. These reports may be migrated or further segregated at the discretion of the Contractor.

**1. Account Set-up Reports**
The Contractor must provide, to the State, a daily electronic report of EBT accounts established which includes, at a minimum, the following data elements:

- EBT program type
- EBT Account Number
- Individual ID number

- Date and time account set-up information received
- Date and time account established
- Transmission type (batch or on-line)

Additionally, the Contractor must notify the State of account set-up exceptions, including, but not limited to rejected set-up requests and reason for rejection (i.e., duplicate case number, demographic information, etc).

**2. Benefit Authorization Reports**
The Contractor must provide, to the State, a daily electronic report of EBT Benefit Authorizations processed which includes, at a minimum, the following data elements:

- EBT program type
- EBT Account Number
- Individual ID number
- Date and time benefit authorization data was received
- Date and time benefit authorization data was processed (posted); Transaction type
- Transmission type

Also, the Contractor must notify the State of benefit authorization exceptions, including, but not limited to rejected benefit authorization attempts and reason for rejection (i.e., duplicate authorization).

**d. Account Maintenance Reports**
The account maintenance report must provide a comprehensive listing of all account maintenance actions processed by the EBT system over the preceding business day. This report must include both on-line and batch account maintenance actions.

**e. Administrative Action Reports**
This report must provide a listing of all administrative actions received and processed by the EBT system. Administrative actions will include changes to client, case, or account data (e.g., client name or address), expungements, re-obligations, and hold benefits. The Contractor must send an expunged benefit detail (daily aging file) coinciding with the daily cut off.

**f. Account Reconciliation Reports**
The Contractor must provide an account reconciliation report including a match between all on-line and batch account activity adjustments processed for the preceding business day. This report may be used by the State to identify data discrepancies between the EBT system and State eligibility systems.

**g. Account Audit Reports**
The Contactor must provide a detailed audit trail of all system functions and transactions that impact the account balance or status of an account.

**h. Batch Processing Reports**
The Contractor must ensure the complete and accurate transfer of data during nightly batch processing. The reports must support the following criteria:

**1. Batch Confirmation Message**
The Contractor must provide a confirmation message for all over-night batch files received from the State immediately after processing the State EBT Benefit Authorization file The confirmation message must contain summary verification data including the total number of records received in the batch and the number of records by record type (e.g., numbers of add, change and delete records).

**2. Batch Exception Reports**
The Contractor must provide a batch exception report for all batch files sent by the State. Batch exception reports must contain a listing of all records received within a batch which were not processed by the Contractor. Each record included in an exception report must have a corresponding reason code indicating the cause of the rejection. In particular, duplicate case receptions will be identified.

Exception thresholds will be defined by the State. Account activity files exceeding exception thresholds must be rejected in total by the Contractor.

**i. Settlement Reports**
Daily settlement reports and data must be transmitted to the State via batch processing. At a minimum, these reports must be available by 3:45 P.M. EST and include the following:

**1. Daily Activity Reports**
Provide detail and summary information on clients and terminal (merchant, ATM, third party, network, etc.) transaction activity.

**2. Automated Clearing House (ACH)**
Activity Reports - Provide detail and summary information on money movement initiated to settle client transaction activity (e.g., withdrawals and purchases).

**3. Clearing Reports**
Provide detail and summary information on financial activity and money movement necessary to settle client transaction activity (e.g., withdrawals and purchases).

**4. STARS Report**
FAP Redemption Report (FNS002)

**j. Project Management Reports**
Conversion Reports:

**1) Project Design Reports**
This weekly report is a summary by task of major completed activities during the reporting period. The report must include problem identification, required corrective action, and timeframe for resolution. The report must also include tasks required by federal and State agencies, as well as reports of delayed tasks, reason and revised completion date(s), and the scheduled activities for the next reporting period.

**2) Project Implementation/Conversion Reports**
This weekly report is a summary of major tasks and scheduled activities completed during the reporting period for the conversion activities. The report must include the status of:

- POS device deployment and installation
- Training (State, county, clients and retailers)
- Card issuance
- Retailer agreements

The report must include problem identification, required corrective action, and timeframe for resolution. The report must also include tasks required by federal and State agencies, as well as reports of delayed tasks, reason and revised completion date(s), and the scheduled activities for the next reporting period.

**3) Project Status Report**
This monthly report is a summary of significant events/accomplishments during the month, status of outstanding issues and problems, and the status of pending enhancement requests and system change orders. Following the conversion to the Contractor's EBT system, the Contractor must include in the Project Status Report the detail data that documents the performance of the EBT system over the last month.

**k. Security and Fraud Reports**

The Contractor must support the data requirements of both federal and State agencies responsible for ensuring the integrity and proper use of benefits to be distributed by the EBT system. The data requirements for security and fraud investigation have been divided into two categories:

**1) Client Fraud and Compliance:**

The Contractor must work with the State to define a periodic extract file to be provided to the State for the investigation of recipient fraud. Data requirements for this extract file include, but are not limited to, the following:

**a. Transaction Data**

- EBT Account Number
- Transaction amount
- Retailer FNS authorization number
- Date, time
- Benefit type (Food Assistance, cash or WIC)
- Transaction type (i.e., on-line, purchase, reversal, withdrawal, manual, etc.)

**b. Client Statistics**

- Number of PIN attempts
- Number of card replacements
- Number of manual transactions
- Total number of transactions
- Number of Out of State Transactions
- Number of Refund Transactions

**2) Internal Agency Security:**

The EBT system must provide for a variety of user security profiles to enable the State to manage user access to the EBT system. Reports on users, including name, status, and security profile, must be available on-line via administrative terminals.

In addition, the EBT system must provide information on user activity to assist the State in the detection and investigation of internal fraud. This data must be available daily and include, at a minimum:

- User identification information (e.g., name, security identification number or code, supervisor, and office location)
- The number of failed terminal log-on attempts for a given user identification number or code
- The number and type of terminal functions (e.g., authorization increases, cards issued/replaced and expedited or emergency benefit issuance) processed during a terminal session (e.g., business day).

**l. System Performance Reports**

System performance reports will be used by federal and State agencies to monitor the operations and performance of the EBT system, Customer Service operations, and the IVRU. These reports must provide statistical information on the system utilization and response time. Data to be provided includes, but is not limited to, the following:

**1. Response Time Analysis**

Response time analysis information including: a statistical summary of response time by merchant-terminal, ATM, third-party, and network acquirers.

**2. Utilization Reports**

Utilization reports providing statistical information (i.e., capacity utilization) on: the number and amount of transactions processed by card, case, merchant-terminal, ATM, third-party, and/or network.

**3. System Availability**
To ensure compliance with the system availability requirements specified in this document and the FNS EBT Regulations, the Contractor must provide a monthly report of the system availability, including a detailed documentation and explanation of both scheduled and unscheduled downtime and processing interruptions.

**4. Transaction Activity Reports**
Daily and monthly statistical reports on transaction activity including the number and type of transactions requested and processed per hour, day, and month.

**m. FNS Reporting Requirements**
As specified in 7 CFR 274, the Contractor must meet the reporting requirements of the Food and Nutrition Service.

**1. BRSB Retailer Redemption Data**
The Contractor must provide detailed daily Food Assistance redemption data to the FNS Benefit Redemption Systems Branch. The data format and requirements of this file will be specified by FNS. At a minimum, data elements required in this file include:

- FNS retail merchant authorization number
- Date of Food Assistance redemption
- Total daily amount of Food Assistance redemptions by retailer.

**2. FNS Compliance Investigations and Reporting**
The Contractor must advise, assist, and appropriately act to assist federal agencies and the State in detection and investigations of abuses by stores, clients, or workers. This may entail cooperation with various authorities of both federal and State agencies that are responsible for compliance with Food Assistance Program laws and regulations. Stores authorized by the FNS to accept Food Assistance Program benefits may become subject to monitoring and investigations by the Retailer Investigation Branch, USDA Office of Inspector General, the Internal Revenue Service, Secret Service, or local police departments. Clients are subject to investigation by State program authorities and occasionally others. The State and the Contractor must cooperate in these investigations by creating client cases, providing benefit access cards, and providing information. Access to information concerning these matters will be restricted both at the State and the Contractor so that the investigations are not compromised. The Contractor must provide the following assistance:

a. Creation of accounts and issuance of cards and PINs to be used by the investigators.
b. Acceptance of benefit authorizations to fund investigative accounts possibly on an irregular basis as needed by the investigators.
c. Provide reports on the investigative accounts showing the amounts funded to the cases and the transaction histories.
d. Provide information from the system as needed for evidentiary purposes.
e. Provide extract files of store transaction history on a regular basis to the FNS. The format for these files will be specified by FNS.
f. Retention of all records for a period of three years or longer if notified.

**n. Changes in Retailer Database**
The Contractor must transmit to BRSB information it receives from retailers that result in changes in the retailer database. This information could include, but is not limited to, changes in ownership or bank account. The Contractor must be able to accommodate a standard file format from BRSB, the REDE II Format (Appendix E). This will facilitate data exchange between FNS and the Contractor regarding retailer authorization and de-authorization. The file must contain information regarding basic store identification and authorization status, withdrawals, disqualification, and reinstatements.

The Contractor is also required to periodically provide ad-hoc reports with no additional cost to the State, in order for the State to respond to unusual circumstances not covered by standard reports.

## ***1.050 Acceptance***

### 1.051 Criteria

The following criteria will be used by the State to determine Acceptance of the Services or Deliverables provided under this SOW:

### A. TESTING REQUIREMENTS

Immediately upon completion and approval of the design documents, the Contractor must update system test plans and must provide system test scripts. Test scripts must provide detailed, step-by-step instructions on the actual test and system functions to be demonstrated. Test scripts must also describe the desired system outcomes and actual test results of the Contractor. The Contractor must develop, provide a complete listing, and control test data in cooperation with the State. Tests must comply with 7 CFR 274 and with State requirements as stipulated in the Contract.

The Contractor must provide the State access to the Contractor's test system to support State testing of the full range of EBT functionality. The Contractor must provide administrative terminal and POS terminal access to the test system and must provide an interface with State test systems. The Contractor must supply POS terminals and other equipment necessary to test the full scope of EBT services provided to that State. The Contractor must provide access to the test system throughout the term of the Contract. Contractors must include in their responses a discussion of their support of the State of Michigan's testing requirements.

#### 1. Separate Tests

Separate tests and/or demonstrations of each type specified below are required for the on-line EBT system and the WIC services system (the result is that two of each test are required). Required system tests and demonstrations that must be conducted by the Contractor during the conversion phase of the project include:

##### a. Functional Demonstration

The functional demonstration must provide State, local, and federal representatives the opportunity to review planned EBT system operations. The Contractor must prepare a report of the demonstration results including any system modifications that were identified. The functional demonstration must occur as early as possible, but no later than six weeks prior to the system acceptance test to insure the design is proceeding according to the expectations of both the State and the Contractor. Functional demonstrations will be required for each newly developed functionality. The State may choose to combine the functional demonstration with the acceptance test.

##### b. System Acceptance Test

The system acceptance test must provide State, local, and federal representatives the opportunity to test the EBT system functionality and ensure compliance with the system design requirements. At a minimum, this test must consist of functional requirements, security, recovery, controls, regression and "what if" testing. During the test script portion of the acceptance test, representatives will follow detailed test scripts developed by the Contractor. The test scripts must cover all facets of the system's operations and test all of the system processing options and environmental conditions (e.g., hardware and communications failure and entry of erroneous data).

The ad hoc or "what if" portion of the acceptance test must provide the State and federal representatives the opportunity to include various transaction sets and sequences that may not have been included in the test scripts and to challenge the system's operations and design.

##### c. Network Performance Test

This test must be conducted on the EBT system's communications network to ensure that the network is capable of handling the anticipated transaction volume within the required response time and error threshold specified in this Contract.

**d. System Stress Test**
This test must examine the software and hardware capacity of the system. Test results will be used to formulate a system capacity model to determine the appropriate hardware and software requirements in order to properly size the EBT system to accommodate the anticipated transaction volumes.

**e. Interface Test**
This test must be conducted between the Contractor's system and the State to ensure that all files transferred from the State to the EBT host and from the EBT host to the State are properly received, accepted, and processed. This testing must also include WIC on-line transaction processing and administrative terminal software functionality and operation on State/local hardware platforms.

**f. IVRU Test**
The IVRU system must be tested to ensure that the system properly accepts, processes, and transfers calls within agreed specifications.

**g. Live Demonstration**
This demonstration must test the EBT system's processing capabilities from the point of transaction entry through authorization, settlement, and funds movement.

**h. Conversion Test**
System testing requirements outlined above must be completed in a time period to be mutually agreed upon between the Contractor and the State.

**2. Test Reports**
The Contractor must provide reports describing the results of each test and any additional test required to satisfy the test objectives. In addition, the test reports must also describe necessary system modifications that are identified during system testing. The Contractor must submit the final system test reports as specified in the Contract.

**1.052 Final Acceptance**
The DHS Project Manager or CCI will monitor performance to determine that all standards are met and deliverables are satisfactory based on the required reporting by the Contractor.

Satisfactory delivery and acceptance of sub-deliverables does not complete the requirement of final acceptance.

Signature approval of the Contractor invoices by the DHS Project Manager is required and shows acceptance of the services rendered DHS

Compensation and Payment will be determined in accordance with the pricing in Appendices L and M, and those service options selected by the State

The Contract will cover multiple years. However, for accounting purposes, DHS must encumber funds for each State fiscal year, which run from October 1 through September 30.

The DHS program office, usually the CCI, is responsible for preparing an annual work plan [the DHS Statement of Work] for each fiscal period. This work plan is developed and presented to the Contractor for review and signature. This activity should be accomplished in time for processing before the start of the fiscal year on October 1.

The DHS Statement of Work will detail the activities within the scope of the Contract that DHS expects to receive during that State fiscal year. The pricing as established by the Contract will apply to these expected activities.

The DHS CCI and the Contractor will work together to reach agreement on the schedule for each fiscal period to ensure that both parties understand and agree on what work will be expected and reimbursed in each fiscal year.

## *1.060 Pricing*

**1.061 Pricing**
For authorized Cost Model/Quotation, see Appendices L and M.

Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the travel expense at the State's current travel reimbursement rates. See **www.michigan.gov/dtmb** for current rates.

**1.062 Price Term**
Prices quoted are firm for the entire length of the Contract.

**1.063 Tax Excluded from Price**
(a) Sales Tax: For purchases made directly by the State, the State is exempt from State and Local Sales Tax. Prices must not include the taxes. Exemption Certificates for State Sales Tax will be furnished upon request.

(b) Federal Excise Tax: The State may be exempt from Federal Excise Tax, or the taxes may be reimbursable, if articles purchased under any resulting Contract are used for the State's exclusive use. Certificates showing exclusive use for the purposes of substantiating a tax-free or tax-reimbursable sale will be sent upon request. If a sale is tax exempt or tax reimbursable under the Internal Revenue Code, prices must not include the Federal Excise Tax.

**1.064 N/A**

## *1.070 Additional Requirements*

**1.071 Additional Terms and Conditions specific to this Contract**

**Responsibilities**
The Contractor will be responsible for the following errors:

**a. Disbursement or authorization of funds**
Liability with regard to authorization of State administered programs into a client account as described in OMB Circular A-87, 45 CFR 74, and 7 CFR 276. The State is responsible for losses resulting from the provision of erroneous information by the State to the Contractor.

**b. Transaction Processing and Settlement**
The Contractor must bear all liability for any losses resulting from errors or omissions, including fraud and abuse, on the part of the Contractor or its representatives or Subcontractors. These liabilities will include, but are not limited to, any duplicate or erroneous postings to a client account.

**c. Losses**
1. Any losses from funds drawn from an account after the client notified the Contractor that the card had been lost or stolen.
2. Any losses from transactions performed with cards issued, but not activated by the client and/or the Contractor.

**d. Damages**
Any damages or losses suffered by a federal or State Agency due to negligence on the part of the Contractor.

**e. Benefit loss**
Any loss of benefits caused by fraud or abuse by the Contractor or its representatives or Subcontractors.

**f. Excess Benefits**
Benefits paid out in excess of authorized recipient benefit amounts.

**Governing Regulations and Performance Standards**
This section of the Contract details the regulations governing EBT. The Contractor must comply with the following rules and regulations that govern EBT systems and operations:

**NACHA Quest Rules**
Quest Rules, Version 1.4, dated May 2002, plus all subsequent revisions and amendments to these rules.

**FNS Regulations**
USDA Food and Nutrition Service Federal regulations regarding the Supplemental Nutrition Assistance Program and specifically 7CFR Part 274.

The EBT system must accommodate any waivers to the federal regulations granted to the State of Michigan by FNS for EBT purposes. The following waivers are effective with Michigan's current contract and have been resubmitted for approval to FNS for this Contract:

Retailer Participation Waiver so that POS deployment is not required for retailers with redemptions less than $100.00 a month.

Initial Personal Identification Number (PIN) Assignment Waiver to allow initial assignment of PIN by mail.

- PIN Select through the ARU Waiver to allow PIN selection to be handled through the ARU/Help Desk.
- Adjustment holds Waiver that no hold is placed on an account balance when a retailer requests an adjustment.

Charge retailers a fee to re-install POS devices when the retailer, breaches the merchant agreement, returns to the program after a period of program disqualification or voluntarily withdraws from the State's EBT system and then wishes to return. Retailers must be charged a fee to de-install POS devices if the retailer changes to a third party processor prior to the expiration of the merchant agreement.

**State Rules**
The Contractor must follow all applicable State law, rules, or policies relating to EBT, including terms and conditions within the EBT Contract.

**Performance Standards**
The following information defines the State's requirement for performance standards for components of the delivery of EBT services, and then defines the performance deficiencies that may trigger the invocation of holdback provisions for that component. Holdback provisions are explained later in this Section.

**1. EBT Central Computer Uptime**
The EBT Central Computer must be operating 99.9% of the time measured on a monthly basis. The EBT Central Computer consists of all system functions over which the Contractor has direct control, either directly or through a Subcontractor relationship.

Failure of EBT Central Computer to be operating 99.9% of the time measured on a monthly basis (scheduled maintenance time is not calculated in the 99.9% operating time).

**2. Settlement and ACH Processes**
ACH settlement, rejected due to inaccurate account information or closed accounts, must be researched by the Contractor and, when possible, corrected and re-sent to the retailer or Third Party Processor account. The Contractor must return to FNS any funds that could not be settled

to the retailer within 90 calendar days of the initial ACH. If the responsibility for EBT-only acquiring is subcontracted, the Subcontractor must also return any rejected settlement funds to FNS. These funds must be returned to FNS within 10 calendar days after the end of the Federal Fiscal Quarter (FFQ) in which the unsettled funds met the 90 day resolution period.

At a minimum, the Contractor must provide the following information for each unsettled payment returned to the State: transfer type (credit or debit), transfer method (ACH, wire transfer, etc.), STARS settlement date, total amount, Federal SNAP amount, additional attempted settlement date(s), retailer/TPP name, retailer's last known address, and FNS retailer number if SNAP funds are involved. Additional EBT Contractor contact information will also be required.

Please note: This policy is in the process of being finalized by FNS and is subject to change. When finalized, the processor must provide the service at no extra charge.

- The timeframe for ACH settlement window will be met 99% of the time measured on a monthly basis.
- AMA Entries will be made with 100% accuracy.
- STARS daily redemption totals will be provided to the Benefit Redemption System Branch (BRSB) at least weekly with 100% accuracy.

Failure to meet timeframe for ACH settlement window 90% of the time measured on a monthly basis. Two or more errors in providing AMA data to the FRB of Richmond over a two month period. Two or more errors in the daily redemption totals provided to the BRSB over a two month period.

**Benefit Availability**
Daily benefits received by 11:00 p.m. EST must be in the clients' accounts by 5:00 a.m. EST the next morning. Monthly benefits must be in the recipient's accounts by 5:00 a.m. EST on the scheduled day of benefit availability. WIC benefits must be available by 8:00 a.m. EST

Failure to have benefits available by 5:00 am EST for two or more days within a calendar month may cause the State to withhold payments under provisions provided in **Penalties for Non-Compliance with Performance Standards.**

**EBT Switching Services**
The Debit Switch service must be available 99.8% in any calendar month after deducting for scheduled downtime or failure of communication lines or telecommunications equipment out of the control of the Contractor. Failure to provide Debit Switch Availability 99.8% of the time in any calendar month may cause the State to withhold payments under provisions provided in **Penalties for Non-Compliance with Performance Standards.**

**Transaction Response Time**
Ninety eight percent of client transactions must be completed in 10 seconds measured on a monthly basis. For the host system, 98% of POS transactions via dial-up lines will be processed within 15 seconds, 100% of POS transactions via dial-up lines must be processed within 20 seconds, 98% of POS transactions via leased lines must be processed within 10 seconds, 98% of POS transactions via leased lines must be processed within 10 seconds, and 100% of transactions via leased lines must be processed within 15 seconds.

Failure to complete the appropriate percentage of client transactions within the established time frames for a month may cause the State to withhold payments under provisions provided in **Penalties for Non-Compliance with Performance Standards.**

**Inaccurate Transactions**
No more than two inaccurate transactions per every 10,000 Food Benefit and other financial transactions must not occur measured on a monthly basis.

Failure to maintain an accuracy standard of no more than two errors per every 10,000 Food Assistance and other financial transactions for a month may cause the State to withhold payments under provisions provided in **Penalties for Non-Compliance with Performance Standards.**

**Customer Service Help Desks**

- 85% of all calls answered within four rings measured over a three month period (four rings are defined as 24 seconds).
- 97% of all calls for Customer Service Representatives (CSR) answered and the call complete within two minutes measured over a three-month period.

Failure to answer 85% of calls within four rings measured over a three month period. Failure to answer 97% of all calls for CSR within two minutes measured over a three month period may cause the State to withhold payments under provisions provided in **Penalties for Non-Compliance with Performance Standards.**

**Host Response Time for Administrative Terminal Transactions**
Host response time for administrative terminal transactions for on-line data must not exceed 10 seconds 98% of the time measured on a monthly basis. Failure to respond to administrative terminal transactions within 10 seconds 98% of the time measured on a monthly basis.

**Equipment Installation for EBT-only Retailers**
95% of POS terminals must be delivered and operational within two weeks of the Contractor receiving the retailer's contract, measured over a three month period. Retailer initiated delays not included.
Failure to install 95% of the terminals within two weeks of the Contractor receiving the contract from the retailer, measured over a three month period (delays caused by the retailer are not included in the 95%).

**Replacement of Non-Working POS Terminals**
POS terminals that are deemed by the Contractor to be non-functional must be replaced within 48 hours of the device being reported as non-functional.

Failure to replace a POS terminal being reported as non-functional within 48 hours may cause the State to withhold payments under provisions provided in **Penalties for Non-Compliance with Performance Standards.**

**Card and PIN Issuance**

1. Files received by 11:59 p.m. EST must result in cards being mailed the next day, files received by 11:59 a.m. EST must result in cards being mailed the same day.

2. Card equipment replacement and repair standards
   Card equipment replacement and repair standards must equal that identified for retailer POS equipment unless otherwise defined during functional or detailed design or during testing.

3. OTC-expedite standards
   Cards must be shipped to requesting sites only upon request from State authorized sources; inventory controls must be established as described in the Card and Pin Issuance section.

   The Contractor must establish inventory controls so that their records correspond with what was sent previously to the State local office thus far, and must ensure that requests come from authorized sources and that shipments are delivered to State authorized sites.

   Shipments must occur in established quantities within two business days by secure, registered carrier. Cards activated OTC must result in host updates within 10 seconds of transmission; card activation procedures appropriate to county locations must be instituted.

Failure to mail cards and PINs in accordance with contractual requirement 95% of the time measured on a monthly basis. Failure to mail cards and PINs for expedited card requests in accordance with contractual requirement 95% of the time measured on a monthly basis.

**Project Status Reporting**

1. The Management Reports defined in Project Plan Management must be provided on a timely basis to the State. Weekly reports must be provided by close of business on Mondays. Monthly reports will be provided by the 15th of the following month.

2. Customer Service Statistics Reports must be provided no later than the 25th of the following month.

This will result in failure to deliver reports to the State within the required timeframe unless advance approval is received by the State. Failure to deliver reports to the State within the required timeframe unless advance approval is received by the State.

**Response to Enhancement/Change Requests**

The Contractor must respond to Enhancement and Change requests within two weeks of receiving the request. If additional time is required to complete the estimate, the Contractor must provide the date within two weeks of receipt of the Enhancement and/or Change Request of when the estimate will be completed.

Failure to provide a response to any Enhancement and/or Change request within the promised timeframe may be subject to penalties.

**Any Performance standards modified by FNS subsequent to this Contract will apply to this Contract.**

**Penalties for Non-Compliance with Performance Standards**

Performance deficiencies listed above will be subject to holdback provisions. The remedies set forth do not preclude the use of any other remedy provided by the Contract or applicable law; however, the State agrees to invoke the holdback provisions as its first avenue in seeking to resolve performance deficiencies, except in instances set forth in the Contract Terms and Conditions. The State's election not to invoke the holdback provisions in any instance of performance deficiency will not be deemed to be a waiver of the State's right to invoke the holdback provisions in any other instance.

The State will notify the Contractor of the first incident of failure to meet one or more of the defined performance standards and request a corrective action plan. The State will set a date for submission of the plan. If the State does not receive the plan by the due date and no extension has been granted, the State may, at its discretion, invoke the appropriate "first month's delayed payment" remedy per the schedule.

If the State receives the plan by the due date, it will work with the Contractor to achieve a mutually agreed upon final corrective action plan and schedule. The State may, at its discretion, invoke the appropriate "first month's delayed payment" remedy if the Contractor does not meet the schedule and no extension has been granted.

The State will notify the Contractor when it is satisfied that the problem has been corrected. If the State determines that, after the expiration of the corrective action schedule, the incident has occurred again (second incident), the State may, at its discretion, invoke the delayed payment schedule until such time as the failure is remedied.

The State may, at its discretion, delay payments to the Contractor according to the following schedule:

- First month: the State may delay payment of 15% of total payment owed.
- Second consecutive month: the State may delay payment of 30% of total payments owed.
- Third and additional consecutive months: the State may delay payment of 45% of total payments owed to the Contractor by the State.

Payments may be delayed until the State is reasonably assured that the Contractor has fully complied with the performance standards. Upon such assurance, the State will promptly pay the Contractor all outstanding payment amounts previously delayed.

**Security and Audit Requirements**
The Contractor must follow systems access User ID and password controls as outlined by the Michigan Department of Technology, Management and Budget. Appendix N outlines the Michigan rules.

The security controls to be used by the Contractor and/or any Subcontractor(s) in the performance of services required under the Contract must be that of EFT industry standards and convention in ensuring a sound and secure EBT operating environment.

The Contractor must ensure that an appropriate level of security is established and maintained in connection with the EBT services provided pursuant to the Contract. The Contractor must process information that has been designated sensitive, but unclassified. Sensitive, but unclassified information is any information that the loss, misuse, or unauthorized access to or modification of could adversely affect the national interest of the conduct of federal/State programs, or affect the privacy to which individuals are entitled under Section 552a of Title 5, United States Code (the Privacy Act), but which has not been specifically authorized under criteria established by an Executive Order or an Act of Congress to be kept secret in the interest or national defense or foreign policy.

To the greatest extent practical, the State prefers that the automated information systems and networks which process, store, or transmit sensitive, but unclassified information meet the requirements for controlled access (C2) level protection as evaluated by the National Security Agency or National Institute for Standards and Technology. The application of US Treasury Directive (TD) P 71-10, Department of the Treasury Security Manual, to automated information systems, applications and facilities operated by the Department of Treasury directly, or by its designated depository financial Institutions and Contractors, is required.

The Contractor must comply with regulations issued by the USDA Food and Nutrition Service for EBT system security requirements at 7 CFR 274.8(b)(3) and with State automated data processing and information retrieval systems at 7 CFR 277.18(p).

The Contractor must meet the EBT security requirements contained in this section and must also comply with the standards, policies, and regulations described above. A detailed security plan must be provided to the State outlining security measures to meet or exceed the general guidelines provided in this section. This plan must include a description of physical, administrative, technical and systems controls implemented by the Contractor. In addition to this chapter, security requirements are described throughout this Contract. The Contractor must submit the final security plan at least one month prior to implementation.

**1. Facilities Physical Security**
The Contractor must utilize physical security and access control systems to limit access to any facilities used to produce cards, process data, or house any sensitive data to those authorized personnel and authorized visitors. The control systems must have the capability to detect and report attempted unauthorized entries into the facility.

The Contractor must regulate access to primary and backup data centers in such a way that the flow of all persons can be monitored and controlled by a security staff or other control process. This must be accomplished through the utilization of closed circuit television camera systems, card reader access systems, intrusion detection alarm systems or similar systems.

**a. Entrance Security**
The EBT data processing and telecommunications facilities must be secured 24 hours a day, seven days a week, 365 days a year. The entrance(s) to the automated information systems or telecommunications facility must provide for controlled entry and be secure against forced entry.

**b. Locks**

The facility(s) must be locked at all times when authorized personnel are not present. If undetected entry can occur while the facility is occupied, countermeasures must be implemented to restrict unauthorized access.

1) Keys must never be left in locks or hidden in an area near the lock. The distribution of keys must be strictly limited and an effective control system established.

2) Cipher or proximity/swipe card type devices may be used during duty hours to control entry into a facility. However, during non-duty hours, the cipher lock must not be used as a sole locking device. The cipher combination must be protected by shielding the user of the locking mechanism against observation by unauthorized personnel and must be periodically changed.

**c. Windows**

Ground level and second story windows must have positive locking devices installed. If conditions allow, windows should be made inoperable. The State recommends that first and second story windows be covered with solid material, such as steel bars.

**d. Personnel Access Controls**

Access to operational sites must be controlled and limited to authorized personnel. Employee access to controlled areas within the operational site must be controlled by electronic access or other comparable procedure. Guests, including vendors, will be required to sign-in and must be assigned a temporary identification badge, or other comparable control, to be permitted access to the facility. Guests must be escorted at all times by authorized personnel.

**e. Data Storage Security**

All data on portable media, including, but not limited to: magnetic tapes, diskettes, removable disk packs, paper listings, and microfiche must be in secure access controlled storage areas with access limited to authorized personnel, when not being used by computer operations.

**f. Fire Protection and Suppression**

The primary and backup processing sites, as well as the tape storage areas, must be equipped with fire detection and suppression systems that detect and suppress fire in the incipient stage.

**2. EBT Systems Security**

This section addresses security and control requirements pertaining to the development and overall operational characteristics of the EBT information and processing systems. The Contractor must have systematic and procedural controls for the following areas and other pertinent controls for the EBT system operations.

**a. Control of Card Stock**

The Contractor must have system and procedural controls to ensure that unissued card stock is properly safeguarded against loss, theft, and/or abuse. The Contractor will be responsible and liable for all cards stock until they are received by the State or activated by a client.

**b. Control of PINs**

The Contractor must have system and procedural controls to ensure that access to all PINs, whether assigned or selected, is strictly controlled. The Contractor must ensure the confidentiality of the PIN during generation, issuance, storage, and verification. The Data Encryption Standard (DES) algorithm must be used to control all PINs so that the number never travels or is stored in the clear. The Contractor must ensure that clear-text representation of the PIN will never be displayed on PIN entry devices. At a minimum, the Contractor must provide for authentication of data encoded on the card's magnetic stripe and PIN offset, and the PIN controls listed required in the Contract.

**c. Communications Access Controls**

The Contractor must provide for communications software to control access to the EBT system. Such communications software controls must ensure that all State, federal, and Contractor personnel access to the EBT system to input data or generate inquiries is strictly controlled. Communications access control software must provide for the following capabilities at a minimum.

**1) User Identification and Authentication**

All personnel requiring access to the system must be established within the system. The system must require unique identification from each user in order to access the system. Access to files, databases, transactions and programs must be restricted to those personnel needing access to such data to meet professional responsibilities. The system must protect authentication data so that it cannot be accessed by any unauthorized user. The system must provide the capability of associating this identity with all actions taken by that individual subject to audit. The system must be able to maintain information for determining the authorizations of individual users. The system must support a lock-out threshold for excessive invalid access attempts. The logon IDs and passwords of users no longer authorized to access the system must be immediately deleted.

**2) Discretionary Access Controls**

The system must use identification and authorization data to determine user access to information and level or type of information accessed. Specified users must be provided the capability to specify who (by individual user or users, or type of users) may have access to system data. The system or network must assure that users without that authorization are not allowed access to the data.

**3) System Access Audit Controls**

The system must be able to create an audit trail of access to the system and maintain and protect such records from modification, unauthorized access, or destruction. The system must define and control access between named users and named objects (including, but not limited to files and programs). The system must be able to record the following types of events: Log on, log off, change of password, creation, deletion, opening and closing of files, program initiation, and all actions by system operators, administrators, and security officers. For each recorded event, the audit record must identify: Date and time of the event, user, type of event, and the success or failure of the event. For log on, log off, and password change, the origin of the request (including, but not limited to terminal ID) must be included in the audit record. For file related events, the audit record must include the file's name. The system administrator (or system security administrator) must be able to selectively audit the actions of one or more users based on individual identity.

**4) Communications Controls**

The Contractor must provide controls to ensure that EBT transaction communications are safeguarded, and EBT transactions are processed only for properly executed transactions from authorized terminals. Communications message validation must provide for control edits for message completeness, file and field formats, and control and authentication measures. The Contractor must have the ability to perform error checking of transmitted data to ensure integrity of transmitted data, including range checks for acceptable data fields and message format checks. In addition, the Contractor must provide a configuration layout showing complete end-to-end details of the telecommunications and automated information systems(s) as part of the detailed system design required as a system development deliverable. The Contractor must have controls to secure communication lines and links.

**d. System Data Security**

System data must be protected to ensure that system and confidential information will not be disclosed for unauthorized purposes. Such data security controls must include the following, at a minimum:

**1) Security of Michigan Data**
The Contractor must ensure that designated users from the State may only access system data and operations in relation to Michigan. The Contractor must ensure that unauthorized users from outside the State do not have access to Michigan data.

**2) Federal Agency Access**
The Contractor must ensure the designated users from FNS, ACF and other federal oversight agencies may only access the system in an inquiry mode. Federal users may access data from the State.

**3) Disclosure of Information and Data**
Any sensitive information made available in any format must be used only for the purpose of carrying out the provisions of the Contract. Information contained in such material must not be divulged or made known in any manner to any person except as may be necessary in the performance of the Contract. Disclosure to anyone other than an authorized officer or employee of the federal government or the State of Michigan is prohibited without prior written approval of the State, which will obtain any necessary federal approvals for disclosure. Sensitive information must be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output must be given the same level of protection as required for the source material.

**4) Object Reuse Specifications**
The purpose of object reuse specifications is to prevent the inadvertent disclosure of residual information from data storage devices. When a storage object (including, but not limited to core area and disk file) is initially assigned, allocated, or reallocated to a system user, the State recommends strongly that the system will assure that it has been cleared. The Contractor's security system must also provide for the proper destruction of magnetic media when no longer required.

**e. Separation of Duties**
The Contractor must provide for adequate internal controls through separation of duties and/or dual control for the functions of card and PIN issuance, system administration, and security administration. This includes the separation of operations from control functions (such as reconciliation controls), account set up and benefit authorization, and benefit authorization and settlement authorization.

**f. Disaster Preparation and Contingency Operations**
Disaster preparation and contingency planning covers three areas. The first is the Contractor’s system, the second is the State’s systems, and the third is natural disasters impacting residents of the State.

**1) Contractor Systems**
The Contractor must provide an alternate means of authorization of EBT transactions during short-term outages, when switching over to the back-up site is not considered appropriate. The response to this requirement must also include how the Contractor will notify both the State and the retailer community that an outage is occurring, and alternate means of authorizations are currently in place. However, in the event of a disaster impacting the availability of the Contractor’s primary data processing site, the Contractor must have a back-up site available for host processing and telecommunications network services. The Contractor must have the EBT host back-up site begin processing transactions within 20 minutes of a disaster occurring at the Contractor’s primary site.

The Contractor’s disaster recovery plan must also include a State notification process as well as disaster declaration criteria and timeframes that are acceptable to the State. The Contractor must notify the State immediately upon Contractor’s decision to move to a disaster back-up site to provide EBT services. If the Contractor is providing EBT services to multiple States, the disaster recovery plan must address the timing and order of recovery of the State of Michigan as compared to the other agencies being processed.

The recovery of the State of Michigan's EBT system must not be delayed because the Contractor is recovering other States' EBT systems. The disaster back-up site must be tested annually, and the Contractor must provide the State with copies of such test results within 30 days of receipt of the test results.

The State will not incur additional costs for this component.

**2) State Systems**

The Contractor must support the recovery of the State's eligibility and EBT interface systems at a back-up site in the event of a disaster at the State's primary data center. This support must consist of providing connectivity to the State's back-up site to support the transmission of data files and reports between the State and the EBT Contractor. Initial support may consist of only dial-up access until a more robust solution can be implemented. The connectivity during the initial days of a disaster may also consist of passing tape cartridges between the Contractor and the State. In either case, the Contractor must provide support to the State in ensuring that benefits are still being provided to clients through the EBT system during the recovery of the State's data processing systems. Following the declaration of a disaster by the State and movement to a back-up data center, the Contractor must work with the State's technical staff to provide EBT administrative terminal support.

The State will not incur additional costs for this component.

**3) Natural and Infrastructure Disasters and Acts of Terrorism within the State**

The Contractor must support providing benefits to State clients subsequent to the occurrence of a disaster within the State. The basic assumption in this scenario is that there is sufficient infrastructure available within the retailer community to support EBT as a means for benefit payments. From the State's perspective, disasters can be divided into three distinct categories, level 1 through level 3. Level 1 is an isolated occurrence impacting a limited population, such as a major apartment fire or small tornado. Level 2 is a moderate disaster that, while devastating, is still regional in nature, such as a category four tornado that has demolished a specific neighborhood. Level 3 disasters are disasters that impact both a widespread area and/or a large population base, such as widespread flooding or a major power outage, or other infrastructure catastrophe.
The State will determine the level of the disaster and the area(s) of involvement, and will notify the Contractor. Any additional costs to the State will apply only to disaster related activity for the level and area(s) involved.

The Contractor must establish policies and assign responsibilities to ensure that appropriate contingency and disaster recovery plans are developed and maintained. Contingency planning consists of the advance plans and arrangements that are necessary to ensure continuity of the critical functions of the EBT system. A formal Comprehensive Contingency Plan is required as one of the system conversion deliverables.

The Contractor's contingency plan must describe the actions to be taken, the resources to be used and the procedures to be followed before, during, and after any unlikely event occurs (i.e. a disaster or contingency) that would render inoperative a function supportive to the EBT system. The contingency plan must cover all events of total or partial cessation of operations or destruction of the database or physical facility. Such planning must include procedures and availability of equipment for both automated and manual procedures, along with documented, tested procedures which, if followed, will ensure the availability of critical resources and facilities maintaining the continuity of operations in a contingency situation. The Contractor must have architecture, technical capabilities, and organization that will protect the system during emergency situations.

A formal contingency test of backup operations must be conducted within three months after implementation. Subsequently, annual contingency tests must be conducted.

**g. System and Procedural Documentation**
An integral component of the Contractor's internal control structure is the provision and maintenance of adequate documentation of system and software applications and operating procedures and requirements.

**h. Security Features User's Guide**
A single summary, Chapter, or manual in user documentation must describe the security features provided by the system, guidelines on how to use them, and how they interact with one another.

**i. System Modification and Tampering Controls**
The mechanisms within the application that enforce access controls must be continuously protected against tampering and/or unauthorized changes. The security-relevant software, or other control mechanisms, must maintain an execution program that protects its security mechanisms from external interference or tampering (including, but not limited to modification of its code or data structures).

**3. Administrative and Personnel Security**
The Contractor is responsible for ensuring the integrity of the EBT system operations including personnel involved in system administration and security administration. The Contractor must ensure that appropriate screening is conducted of all personnel who are assigned to work on the EBT system, and that such screening is in compliance with Title 12 of the US Code, Banks and Banking.

**a. General Organizational Controls**
The Contractor must provide for organizational entities responsible for EBT security administration. Security and control responsibilities for personnel involved in security administration must be clearly delineated in the position descriptions for such personnel. A Security Program Official must be designated. This official must ensure the approval of security specifications during the conversion of the EBT system. This official must also be responsible for ensuring that security activities during system conversion are accomplished and management officials are kept aware of the system security design specifications.

**b. Supervisory and Management Controls**
The Contractor must provide for supervisory and management controls when controlling risks to the EBT system and operation. In addition, the Contractor must provide for separation of duties, dual control, and/or other measures to control against operational risks.

**c. Internal Theft Controls**
The Contractor must ensure that adequate safeguards are in place to control against internal theft and/or embezzlement.

**d. Security Awareness Training**
The Contractor must provide security awareness training, in accordance with the Federal Information Security Management Act of 2002 for all personnel involved in the management, operation, programming, maintenance, or use of the EBT system. Financial Agents and Subcontractor employees must be aware of their security responsibilities, know how to fulfill them, and know the penalties involved if they are not fulfilled. Such training must be directed to the specific EBT system and operational procedures that the personnel will be using. The Contractor must, at a minimum, certify that all personnel have received the required security awareness training as part of the annual certification described in this section. Additional and refresher training must be performed annually.

**e. Security Personnel Training**
The Contractor's system security personnel must receive training in the operations of the system that includes a systemic overview, the security features, known vulnerabilities and threats, and security evaluation methodologies.

**4. Government Inspections, Audits, and Investigations**

The State of Michigan, the United States Comptroller General, and other federal oversight agencies and their contracted agents will have the right to inspect, review, investigate, or audit all parts of the Contractor's or any Subcontractor's facilities engaged in performing EBT services. In such capacity, the State of Michigan, the US Comptroller General or their representatives, will have access to facilities, records, reports, personnel, and other appropriate aspects of the EBT system.

**5. Comprehensive Security Program**

The Contractor must implement and maintain a comprehensive security program for the EBT system and operations. This program must include the administrative, physical, technical and systems controls that must be implemented to meet the security requirements of the EBT system and this section. It is the expectation of the State that the system of internal controls used to manage risks to the EBT system and operations will be based on EFT industry standards used by Financial Institutions to manage their business exposure.

**a. EBT Security Plan**

The Contractor must have an EBT Security Plan, consisting of documentation of the comprehensive security program. The Security Plan must have the administrative, personnel, and physical, technical, and system's controls to be implemented for the EBT system.

**b. Self-Certification and Examination**

As an integral component of the Contractor's EBT Security Program, the Contractor must provide an annual certification of compliance with banking, EFT, EBT and other regulations and requirements relating to the EBT application. This annual self-certification must include assurance that the Contractor's system and structure of internal controls is properly administered to adequately safeguard the EBT system and operations and the public funds administered through them. The Contractor must provide for the examination and validation of such certification by an independent Certified Public Accounting firm or other independent practitioners. This annual requirement must be considered a normal cost of doing business.

**1) Entities Affected**

The annual self-certification and examination requirements must be applicable to the Contractor and any organization to which the Contractor has subcontracted for the performance of EBT related services. It will be the responsibility of the Contractor to provide annual certification of compliance with EBT program specific and related banking requirements for any Subcontractors. Such certification of Subcontractors must also be subject to independent examination and validation. Therefore, the certification by the Contractor to the State must include certification for the Contractor and any Subcontractor's compliance with EBT program specific requirements and banking regulatory requirements related to the EBT application.

**2) Self-Certification Scope**

The Contractor must provide an annual written certification stating that it is in compliance with applicable regulatory requirements and EBT program specific requirements. The following lists the EBT program specific requirements that must be addressed in the Contractor self-certification of compliance:

**(a) Banking and Financial Services Rules**

The Contractor's Concentrator Bank must comply with banking, EFT, and other financial services industry rules that relate to the EBT application. The Contractor certification of compliance must include banking, EFT, and financial services industry rules to the extent that such rules govern aspects of EBT system operations. Such rules include the National Automated Clearing House Association (NACHA) Operating Rules and Operating Guidelines, and the

Department of the Treasury Financial Management Service Green Book requirements and 31 CFR Part 210.

**(b) Benefit Program Rules**
The Contractor and any Subcontractors must comply with the specific benefit program level requirements. For benefit programs that do not have specific written requirements for participation in the EBT program, the Contractor must comply, as applicable, with the existing program level requirements and with benefit level requirements as promulgated by the administering agency. Currently, only two benefit programs have written requirements specifically for participation in the EBT program, the USDA Food and Nutrition Service Final Rule 7 CFR Parts 246 (WIC), 272, 274, 276, 277, and 278.

**(c) Internal Control and Physical Personnel Security Requirements**
The Contractor is subject to the control and security requirements of the Contract.

**3) Internal Controls**
The Contractor must certify that it has properly administered all components of the EBT Security Plan and that such controls provide reasonable assurance that public funds administered through the EBT system are properly safeguarded and protected. The Contractor must describe how such certification was made. The Contractor must use the results of internal auditor opinions, financial statements and audits, bank examinations and reviews, and similar activities in making this certification.

**6. Annual Independent Examination**
The Contractor must arrange for the performance of an annual examination by a Certified Public Accounting firm or other independent practitioner acceptable to the State. The purpose of this examination is to ensure that the certifications of compliance and internal control offer reasonable assurance, and any disclosure of exceptions or qualifications made by the Contractor are proper and complete. A written statement on this examination is required and must be sent to the State together with the self-certification statements.

**a. Applicable Standards**
The independent examination must be performed in accordance with the Government Auditing Standards guidance for a financial related audit, specifically, SSAE 16 (Statement on Standards for Attestation Engagements). SSAE 16 is applicable to the EBT annual examination in that it addresses the attestation requirements to examine management's assertions of compliance. The independent examiner may use the results of internal auditor opinions, financial statements and audits, bank examinations and reviews, and similar activities in supporting this examination. Additionally, an examination in conformity with AICPA SSAE 16, Processing of Transactions by Service Organizations, is required. The audit will culminate in a report on policies and procedures placed in operation and tests of operating effectiveness. The report must be addressed to the State of Michigan and submitted within 90 days of the examination period.

**b. Settlement Audit Responsibilities**
Audit responsibilities are detailed throughout this Contract. This section highlights the main responsibilities in relation to settlement audit. NACHA Operating Guidelines require institutions to conduct audits of their settlement process periodically. Settlement audits will focus on the following:

1) Maintenance of the security of the financial information;
2) Maintenance of current written contracts with other parties;
3) Compliance with ACH processing guidelines established by contractual obligations, laws, NACHA operating rules and Treasury and Federal Reserve guidelines;
4) Maintenance of a current contingency plan;
5) Performance of functions in accordance with documented operating procedures;
6) Validation of reconciliation procedures; and

7) Segregation of duties between the maintenance, transaction processing and reconciliation functions.

The State retains the right to monitor that the examinations are performed in accordance with standards and also retains the right to perform any additional procedures, audits, or examinations as determined necessary.

**7. Incident Reporting**

In addition to the self-certification and examination requirements, the Contractor must notify the State of any material instances of non-compliance promptly upon their discovery, but no longer than five business days after discovery. Notification must include a description of the non-compliance and corrective action planned and/or taken.

## 1.072 WIC Requirements

In early 1994, in a Feasibility Study completed for the State of Michigan, it was determined that EBT was a feasible alternative, operationally, technically, and financially. A magnetic stripe card and on-line processing alternative best met the current needs of the WIC Program. Also, EBT would deliver WIC food benefits to clients in a streamlined, less costly manner than paper WIC instruments (coupons).

In 2012, the WIC Program is planning to add a benefit to its Michigan WIC Bridge Card for clients participating in the Project FRESH Farmers Market Program, also referred to as the Farmers Market Nutrition Program (FMNP). The Contractor must address these benefit programs for WIC. Throughout this Contract, any reference to "WIC benefits" will include both WIC benefits as well as Project FRESH benefits.

The DHS administers SNAP (FS), TANF, and other benefit programs that use the magnetic stripe portion of the card, processing on-line in the same manner as the single technology magnetic stripe card. All EBT system functions (i.e., EBT host account maintenance, customer service, retailer management, and financial settlement) occur similarly for all programs. **Unless an exception is made in this Section, the requirements for DHS EBT programs described throughout the entire Contract apply to the Michigan WIC progam.**

In an effort to maintain integrity in the SNAP and WIC EBT systems, both SNAP and WIC must be established on different platforms.

This section of the Contract identifies where the WIC EBT system functionality and processing performance standards differ from those in other sections of this Contract.

To the extent the Contractor may want to review and utilize software created with the use of State and/or federal funds, Michigan WIC will work to obtain/provide this software in as expeditious a manner as possible. Proprietary or trade secret information will be fully protected within the terms of the present contract. The State will accept alternative designs subject to cost and program acceptability.

**1. WIC EBT Functional Requirements**

The base service requirements for the Contractor for the proposed WIC EBT system are consistent with those for the on-line Michigan EBT System, with some distinctions.

**a. Account Set-up**

MIWIC will send on-line, real-time messages with WIC cardholder and account data to the EBT host for immediate processing, access, and storage. The WIC EBT Account Set-up data includes family demographic data necessary for the set-up of a WIC EBT account. It is anticipated that all account set-up, demographic updates, and initial card issuances will occur as on-line transmissions. These transmissions will be initiated at the WIC local agency/clinic (a limited number will also be sent from the State WIC agency) and transmitted by MIWIC. Cards may also be issued to proxies identified by the WIC authorized person; the Contractor must ensure that transactions completed by each cardholder access the same account. The Account Set-up data elements must be transmitted as ASCII in the format described in Appendix D.

**b. Benefit Authorization**

WIC benefit records are sent to the Contractor via the MIWIC client eligibility system as WIC local agency/clinic staff certify/re-certify each member of the family. For each participating family member, WIC local agency/clinic staff select a food package that contains foods that are intended to improve the client's nutritional status. MIWIC aggregates benefits for all family members into a single benefit issuance record unless WIC local agency/clinic staff issue benefits individually for each family member, In those instances, the EBT host may receive multiple benefit issuance records for each family each month, Benefit data transmitted to the EBT host by MIWIC include a unique benefit issuance number, food items prescribed for all family members (category/sub-category/quantity), and the beginning and end dates of the benefit period.

WIC clients are provided a printed "shopping list" at the local WIC agency/clinc that identifies the items to be purchased during the current and future benefit periods. The shopping list contains the family identification number, the benefit period (valid date range), the items authorized for purchase, and the quantity of each item.

WIC benefits are issued and sent to the EBT host throughout the month, based on when the family was first certified as eligible to receive WIC benefits. The Contractor must post WIC benefits to the appropriate WIC EBT accounts based on the starting date included in the benefit issuance record. If the starting date contained in the benefit record is the same as, or before, the current date when the Contractor receives the benefit record, the Contractor must make the benefits immediately available to the client. If the starting date is a future date, the Contractor must hold (pend) the benefits until the starting date is reached. When the starting date is reached, the benefits must be moved from "pending" to active at 12:01 a.m. EST.

The Contractor must ensure WIC benefits are linked to a unique WIC EBT account characterized by a "WIC" Program designator. The EBT host receives, stores, processes and maintains the balance remaining of authorized WIC benefits.

The State sends current month benefits to the EBT host via on-line transaction processing and sends future month benefits via a batch process seven days prior to the benefit start date. Future benefits that have a start date within the seven day period are also sent via on-line transaction processing.

Benefit voids (current and future) and benefit re-issuances must be performed via on-line, real-time transmissions from MIWIC. The majority of future month benefits must be transmitted nightly in a batch file sent by MIWIC to the EBT host for scheduled nighttime processing, seven days prior to the benefit start date.

Benefits not redeemed expire at the end of the benefit period and are removed from the EBT active benefit database. The Contractor must expire benefits at 12:01 a.m. on the day immediately following the ending date that was sent in the benefit record.

The Benefit Authorization data elements must be transmitted as ASCII in the format described in Appendix D.

**2. Card Issuance/Replacement and PIN Selection**

The Contractor must ensure that the printed or embossed card number (PAN) is linked to the WIC benefit account to which the cardholder is authorized access. The Michigan WIC Bridge Card is the single means of accessing WIC benefits.

**a. Card Issuance**

Initial card issuances to all WIC clients will be performed at the WIC local agency/clinic. The Contractor must provide a supply of Michigan WIC Bridge Cards to each WIC local agency/clinic for new card issuances and replacement. The WIC local agency/clinic will be responsible for identifying the number of cards needed to support their WIC population.

**b. Card Replacement**

The Contractor must process WIC card replacements that are issued over the counter at the WIC local agency/clinic, using the same file layout as initial card issuances. The Contractor must also offer mailed card replacements for clients choosing to call the Contractor's toll-free customer service number to obtain a card replacement. When a card is replaced, the status of the previously issued card must be immediately changed to make it unusable for any future transactions. For a card replacement requested through the Contractor's customer service number, the Contractor must confirm the cardholder identifier information; e.g., authorized person's name, address, or date of birth.

**c. De-activate Michigan WIC Bridge Card**

The Contractor must cause the Michigan WIC Bridge Card (PAN) to be deactivated immediately when a card is reported lost, stolen, returned, damaged, statused by primary, or disabled. The Contractor will be liable for any transaction by a card after it has been reported lost, stolen, returned, damaged, statused by primary, or disabled. Reporting of transactions with cards reported lost, stolen, returned, damaged, statused by primary, or disabled will be the same as the requirements for the DHS Program.

**d. Card Suspension for Invalid PIN Attempts**

After four successive invalid PIN attempts in a 24 hour period, the Contractor must suspend the card until 12:01 a.m. the following calendar day. The Contractor must track invalid PIN attempts by a suspended card. Such tracking must include recording the card number, date, time, location of transaction attempts, and other information to be negotiated between the State and the Contractor. The Contractor must have secure methods for activating a suspended card.

**e. Personal Identification Number (PIN) Selection**

The WIC EBT system must provide all WIC EBT clients the opportunity to select their four digit PIN as part of the card issuance, card replacement, PIN selection and/or PIN change process. Because initial card issuance and training will occur over the counter at the WIC local agency/clinic, the Contractor must provide a PIN selection/encryption terminal at the WIC local agency/clinic for the cardholder to select or change a PIN. PIN selections and/or changes done at the local agency/clinic must be performed on a terminal or device with PIN encryption capabilities. The PIN must not be stored on the card, but the PIN offset will be stored at the EBT host. Under no circumstances may a PIN be transmitted to the EBT host "in the clear." The Contractor must also provide an option to select and/or change a PIN via a toll-free customer service number.

For PIN selection or change, the Contractor must confirm the cardholder identifier information; e.g., authorized person's date of birth, zip code, etc. This verification is required for PIN selection or change attempted at the WIC local agency/clinic or via the Contractor's customer service number.

**3. Training and Training Materials**

Consistent with DHS's requirements, WIC will also require comprehensive conversion and training plans for clients, WIC State and local agency/clinic, staff, and retailers. The Contractor must ensure that, at a minimum, training materials address the following:

**a. Client Training**

WIC EBT client training will be provided by WIC local agency/clinic staff during client's regularly scheduled WIC appointments, with the Contractor providing assistance for at least 30 days after the conversion to the Contractor's WIC EBT system.

1) The Contractor must provide a training brochure that fully describes cardholder benefit access via the WIC EBT system, including, but not limited to the following topics:
   - Using the Michigan WIC Bridge Card to purchase WIC foods at point of sale terminals;
   - Use of and safeguarding the card and PIN;

- Obtaining WIC benefit balance information, what to do if benefits need to be changed, and benefit expiration dates;
- What to do if a WIC food item won't scan at the store:
- Guidance on reporting problems with the card or its use and on reporting a lost or stolen Michigan WIC Bridge Card; and
- Available customer service functions.

2) The Contractor must provide a card sleeve that will help the client protect their Michigan WIC Bridge Card.

3) The Contractor must provide an insert that can be folded and stored in the card sleeve. The insert includes information on when to call the Contractor's customer service center, what to do if an incorrect PIN is entered, and how to use the Michigan WIC Bridge Card at one of Michigan's WIC vendors.

4) The Contractor must develop and provide a WIC EBT client training video which is no more than 14 minutes in length, addressing all topics contained in the printed training materials for WIC and complying with the language, format and style requirements set forth in the on-line Michigan EBT system.

The Contractor must work with WIC staff on the content and design of the above training materials, and the best method for training clients in the event there is a conversion to another EBT processor's system.

**b. Administrative Training**

The Contractor must provide hands-on, interactive training to WIC State and local agency/clinic staff prior to and immediately following conversion to the Contractor's WIC EBT system. The Contractor is required to have its training/support staff available for consultation with WIC State and local agency/clinic staff for a period of 30 days following this conversion. Any consultation or training provided to staff during this period will not constitute an additional service.

The Contractor must provide Administrative Training materials for WIC State and local agency/clinic staff on the WIC EBT system. These administrative training materials must be equal in scope, quality, and content to those specified for the on-line EBT system.

The Contractor must work with WIC staff on the content and design of the above training materials, as well as the best methodology to ensure all WIC State and local agency/clinic staff are trained on the new system in the event there is a conversion to a new EBT processor system.

**c. WIC Vendor Training**

The Contractor must provide training to all WIC vendors participating in the WIC EBT Program who use the Contractor's provided WIC stand-beside POS system. The WIC vendor training must equate in form and content to the training provided to retailers participating in the on-line EBT program.

The Contractor must provide WIC-specific written training materials for participating WIC vendors. The Contractor must develop and provide a separate WIC vendor training video, comparable to the retailer video for the on-line system and consistent with the objectives of the WIC EBT Program. In addition to materials provided on paper, training materials must be provided in DVD format and available on the Contractor's website. Retailer training materials must cover the same topics as the on-line retailer training materials as they pertain to the WIC Program.

The Contractor must work with WIC staff on the content and design of the above training materials.

### 4. Client Account Management

The Contractor's WIC EBT system must perform all client account management functions required for WIC. The Contractor must ensure that accurate and timely information regarding family account balances, account status, and family demographic information are maintained. Distinctions between the on-line EBT and WIC EBT systems related to this function are discussed below.

#### a. Maintain Account Balances

Authorized clients may be eligible for benefits under one or more benefit programs. In accordance with earlier sections of the Contract, the Contractor must prohibit unauthorized access and redemption of benefits without the use of a Michigan WIC Bridge Card and PIN. WIC benefits will not be commingled with any benefits administered by the Michigan DHS.

#### b. Maintain Account Balance and Transaction History

The Contractor must maintain current WIC benefit balances and a rolling 180 day transaction history accessible on-line through the Contractor's administrative terminal. After 180 days, the Contractor must maintain transaction history data off-line in accordance with federal requirements (currently three years and 150 days). At a minimum, WIC transaction histories must specify:

- family name;
- PAN (card number);
- unique WIC family ID number;
- card status;
- program status;
- program benefit identifier;
- WIC local agency/clinic ID;
- transaction date and time;
- transaction type;
- requested transaction amount;
- approved transaction amount;
- card swiped or manually entered;
- transaction request approved or denied;
- POS and acquirer identifier;
- food category/sub-category;
- UPC number;
- food description;
- exchange value;
- item requested price;
- item settled price;
- quantity purchased;
- benefit issuance number decremented;
- quantity redeemed;
- remaining quantity of that category/sub-category;
- unit of measure;
- store/manufacturer cents-off coupons redeemed.

#### c. Balance and Transaction History Inquiries

The Contractor must make information regarding current WIC account balances and transaction history available to the client or cardholder 24 hours per day through the IVRU, a customer service toll free number, balance inquiry terminals at WIC authorized vendors, and a client portal.

##### 1) Client Access

The Contractor must propose a means to control access to WIC account information via the IVRU or a customer service representative at the Contractor's customer service center by confirming accuracy of cardholder identifier information (e.g., the authorized person's date of birth, zip code, etc.). The Contractor must provide, at a minimum, the

following WIC available balance information in terms of remaining valid, non-expired benefits:

- available quantity
- description of the food item
- benefit expiration date

When the client shops at the WIC approved vendor of their choosing, they have the option to obtain a current benefit balance by using a balance inquiry device (POS terminal) located at the Customer Service Counter or other convenient location within the store. At the balance inquiry POS terminal, the client is prompted to swipe their card and enter their PIN. The balance inquiry request is sent to the EBT host and the EBT host authenticates the card number and PIN. If the request is approved, the EBT host returns the available benefit balance to the store, and a balance inquiry receipt is printed for the client to use to identify the WIC benefits available to be purchased at that time. The Contractor must equip retail stores to perform this function.

The Contractor must make a web-site available to clients where they can establish a user account to access current benefit balance information as well as past transaction history. Access to the account must be secure, and balance and transaction information must be provided at no charge to the client.

The Contractor must provide, at a minimum, the following transaction and benefit history information for at least the past 10 transactions:

- date of purchase
- description of the food item
- quantity purchased
- transaction amount ($)
- WIC vendor where the purchase was made

The descriptions of food items to be printed on the balance inquiry receipt or displayed on the client portal and administrative terminal screens are obtained from the Category/Sub-Category Table which is sent to the Contractor by MIWIC via a batch process. The format of the Category/Sub-Category file is included in Appendix D.

**2) WIC State and Local Agency/Clinic Staff Access**

The Contractor must provide WIC state and local agency/clinic staff access to balance and transaction history data through the Contractor's administrative terminal.

**d. Post Benefit Credits**

The Contractor will receive benefits (credits) for posting to a WIC EBT account upon receipt of a benefit authorization from MIWIC via both batch and on-line processing. Benefit authorizations must be posted to the family's transaction history.

Current benefit authorizations (start date is the same as or before the current date) transmitted via MIWIC will be received on-line, posted real-time, and made available immediately so the client can purchase their WIC EBT benefits upon leaving the WIC local agency/clinic.

Benefit authorizations must occur, at a minimum, once per month, with single or multiple benefit records posted to each account per month.

The Contractor must post multiple months of WIC benefits to an account upon receipt, but must ensure WIC benefits are accessed (become active) only during valid benefit dates. Future month benefits must be sent from MIWIC to the EBT host seven days prior to the benefit start date; however, if the future benefit start date is less than seven days from the current date, the future dated benefit record must be sent via an on-line, real-time transaction. The EBT host must assign future dated benefits a "pending" status until the start date has been reached, at which time the benefit status must be changed to "current" and made immediately available to the client to access.

**e. Post Benefit Debits**

The Contractor must post a debit to a WIC EBT account as a result of a completed food purchase or if the benefit is voided. Throughout the benefit period, it may be necessary to void either a portion of or all of the current month benefits that have been sent to the EBT host. Future dated benefits must be voided in their entirety. Voided benefits must be posted to the family's transaction history. Void transaction messages will be sent by MIWIC on-line and processed real-time by the EBT host.

The Contractor must also post a debit to a WIC EBT account if, at the end of each benefit period, the client has a balance of unredeemed benefits. Immediately after midnight on the day following the ending date of the benefit, the EBT host must expire the benefits that were not redeemed. These expired benefits must be posted to the family's transaction history as well as included in a daily file from the Contractor of all benefits that were expired the prior day.

**f. Maintain Program, Card, and Benefit Status**

The Contractor must maintain a status for each of the following:

**1) Program Status**

- Active – access to WIC benefits
- Inactive – access to the WIC benefits has been stopped

**2) Card Status**

- Active – cards that can be used to access benefits
- Lost, Stolen, Damaged, Statused by primary - cards that have been disabled

**3) Benefit Status**

- Current – benefits that are currently available to the family
- Expired – benefits that are past their valid benefit dates
- Future – benefits with a future start date
- Cancelled – benefits that have been fully voided

**g. Administrative Actions**

**1) WIC EBT Stop Access**

The WIC local agency/clinic may need to stop access to WIC benefits due to the family being terminated from WIC, fraud, etc. MIWIC will send an account record, with an access code to "stop access" to the EBT host via an on-line, real-time message. The Contractor must process the transaction request upon receipt and immediately stop the authorized person from accessing their WIC benefits. In order to access WIC benefits again, a card replacement will need to be processed. The card replacement will be issued at the WIC local agency/clinic; a card replacement issued by the Contractor's customer service center must not change access to the WIC benefits.

**2) Benefit Adjustments**

Benefit Adjustments to process changes in benefits must be supported by the Contractor system. MIWIC will send an on-line, real-time message to the Contractor adding a new benefit record to an existing WIC EBT family's account. Upon receipt of the transaction from MIWIC, the Contractor must add the new WIC benefits to the new family's existing WIC EBT account. This is a non-settling transaction and does not entitle the Contractor to an additional CPCM fee for the month in which the benefit adjustment was processed.

**5. Transaction Processing**

The Contractor's system must receive and process WIC EBT transactions originating at the point of sale at an authorized WIC vendor. WIC benefit redemptions originate at the point of sale; the Contractor's system must receive and process POS transactions initiated by the WIC authorized cardholder. All benefit and financial data must be transmitted on-line to the EBT host for real-time

account processing; the transaction data may be routed on-line from the point of origination through a commercial switch or a direct connection to the Contractor. Settlement must be made based upon the business day cut-off for the transaction switch and based upon authorizations. The Contractor's system must store the details of these transactions and transmit daily files via batch processing to MIWIC during end-of-day processing.

The Contractor must track total number of transactions by type and by WIC vendor.

The WIC cardholder is required to only present to the cashier their WIC Bridge Card and enter their PIN when making a WIC EBT purchase; another form of identification and the shopping list are not required.

**a. UPC/PLU/Max Price File**

The WIC EBT system is "item" or "Universal Product Code (UPC)/Product Look-Up (PLU)" specific; it will:

1) Identify if the UPC/PLU is an approved WIC product;
2) Record the size or quantity of individual items purchased
3) Verify whether items purchased were actually those specified in the client's benefit record.

The client can purchase as many food items as they want during each shopping trip, up to the available balance in their benefit record, and is not limited in the number of shopping trips made during the benefit period.

Each UPC/PLU has a maximum price established by Michigan WIC for each vendor peer group. Michigan WIC currently has the ability to define up to 21 individual vendor peer groups per UPC/PLU, but the primary requirement is at least one peer group must have a maximum price established for each authorized UPC/PLU.

To fully comply with Not To Exceed (NTE) rules and regulations, for each UPC in the POS device, retail vendors must be able to enter a default requested price and an optional secondary requested price with an applicable mandatory end date. If the secondary requested price is available for the UPC, that price must be applied against all transactions until the applicable end date; otherwise the default requested price must be applied to all transactions instead.

**b. Transaction Processing Requirements**

The client selects the WIC food items to be purchased that day and proceeds to the checkout lane. Once in the checkout lane, the client hands their WIC Bridge Card to the cashier to be swiped in the WIC EBT stand-beside POS terminal and enters their PIN in the PIN pad when prompted. If the card number and PIN are validated, the EBT host must send the available benefit balance to the WIC POS terminal. The cashier scans each of the WIC eligible items, and the POS device validates the UPC to determine if the item is a WIC authorized food and if the benefit record contains a sufficient balance for the purchase. Once all items have been scanned, the cashier will finalize the checkout function, and an ISO x9.93 message will be transmitted to the EBT host to complete the transaction, ensure the requested price of each item does not exceed the maximum price allowed for that item for the store's peer group, and decrement the benefit record for the food items just purchased. If an item exceeds the maximum price allowed for that store's peer group, the item must be approved, but the store will only be paid up to the maximum price.

When a WIC EBT transaction authorization request is received, the Contractor's system must be capable of:

1) Identifying the transaction type as WIC.

2) Validating that the point of origination is an authorized WIC vendor POS.

3) Authorizing or denying transactions based on WIC account information (i.e., active WIC account, PIN, available benefits, etc.).

4) Verifying that the requested price of the WIC food item does not exceed the State established maximum price for that vendor's peer group (the EBT system must settle the lesser of the requested price or the maximum price). The Contractor must report on the number of purchases that were adjusted to the State established maximum price on an ongoing basis.

The Contractor's system must ensure that family benefit accounts are not overdrawn. Any overdrawn account will be the sole liability of the Contractor.

The length of time to complete a WIC transaction must be the same as or less than the length of time required by the current EBT host to complete a WIC transaction using the stand-beside POS system.

**c. Transaction Sets**

The Contractor must support the following WIC EBT transaction sets:

**1) Administrative Transactions**

- Account Set-up
- Update Account Information
- Add Benefit Programs to Existing Card
- Benefit Authorization - current and future; on-line and batch
- Card Issuance
- Card Replacement
- Client/Cardholder PIN Selection and changes
- Benefit Adjustments - food package changes, void current benefits (partial or entire benefit record), void future benefits (entire benefit record)
- Benefit Expiration
- WIC Account Information Inquiry
- UPC/PLU/Maximum Price Database additions, updates, deletions
- Category/Sub-Category additions, updates, deletions
- Vendor Database additions, updates, deletions

**2) WIC Point of Sale Transaction Sets**

- Balance Inquiry for Purchase
- Cancel WIC Shopping
- Balance Inquiry
- WIC Purchase Completion
- Reversal

**3) WIC Merchandise Returns**

The EBT system must not allow for the return of merchandise to an authorized WIC vendor for credit to the WIC EBT account. Instead, the WIC vendor may only replace the defective product in accordance with existing store return policies.

**4) Reversals/Cancellations**

A WIC transaction may be reversed or canceled prior to WIC purchase total/completion. Once the WIC purchase has been completed, no reversal can take place. The Contractor's system must support processing reversals/cancellations.

**5) Transaction Adjustments**

The Contractor must perform transaction adjustments initiated by acquirers, in accordance with provisions for the Statewide EBT system. The Contractor must have the capability to process an adjustment which may add or deduct benefits from the WIC benefit account and add to or deduct money from the WIC Vendor's bank account. Adjustments must only be allowed during the same benefit period as when the originating

transaction occurred. The Contractor must complete an adjustment within agreed upon time frames and must obtain approval from State WIC staff prior to completing an adjustment.

**d. Transaction Routing**

The Contractor must recognize and receive WIC EBT transactions via POS terminals. The Contractor must ensure WIC EBT benefits are accessible only at the WIC authorized POS terminals. The Contractor's system design must support benefit redemption and purchase data being transmitted on-line to the EBT host for settlement and benefit balance updating, via dial-up or direct line, third party processor, or shared/private network.

**e. Vendor Validation**

The Contractor must validate that WIC transactions originate at a State-authorized WIC vendor location prior to approval of and processing the transaction. MIWIC will send WIC authorized vendor information in ASCII in the format included in Appendix D. The Contractor POS software specifications must provide for inclusion of the WIC vendor identification number within the WIC EBT transaction message. The Contractor must maintain a database of all State authorized WIC vendors. The vendor number transmitted in the transaction message from the POS must be recognized as a valid WIC vendor prior to proceeding with transaction processing.

**f. Transaction and Fee Accounting**

In processing transactions, the Contractor must maintain the integrity of the system by accounting for all transactions by program and accounting for transaction fees by program and payment source (note that there are no program fees for the WIC Program).

**1) Transaction Accounting**

Clients may be entitled to benefits under a number of programs. The Contractor must ensure that each WIC EBT transaction processed is identifiable to the appropriate WIC EBT account. The Contractor must maintain a general ledger account for each benefit program and each cardholder account. The Contractor must balance changes in WIC family accounts at the end of each 24 hour processing cycle. The changes in the WIC Program and family accounts must balance to the value of the day's transactions.

**2) Fee Accounting**

WIC clients are not limited to the number of times they can access their benefits for any given benefit period. No processing or transaction fees are to be charged against the WIC EBT account. All transaction and processing fees are to be included in the CPCM fee charged to the State. Balance inquiry transactions must be free of charge to the WIC family and must be included in the monthly CPCM fee.

**6. Customer Service**

The Contractor must provide at least the same types and level of customer service to WIC clients and WIC authorized vendors as provided to DHS clients and vendors participating in the on-line EBT system. WIC clients cannot be charged a fee if they use a pay phone to contact the Contractor's customer service toll-free number.

The Contractor must provide Customer Service Performance Reports similar to those required for EBT, with some modifications to the data to meet WIC specifications.

**7. WIC Vendor Participation**

The Contractor must manage the access of WIC vendors to the Michigan WIC EBT system. Some WIC vendors will accept both WIC and Program FRESH benefits from clients. The two primary WIC vendor management duties of the Contractor will be to manage the vendor database of authorized WIC vendors and provide customer service to participating WIC vendors.

**a. Managing Vendor Database(s)**

The Contractor must develop and maintain a Michigan WIC vendor database management system that must meet or accomplish, at a minimum, the functional requirements listed below. The vendor database must be comprised of records of vendors authorized to redeem benefits for Michigan WIC families. WIC vendor data will be sent by MIWIC as ASCII in the format identified in Appendix D.

1) The Contractor must develop and maintain a database and database management system that is structured to ensure that accurate historical EBT transaction data pertaining to each WIC vendor are captured and maintained.

2) The Contractor: must provide physical and access security to the vendor management data; must maintain data that are unique to each vendor; and must ensure the privacy of confidential WIC family and benefit data.

3) The Contractor's system must support the electronic access and assignment of WIC vendor authorization/ID numbers from MIWIC and provide a means of acquiring data updates. This function is vital to maintaining the integrity of the EBT system by assuring that only authorized WIC vendors provide access to WIC benefits.

4) The Contractor must ensure that only WIC transactions originating at authorized WIC vendors are authorized.

5) The WIC EBT system must support "compliance buys" of food items by the State or its designees. The data processing, storage, and communications requirements related to compliance buys are identical to those of other accounts.

**b. WIC Vendor Management Data Exchange Requirements**

The Contractor's system must receive or retrieve WIC vendor authorization data from the State.

**1) WIC Vendor Authorizations**.

The Contractor must establish a mechanism for receiving and confirming receipt of electronic file transmissions from MIWIC of vendor records participating in the Michigan WIC Program.

**2) New WIC Vendors**

The Contractor must initiate contact, including initiating a contractual agreement if necessary, discussing WIC EBT equipment/communication needs, with any new WIC vendor within 10 days notification by the State that the vendor is WIC authorized and able to conduct WIC EBT transactions. The Contractor must keep the State informed regarding status of the vendor's EBT agreement as well as the timeframe for when the vendor will begin processing WIC EBT transactions.

**3) WIC Vendor Disqualification, File Updates.**

The Contractor must receive updates from MIWIC related to WIC vendor participation, as well as notification that a vendor has been removed as a WIC vendor. The Contractor must use this information to update the WIC vendor management database.

**4) De-authorization**

The Contractor must terminate WIC transaction processing privileges of a vendor who has been removed as a WIC vendor within 24 hours notification by the State. The Contractor must ensure that only WIC transactions originating at an authorized WIC vendor are approved and must assume all liability and make restitution to the State for WIC transactions processed by unauthorized vendors. An exception is that transactions processed less than or equal to 24 hours of notification by the State will be the liability of the State.

**8. EBT Settlement**

The Contractor must perform all settlement functions for the WIC EBT Program that it performs for the Michigan on-line EBT system. For purposes of reconciliation, the Contractor must perform reconciliation in accordance with USDA requirements and regulations.

In order to facilitate the State's performing federal letter of credit draws, the Contractor must provide comprehensive debit transaction information compatible and consistent with the State's information needs. The detailed content of this redemption transaction data and all daily files will be consistent with the current MIWIC processing requirements and are included in Appendix D.

**9. EBT Reporting**

The Contractor must provide the informational and reporting needs, as well as the same categories of reports and data support, as described for the on-line EBT system, with the following distinctions:

**a. WIC Daily Files**

The Contractor must send the following daily files to the State MIWIC system:

1) Account Activity File
2) Benefit Grant Redemption File
3) Vendor Activity File
4) Adjustment Activity File
5) Card Status Change File

The schedule for receipt of the files will be determined by State and Contractor staff.

**b. WIC Management Reports**

Daily and monthly reports will be required for purposes of WIC management. Redemption activity, exception processing of WIC transactions, mailed card replacement, etc., are all examples of WIC management reports to be generated by the WIC EBT system in conjunction with certification data reported separately by the MIWIC client eligibility system. EBT data must be structured and transmitted so as to interface effectively with the MIWIC System.

The WIC Management Reports to be provided must include, at a minimum:

**1) Financial Reports**

- WIC ACH Report (daily)
- Daily State Issuer Report (daily)
- Daily Activity by Unit Report (daily and monthly)
- Daily Pending Benefit Activity by Unit Report (daily)
- Future Dated Benefit Exception Report (daily)
- WIC Rebate Analysis Report (monthly)
- Family Utilization Report (monthly)
- Redemption Summary Report (monthly)

**2) Support Reports**

- Adjustment Activity Detail Report (daily)
- Administrative Activity Report (daily)
- Batch Processing Summary Report (for each file sent by MIWIC) (daily)
- Card Issuance/Replacement Report (monthly)

**3) Fraud Reports**

- Exceeded PIN Attempts Report (monthly
- Manual Card Entry Report (monthly)

**4) Statistical Reports**

- Host Average Daily Response Time Report (monthly)
- Host Average Hourly Response Time Report (monthly)
- Excessive Card Replacements Report (monthly)
- Transaction Profile Report (monthly)
- Customer Service Performance Report (monthly)
- Caseload Billing Verification Report (monthly)

**5) Administrative Terminal Security Reports**

- Access Definition Report (monthly)
- Administrative Terminal Failed Logon Report (monthly)
- Administrative Terminal Last Access Report (monthly)

## 10. WIC EBT Base Service Requirements

General design requirements for the WIC EBT System are consistent with those for the Michigan EBT system for DHS Programs, except as described below.

### a. Card Specification

The artwork for the Michigan WIC Bridge Card must be the same as that used for the EBT system, with the exception that the WIC Bridge Card will display "WIC" in the lower left corner.

### b. Benefit Access via the Card

Except as permitted for key entered transactions, a WIC cardholder accesses their WIC benefits by swiping their card through the magnetic stripe reader in the POS terminal and keying their PIN. The Contractor must verify each cardholder PIN during transaction processing, based on an X9.93 message format.

- If a client's card is inoperable, the cashier can manually enter the card number and the client will enter their PIN. The Contractor must track the transactions where the PAN was key entered and provide the data on a regular basis.

### c. Processing Technology

The Contractor's EBT host must process transaction requests and maintain EBT account balance and transaction history data. The Contractor must initiate and perform daily financial settlement, account reconciliation, and EBT system activity and performance reporting. The Contractor must process cardholder's balance inquiry and requests for historical data received via the IVRU, Customer Service Help Desk, and Contractor's website.

The WIC EBT system will utilize on-line processing technology. Benefits must be recorded, stored, and maintained on the EBT host. The EBT host will allow WIC benefit access and the completion of the sale only if the following security measures are met:

- The POS device (terminal ID) is that of an authorized WIC vendor.
- The card number entered is a valid WIC EBT card.
- The PIN entered is a valid PIN.
- The family has benefits available to complete the purchase.

Upon completion of the purchase transaction, the EBT host must update the WIC account balance.

After the purchase completion request transaction has reached the EBT host, the requested purchase price for each item is compared to the "not to exceed" price established by the State for that UPC and for that store's peer group. If the requested price exceeds the State allowed maximum price for the peer group, the sale is automatically adjusted to the peer group maximum price. The Contractor must provide, in the daily redemption file, specific information regarding the UPC/PLU and the requested price as well as the settled price.

Cardholders initiate WIC EBT transactions and current balance inquiries at POS devices and balance inquiry terminals. These actions cannot be initiated at ATMs.

WIC redemption data is transmitted on-line real-time to the EBT host. At the request of a WIC vendor who is also certified by USDA as a DHS Program retailer, the Contractor must have a single daily EBT cutoff that will provide "next banking day" settlement for all EBT accounts.

**d. Vendor POS Card Reader/Writer Terminal Deployment**

The Contractor is required to provide POS related equipment and terminal services to all State-authorized WIC vendors, unless the WIC vendor has implemented an integrated system. The costs for these services are part of the maintenance fee included in the Cost Per Case Month fee to be paid to the Contractor by the State WIC Program.

**1) Scope of POS Terminal Services**

WIC EBT services must include 1) installation of a WIC on-line POS system; 2) provision of technical and performance specifications, equipment and software, necessary for modifying/upgrading the existing system; and 3) replacement and/or upgrade of existing POS terminals and software, as necessary, to support WIC EBT operations. In no instance will costs exceed that of a new WIC-only terminal installation.

The POS terminals deployed may be single-purpose, if the WIC vendor is not a DHS Program authorized retailer. A multi-purpose POS terminal is required if the WIC vendor is a FNS-certified DHS Program retailer.

WIC EBT POS deployment must include equipment and software installation and maintenance. WIC EBT system equipment refers to in-store servers (if necessary), POS terminals and drivers (as necessary), printers, and modems.

The Contractor must act as the acquirer for WIC EBT POS transactions for vendors accepting the Contractor deployed POS terminal services, either directly or through Subcontractor arrangement. Acquirer fees must be included in the monthly CPCM fee charged the State.

All authorized WIC vendors must have a minimum of one lane equipped. For WIC vendors/DHS Program retailers operating more than one lane, at least 50% of the minimum DHS Program POS lane deployment must also be equipped and/or upgraded to accept WIC transactions.

In addition to the WIC POS terminals in the check-out lane, all WIC vendors must be equipped at the customer service counter or a designated area to provide clients the ability to print shopping lists (balance inquiries) of their available WIC benefits. All EBT equipment and/or communications resources required for this service must be provided by the Contractor and must be included in base services.

The formula to determine the number of lanes, at a minimum, to be equipped with Contractor provided stand-beside WIC POS terminals is:

- Under $70,000.00 annually = one Balance Inquiry Terminal, one POS device, or combo, depending on store configuration
- Between $70,000.00 and $200,000.00 annually = one Balance Inquiry Terminal, two POS devices, or combo, depending on store configuration
- Between $200,000.00 and $300,000.00 annually = two Balance Inquiry Terminals, three POS devices, or combo, depending on store configuration.
- Over $300,000.00 annually = three Balance Inquiry Terminals, four POS devise, or combo depending on store configuration.

The Contractor may arrange for a user fee, lease fee, or other compensation for additional POS terminals directly with the WIC vendor. The State will not be responsible for this additional equipment.

The Contractor must provide the same WIC EBT lane coverage, equipment, and support as currently exists in WIC vendor locations using the stand-beside POS terminal processing system.

The State will encourage vendors to acquire commercial POS services through existing POS acquirers and third party processors, including the Contractor. The overwhelming majority of WIC vendors are also USDA authorized retailers under the DHS Program. Some WIC authorized pharmacies for special formula distribution and FMNP/WIC retailers may not be DHS Program retailers. It is anticipated that these stores will need terminals capable of processing WIC EBT transactions. For this reason, the Contractor must include in its terminal deployment and service agreements with Michigan vendors specific provisions for obtaining equipment and service upgrades necessary to support the addition of WIC or other benefit program functionality.

**2) Technical Requirements**

Terminals deployed by the Contractor must meet the operational requirements of the WIC EBT system: on-line authorization; PIN verification; unique identifier (transaction) number verification; valid date verification; "maximum price" amount verification; UPC verification; receipt production; and support of the full WIC EBT transaction set. Each terminal must provide for visual verification of the transaction message before positive action is taken by the vendor clerk to release (transmit) the message for settlement. Alternative designs may permit some requirements to be handled via software or host processes subject to the State's approval of the design.

**3) Terminal Processing Standards**

The Contractor must ensure that terminal processing and operations remain consistent with the Quest operating rules.

**4) POS Terminal Support Services**

The Contractor must provide the same types and level of POS Terminal Support Services for WIC EBT terminals as those provided for the Michigan EBT system. Support services include, but are not limited to routine maintenance, repair, and replacement.

**5) Vendor and Third-Party Agreements**

The Contractor must enter into an agreement that is specific to the WIC Program with all WIC vendors participating in the Michigan EBT Program. At a minimum, the agreement must require strict compliance with all USDA and Michigan WIC regulations and policies, State laws and policies, and the rules, regulations, and requirements of the Michigan EBT Program.

**6) WIC Lane Designation and Signage**

The Contractor must ensure that WIC equipment deployment complies with WIC and DHS Program regulations. The Contractor must ensure, through its retailer agreements, that retailers must not establish special checkout lanes that are only for DHS, WIC, or other benefit program customers. If special lanes are designated for the purpose of accepting other electronic debit or credit cards and/or other payment mechanisms such as checks, DHS and WIC customers with EBT cards may also be assigned to such lanes as long as other commercial customers are assigned there as well.

**e. Regulatory Provisions**

In general, the Contractor must ensure that Michigan WIC EBT system design, operations, and performance comply with all applicable EBT system specifications found in the USDA DHS Program EBT System regulations, 7 CFR 274, as applicable, and all USDA WIC processing requirements. In addition, WIC transaction messages must conform to the most current X9.93 message specifications, USDA WIC EBT Technical Implementation Guide, and

USDA WIC EBT Operating Rules. For WIC, the current version of the MIS-EBT Universal Interface specifications will be used to ensure Michigan's WIC EBT system is following current standardization guidelines provided by FNS.

**f. Transaction Fee Accounting**

WIC EBT transactions must be processed at no cost to the WIC cardholder or client. The Contractor must ensure that a client can purchase as many food items as they want during each shopping trip during the benefit period, and is not limited in the number of shopping trips made during the benefit period.

**g. Adding New Benefit Programs to an Existing Card**

The Contractor must provide the functionality to add new benefit programs to an existing WIC EBT card and single card access must be supported by its overall EBT system design and operations.

**11. WIC EBT System Design and Interface Considerations**

The Contractor must document the system configuration, hardware, and software to be utilized to support Michigan WIC EBT statewide operations. At a minimum, the Contractor must document the resources, performance monitoring and reporting practices, staffing, scheduling, policies and procedures, etc., related to the provision of WIC EBT services. The State expects to maintain current interface programming. The Contractor is encouraged to submit design and/or interface alternatives that improve efficiency or allow better connectivity or functionality.

**a. Internal Interfaces**

Internal interfaces include those within the MDCH/State of Michigan and those of the Contractor, including the following:

**1) WIC State and Local Agency/Clinic Capacity**

The Contractor must conduct a requirements analysis and capacity study of existing WIC State and local agency/clinic automation to determine the need for upgrades and other equipment/software modifications to support WIC EBT application software, data transfers, card issuance, and administrative terminal inquiry/operations.

The WIC local agency/clinic flow of clients must not be impacted negatively by EBT. The existing interface between WIC local agency/clinics and MIWIC supports on-line eligibility determination, card issuance, and benefit issuance. WIC EBT capacity studies and requirements analyses will be subject to review and approval by the State and/or its designee.

**2) Administrative Terminal Functionality**

The Contractor must support administrative terminal/software inquiry capability for WIC State and local agency/clinic staff. At a minimum, the Contractor must provide administrative terminal access to view client data, view daily and monthly reports, and perform administrative functions such as adding new users, re-setting passwords, etc.

The administrative terminal screens to be provided include, but are not limited to:

- Main Menu
- WIC Account Set-Up
- WIC Family Search and Results
- WIC Family Information (includes Family Information box, Benefit Information box, and Transaction Inquiry Search box)
- WIC Family Information Management
- WIC Family Benefit Management (includes Family Information box and Balance Detail Information box)
- WIC Family Benefit Management (includes Family Information box and Benefit Detail Information box)
- WIC Family Benefit Management (includes Family Information box and Benefit Application Information box)

- WIC Family Transaction Information (includes Family Information box, Transaction Inquiry Search box, and Transaction Information Search Results)
- WIC Family Transaction Detail Information (includes Family Information box and Transaction Data box)
- WIC Family Card Management (includes Cards box)
- WIC Family Card Management (includes Card Information box, Transaction History box, Last Card Information box, Status Card box, Status and Replace box, and Archive Card History option)
- Family Card History (includes Current Card Information box, Past Cards Information box, and Archive Cards Information box)
- WIC Daily Accounting Query
- WIC State Issuer Accounting Query
- WIC Adjustment
- WIC Adjustment Search and Results
- Reports Distribution Screen
- Manage AT Users
- Manage AT Roles
- Manage WIC Clinic
- Processor Maintenance Search and Results
- Retailer Maintenance Search and Results
- WIC Vendor Search and Results
- WIC Benefit Search and Results
- WIC Cat/Sub-Cat Search and Results
- WIC UPC Search and Results
- WIC Unit of Measure Set-Up
- User Password Change

The Contractor must ensure that family information is accessed only via authorized personnel through the use of security and password access controls. The Contractor must provide varying levels of administrative access to ensure State and WIC local agency/clinic staff has access to only that family information to which they are authorized access. The Contractor must specify a procedure for limiting access to program specific benefit allotment data to the authorizing Federal or State agency.

**3) State/Local Agency Equipment Needs and Maintenance**

The Contractor must provide PIN selection equipment, balance inquiry terminals, application software, and communications software and protocols to WIC State and local agency/clinic offices. The Contractor must provide on-site 24-hour repair/replacement maintenance for all equipment provided under this Contract; however, shipment of the equipment within one business day is acceptable IF the appropriate trouble shooting and follow up is done; the State will be a fully licensed user of all equipment, software, and communication devices provided by the Contractor.

**4) MIWIC/Contractor Interface for Current Benefit Balance**

The Contractor must develop an interface with the MIWIC system so that, when staff access various MIWIC screens (i.e., current card, benefit balance, void benefit), a message is sent to the Contractor requesting the most current benefit balance (based on recent redemption activity) and current card. This will ensure that when WIC State and/or local agency/clinic staff access a family's benefit record, the MIWIC system displays the same quantity as the Contractor's system. The functionality includes the following web methods: signon, signoff, Get Family Info, Get Card Info, Get Benefits Info.

**b. WIC POS Configuration and Terminal Deployment**

The requirements regarding terminal deployment are consistent with WIC requirements. Each WIC vendor is required to settle with the EBT host once daily.

The EBT POS configuration for WIC vendors will vary by size of store and the type and capability of installed POS terminal devices. At a minimum, the Contractor must fully meet the following EBT POS configurations: (1) a single lane and multi-lane solution supporting WIC EBT only; (2) a single lane and multi-lane solution supporting combined WIC and DHS EBT.

1) For each multi-lane configuration, the Contractor must provide equipment to process transaction requests and responses in accordance with USDA and the State's transaction processing standards. At a minimum, equipment to be installed in the lane (per the Michigan WIC lane equipage guidelines) includes the WIC EBT POS terminal, display, keypad, a magnetic stripe reader, PIN pad, and receipt printer. The system must provide easy terminal access to both cashiers and clients.

Multi-lane configurations should include a POS that serves as the master that stores all data required to support WIC transactions; i.e., benefit record, transaction file, cat/sub-cat file, UPC database, etc. The PC master customarily serves as the LAN controller for the store, performing on-line transmission of transaction data to the EBT host and daily I/O to the EBT host computer for downloading updates to pertinent files.

2) For each single lane configuration, the Contractor must provide equipment to process transaction requests and responses in accordance with USDA and State of Michigan transaction processing standards. This configuration may not require a POS master that serves as the LAN controller but must be capable of storing all data required to support WIC transactions.

At a minimum, the Michigan WIC Program seeks an integrated solution for combined WIC and DHS EBT transactions, with the following terminal features:

- 200 mhz 32 bit RISC microprocessor with expanded I/O capabilities
- Multi-tasking operating system
- Expandable memory (minimum of six MB) to accommodate additional EBT program functionality, credit and debit
- Three by four numeric keypad, with eight soft function keys and four screen addressable keys
- A magnetic card reader that is triple track (one, two, and three), high coercivity, bidirectional
- Eight line by 21 character display for complete message viewing and abbreviations
- Standard 14.4 kbs modem
- Multiple I/O ports for future scanner addition
- Small size, requiring minimal checkout counter space
- Battery backup for all RAM
- WIC UPC scanner attached
- Printer (integrated) using thermal paper with graphic capabilities, 18 lines per second; standard paper roll 58 mm x 25 mm, single ply
- SSL v3.0, 3DES encryption, Master/Session and DUKPT key management
- One USB 1.1 port, two RS-232 ports, and One telco port; One Ethernet port that supports communications and peripherals, including PIN pad

**12. Technical Support for Integrated Solutions**

The Contractor must provide technical support for the design, development, testing, and implementation of retailers choosing to implement an integrated WIC EBT processing solution, plus ongoing daily operational support as needed for those retailers that are already integrated.

**13. WIC EBT Options/Alternative Service Requirements**

The Contractor is encouraged to submit potential solutions, alternatives, and methods for the WIC Program. This process is intended to facilitate development of the best features and options for the WIC EBT system to consider, if and as needed.

System changes required to meet new or revised federal requirements, guidelines, policies, etc. must be incorporated by the Contractor with the written approval of Michigan WIC and at no cost to the State.

**14. Additional Information**

The Contractor agrees to make a good faith effort, on a continuing basis, to maintain a drug-free workplace (including taking specific actions described at 7 CFR Part 3021.200 through 302.230); and identify all workplace locations where work under the federal award will be performed. Since federal entities will no longer collect a paper certificate, this may include the following:

a) Notifying all sub-grantees and contractors of the Drug Free Workplace rules,
b) Making conforming changes to internal procedures, directives, training materials, etc.,
c) Incorporating the new rules into sub-grantee monitoring practices .extra space here.

The State and the Contractor agree to the following provisions found in 7 CFR 277.14: Clean Air and Clear Water, Union based wages, and Equal opportunity

The State will ensure that all Contractors and/or sub-grantees are neither excluded nor disqualified under the suspension and debarment rules found at 7 CFR Part 3017.300. The State will review the Excluded Parties List System (EPLS) at **www.epls.gov** to verify that the Contractor is not on this list. The State also requires the Contractor to check this list and agree that none of their sub-grantees are also not on the list.

The State is not using State or federal funds for lobbying purpose.

## Article 2, Terms and Conditions

### *2.000 Contract Structure and Term*

**2.001 Contract Term**
The Contract is for a period of five years beginning June 1, 2013 through May 31, 2018. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of the Contract, unless otherwise extended under the Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of the Contract's stated term, will remain in effect for the balance of the fiscal year for which they were issued.

**2.002 Options to Renew**
The Contract may be renewed in writing by mutual agreement of the parties not less than 30 days before its expiration. The Contract may be renewed for up to two additional one-year periods.

**2.003 Legal Effect**
Contractor must show acceptance of the Contract by signing two copies of the Contract and returning them to the Contract Administrator. The Contractor must not proceed with the performance of the work to be done under the Contract, including the purchase of necessary materials, until both parties have signed the Contract to show acceptance of its terms, and the Contractor receives a Contract release/purchase order that authorizes and defines specific performance requirements.

Except as otherwise agreed in writing by the parties, the State assumes no liability for costs incurred by Contractor or payment under the Contract, until Contractor is notified in writing that the Contract (or Change Order) has been approved by the State Administrative Board (if required), approved and signed by all the parties, and a Purchase Order against the Contract has been issued.

**2.004 Appendices & Exhibits**
All appendices and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing the Contract, are incorporated in their entirety and form part of the Contract.

**2.005 Ordering**
The State will issue a written Purchase Order, Blanket Purchase Order, Direct Voucher or Procurement Card Order, which must be approved by the Contract Administrator or the Contract Administrator's designee, to order any Services/Deliverables under the Contract. All orders are subject to the terms and conditions of the Contract. No additional terms and conditions contained on either a Purchase Order or Blanket Purchase Order apply unless they are also specifically contained in that Purchase Order's or Blanket Purchase Order's accompanying Statement of Work. Exact quantities to be purchased are unknown; however, the Contractor must furnish all such materials and services as may be ordered during the Contract period. Quantities specified, if any, are estimates based on prior purchases, and the State is not obligated to purchase in these or any other quantities.

**2.006 Order of Precedence**
(a) The Contract, including any Statements of Work and Exhibits, to the extent not contrary to the Contract, each of which is incorporated for all purposes, constitutes the entire agreement between the parties with respect to the subject matter and supersedes all prior agreements, whether written or oral, with respect to the subject matter and as additional terms and conditions on the purchase order must apply as limited by **Section 2.005.**

(b) In the event of any inconsistency between the terms of the Contract and a Statement of Work, the terms of the Statement of Work will take precedence (as to that Statement of Work only); provided, however, that a Statement of Work may not modify or amend the terms of the Contract, which may be modified or amended only by a formal Contract amendment.

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

**2.008 Form, Function & Utility**
If the Contract is for use of more than one State agency and if the Deliverable/Service does not the meet the form, function, and utility required by that State agency, that agency may, subject to State purchasing policies, procure the Deliverable/Service from another source.

**2.009 Reformation and Severability**
Each provision of the Contract is severable from all other provisions of the Contract and, if one or more of the provisions of the Contract is declared invalid, the remaining provisions of the Contract remain in full force and effect.

**2.010 Consents and Approvals**
Except as expressly provided otherwise in the Contract, if either party requires the consent or approval of the other party for the taking of any action under the Contract, the consent or approval must be in writing and must not be unreasonably withheld or delayed.

**2.011 No Waiver of Default**
If a party fails to insist upon strict adherence to any term of the Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of the Contract.

**2.012 Survival**
Any provisions of the Contract that impose continuing obligations on the parties, including without limitation the parties' respective warranty, indemnity and confidentiality obligations, survive the expiration or termination of the Contract for any reason. Specific references to survival in the Contract are solely for identification purposes and not meant to limit or prevent the survival of any other section.

## ***2.020 Contract Administration***

**2.021 Issuing Office**
The Contract is issued by the Department of Technology Management and Budget, Procurement and DHS and DCH (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Procurement is the sole point of contact in the State with regard to all procurement and contractual matters relating to the Contract. Procurement **is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of the Contract.** The Contractor Administrator within Procurement for the Contract is:

Lance Kingsbury
Department of Technology, Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
Email: kingsburyl@michigan.gov
Phone: (517) 241-3768

**2.022 Contract Compliance Inspector**
After DTMB-Procurement receives the properly executed Contract, it is anticipated that the Director of Procurement, in consultation with DHS/DCH will direct the person named below, or any other person so designated, to monitor and coordinate the activities for the Contract on a day-to-day basis during its term. However, monitoring of the Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of the Contract as that authority is retained by DTMB Procurement**. The CCIs for this Contract are:

Jim McCreight
Department of Human Services
Email: mccreightj@michigan.gov
Phone: (517) 335-3636

Stan Bien
Department of Community Health
Email: biens@michigan.gov
Phone: (517) 335-8448

**2.023 Project Manager**
The following individual will oversee the project:

Kobra Eghtedary
Department of Community Health
Email: eghtedaryk@michigan.gov
Phone: (517) 335-9834

**2.024 Change Requests**
The State reserves the right to request, from time to time, any changes to the requirements and specifications of the Contract and the work to be performed by the Contractor under the Contract. During the course of ordinary business, it may become necessary for the State to discontinue certain business practices or create Additional Services/Deliverables. At a minimum, to the extent applicable, the State would like the Contractor to provide a detailed outline of all work to be done, including tasks necessary to accomplish the services/deliverables, timeframes, listing of key personnel assigned, estimated hours for each individual per task, and a complete and detailed cost justification.

If the Contractor does not so notify the State, the Contractor has no right to claim thereafter that it is entitled to additional compensation for performing that service or providing that deliverable.

Change Requests:

(a) By giving Contractor written notice within a reasonable time, the State must be entitled to accept a Contractor proposal for Change, to reject it, or to reach another agreement with Contractor. Should the parties agree on carrying out a Change, a written Contract Change Notice must be prepared and issued under the Contract, describing the Change and its effects on the Services and any affected components of the Contract (a "Contract Change Notice").

(b) No proposed Change may be performed until the proposed Change has been specified in a duly executed Contract Change Notice issued by the DTMB-Procurement.

(c) If the State requests or directs the Contractor to perform any activities that Contractor believes constitute a Change, the Contractor must notify the State that it believes the requested activities are a Change before beginning to work on the requested activities. If the Contractor fails to notify the State before beginning to work on the requested activities, then the Contractor waives any right to assert any claim for additional compensation or time for performing the requested activities. If the Contractor commences performing work outside the scope of the Contract and then ceases performing that work, the Contractor must, at the request of the State, retract any out-of-scope work that would adversely affect the Contract.

**2.025 Notices**
Any notice given to a party under the Contract must be deemed effective, if addressed to the State contact as noted in Section 2.021 and the Contractor's contact as noted on the cover page of the contract, upon: (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission by facsimile if a copy of the notice is sent by another means specified in this Section; (iii) the third Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system.

Either party may change its address where notices are to be sent by giving notice according to this Section.

**2.026 Binding Commitments**
Representatives of Contractor must have the authority to make binding commitments on Contractor's behalf within the bounds set forth in the Contract. Contractor may change the representatives from time to time upon written notice.

**2.027 Relationship of the Parties**
The relationship between the State and Contractor is that of client and independent contractor. No agent, employee, or servant of Contractor or any of its Subcontractors must be deemed to be an employee, agent or servant of the State for any reason. Contractor is solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of the Contract.

**2.028 Covenant of Good Faith**
Each party must act reasonably and in good faith. Unless stated otherwise in the Contract, the parties must not unreasonably delay, condition, or withhold the giving of any consent, decision, or approval that is either requested or reasonably required of them in order for the other party to perform its responsibilities under the Contract.

**2.029 Assignments**
(a) Neither party may assign the Contract, or assign or delegate any of its duties or obligations under the Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign the Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign the Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform the requirements of the Contract. The State may withhold consent from proposed assignments, subcontracts, or novations when the transfer of responsibility would operate to decrease the State's likelihood of receiving performance on the Contract or the State's ability to recover damages.

(b) Contractor may not, without the prior written approval of the State, assign its right to receive payments due under the Contract. If the State permits an assignment, the Contractor is not relieved of its responsibility to perform any of its contractual duties, and the requirement under the Contract that all payments must be made to one entity continues.

(c) If the Contractor intends to assign the Contract or any of the Contractor's rights or duties under the Contract, the Contractor must notify the State in writing at least 90 days before the assignment. The Contractor also must provide the State with adequate information about the assignee within a reasonable amount of time before the assignment for the State to determine whether to approve the assignment.

## ***2.030 General Provisions***

**2.031 Media Releases**
News releases (including promotional literature and commercial advertisements) pertaining to the RFP and this Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the activities associated with the RFP and this Contract are to be released without prior written approval of the State and then only to persons designated.

**2.032 Contract Distribution**
Procurement retains the sole right of Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Procurement.

**2.033 Permits**
Contractor must obtain and pay any associated costs for all required governmental permits, licenses and approvals for the delivery, installation and performance of the Services. The State must pay for all costs and expenses incurred in obtaining and maintaining any necessary easements or right of way.

**2.034 Website Incorporation**
The State is not bound by any content on the Contractor's website, even if the Contractor's documentation specifically referenced that content and attempts to incorporate it into any other communication, unless the State has actual knowledge of the content and has expressly agreed to be bound by it in a writing that has been manually signed by an authorized representative of the State.

**2.035 Future Bidding Preclusion**
Contractor acknowledges that, to the extent the Contract involves the creation, research, investigation or generation of a future RFP, it may be precluded from bidding on the subsequent RFP. The State reserves the right to disqualify any Bidder if the State determines that the Bidder has used its position (whether as an incumbent Contractor, or as a Contractor hired to assist with the RFP development, or as a Vendor offering free assistance) to gain a competitive advantage on the RFP

**2.036 Freedom of Information**
All information in any proposal submitted to the State by Contractor and the Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 PA 442, MCL 15.231, et seq (the "FOIA").

**2.037 Disaster Recovery**
Contractor and the State recognize that the State provides essential services in times of natural or man-made disasters. Therefore, except as so mandated by federal disaster response requirements, Contractor personnel dedicated to providing Services/Deliverables under the Contract must provide the State with priority service for repair and work around in the event of a natural or man-made disaster.

## ***2.040 Financial Provisions***

**2.041 Fixed Prices for Services/Deliverables**
Each Statement of Work or Purchase Order issued under the Contract must specify (or indicate by reference to the appropriate Contract Exhibit) the firm, fixed prices for all Services/Deliverables, and the associated payment milestones and payment amounts. The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the Contract Administrator, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

**2.042 Adjustments for Reductions in Scope of Services/Deliverables**
If the scope of the Services/Deliverables under any Statement of Work issued under the Contract is subsequently reduced by the State, the parties must negotiate an equitable reduction in Contractor's charges under such Statement of Work commensurate with the reduction in scope.

**2.043 Services/Deliverables Covered**
For all Services/Deliverables to be provided by Contractor (and its Subcontractors, if any) under the Contract, the State must not be obligated to pay any amounts in addition to the charges specified in the Contract.

**2.044 Invoicing and Payment – In General**
(a) Each Statement of Work issued under the Contract must list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables, equipment and commodities to be provided, and the associated payment milestones and payment amounts.

(b) Each Contractor invoice must show details as to charges by Service/Deliverable component and location at a level of detail reasonably necessary to satisfy the State's accounting and charge-back requirements. Invoices for Services performed on a time and materials basis must show, for each individual, the number of hours of Services performed during the billing period, the billable skill/labor category for such person and the applicable hourly billing rate. Prompt payment by the State is contingent on the Contractor's invoices showing the amount owed by the State minus any holdback amount to be retained by the State in accordance with **Section 1.064**.

(c) Correct invoices will be due and payable by the State, in accordance with the State's standard payment procedure as specified in 1984 PA 279, MCL 17.51 et seq., within 45 days after receipt, provided the State determines that the invoice was properly rendered.

(d) All invoices should reflect actual work done. Specific details of invoices and payments will be agreed upon between the CCI and the Contractor.

The specific payment schedule for any Contract(s) entered into, as the State and the Contractor(s) must mutually agree upon. The schedule must show payment amount and must reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy, statements must be forwarded to the designated representative by the 15th day of the following month.

The State may make progress payments to the Contractor when requested as work progresses, but not more frequently than monthly, in amounts approved by the CCI, after negotiation. Contractor must show verification of measurable progress at the time of requesting progress payments.

**2.045 Pro-ration**
To the extent there are any Services that are to be paid for on a monthly basis, the cost of such Services must be pro-rated for any partial month.

**2.046 Antitrust Assignment**
The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of the Contract.

**2.047 Final Payment**
The making of final payment by the State to Contractor does not constitute a waiver by either party of any rights or other claims as to the other party's continuing obligations under the Contract, nor will it constitute a waiver of any claims by one party against the other arising from unsettled claims or failure by a party to comply with the Contract, including claims for Services and Deliverables not reasonably known until after acceptance to be defective or substandard. Contractor's acceptance of final payment by the State under the Contract must constitute a waiver of all claims by Contractor against the State for payment under the Contract, other than those claims previously filed in writing on a timely basis and still unsettled.

**2.048 Electronic Payment Requirement**
Electronic transfer of funds is required for payments on State contracts. The Contractor must register with the State electronically at http://www.cpexpress.state.mi.us. As stated in 1984 PA 431, all contracts that the State enters into for the purchase of goods and services must provide that payment will be made by Electronic Fund Transfer (EFT).

## ***2.050 Taxes***

**2.051 Employment Taxes**
Contractors are expected to collect and pay all applicable federal, state, and local employment taxes.

**2.052 Sales and Use Taxes**
Contractors are required to be registered and to remit sales and use taxes on taxable sales of tangible personal property or services delivered into the State. Contractors that lack sufficient presence in Michigan to be required to register and pay tax must do so as a volunteer. This requirement extends to: (1) all members of any controlled group as defined in § 1563(a) of the Internal Revenue Code and applicable regulations of which the company is a member, and (2) all organizations under common control as defined in § 414(c) of the Internal Revenue Code and applicable regulations of which the company is a member that make sales at retail for delivery into the State are registered with the State for the collection and remittance of sales and use taxes. In applying treasury regulations defining "two or more trades or businesses under common control" the term "organization" means sole proprietorship, a partnership (as defined in § 701(a)(2) of the Internal Revenue Code), a trust, an estate, a corporation, or a limited liability company.

## ***2.060 Contract Management***

**2.061 Contractor Personnel Qualifications**
All persons assigned by Contractor to the performance of Services under the Contract must be employees of Contractor or its majority-owned (directly or indirectly, at any tier) subsidiaries (or a State-approved Subcontractor) and must be fully qualified to perform the work assigned to them. Contractor must include a similar provision in any subcontract entered into with a Subcontractor. For the purposes of the Contract, independent contractors engaged by Contractor solely in a staff augmentation role must be treated by the State as if they were employees of Contractor for the Contract only; however, the State understands that the relationship between Contractor and Subcontractor is an independent contractor relationship.

**2.062 Contractor Key Personnel**
(a) The Contractor must provide the CCI with the names of the Key Personnel.

(b) Key Personnel must be dedicated as defined in the Statement of Work to the Project for its duration in the applicable Statement of Work with respect to other individuals designated as Key Personnel for that Statement of Work.

(c) The State reserves the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor must notify the State of the proposed assignment, must introduce the individual to the appropriate State representatives, and must provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State must provide a written explanation including reasonable detail outlining the reasons for the rejection.

(d) Contractor must not remove any Key Personnel from their assigned roles on the Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). Unauthorized Removals does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, and resignation or for cause termination of the Key Personnel's employment. Unauthorized Removals does not include replacing Key Personnel because of promotions or other job movements allowed by Contractor personnel policies or Collective Bargaining Agreement(s) as long as the State receives prior written notice before shadowing occurs and Contractor provides 30 days of shadowing unless parties agree to a different time period. The Contractor with the State must review any Key Personnel replacements and appropriate transition planning must be established. Any Unauthorized Removal may be considered by the State to be a material breach of the Contract, in respect of which the State may elect to exercise its termination and cancellation rights.

(e) The Contractor must notify the Contract Compliance Inspector and the Contract Administrator at least 10 business days before redeploying non-Key Personnel, who are dedicated to primarily to the Project, to other projects. If the State does not object to the redeployment by its scheduled date, the Contractor may then redeploy the non-Key Personnel.

**2.063 Re-assignment of Personnel at the State's Request**

The State reserves the right to require the removal from the Project of Contractor personnel found, in the judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement personnel for the removed person must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed personnel, the State agrees to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any incident with removed personnel results in delay not reasonably anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Service will not be counted for a time as agreed to by the parties.

**2.064 Contractor Personnel Location**

All staff assigned by Contractor to work on the Contract must perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel must, at a minimum, spend at least the amount of time on-site at State facilities as indicated in the applicable Statement of Work. Subject to availability, selected Contractor personnel may be assigned office space to be shared with State personnel.

**2.065 Contractor Identification**

Contractor employees must be clearly identifiable while on State property by wearing a State-issued badge, as required. Contractor employees are required to clearly identify themselves and the company they work for whenever making contact with State personnel by telephone or other means.

**2.066 Cooperation with Third Parties**
Contractor must cause its personnel and the personnel of any Subcontractors to cooperate with the State and its agents and other contractors including the State's Quality Assurance personnel. As reasonably requested by the State in writing, the Contractor must provide to the State's agents and other contractors reasonable access to Contractor's Project personnel, systems and facilities to the extent the access relates to activities specifically associated with the Contract and will not interfere or jeopardize the safety or operation of the systems or facilities. The State acknowledges that Contractor's time schedule for the Contract is very specific and must not unnecessarily or unreasonably interfere with, delay, or otherwise impede Contractor's performance under the Contract with the requests for access.

**2.067 Contractor Return of State Equipment/Resources**
The Contractor must return to the State any State-furnished equipment, facilities, and other resources when no longer required for the Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

**2.068 Contract Management Responsibilities**
The Contractor must assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State considers the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, the Contract must include a list of Subcontractors, including firm name and address, contact person and a complete description of work to be subcontracted. The State reserves the right to approve Subcontractors and to require the Contractor to replace Subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the Subcontractor to all provisions of the Contract. Any change in Subcontractors must be approved by the State, in writing, prior to such change.

***2.070 Subcontracting by Contractor***

**2.071 Contractor Full Responsibility**
Contractor has full responsibility for the successful performance and completion of all of the Services and Deliverables. The State will consider Contractor to be the sole point of contact with regard to all contractual matters under the Contract, including payment of any and all charges for Services and Deliverables.

**2.072 State Consent to Delegation**
Contractor must not delegate any duties under the Contract to a Subcontractor unless the DTMB-Procurement has given written consent to such delegation. The State reserves the right of prior written approval of all Subcontractors and to require Contractor to replace any Subcontractors found, in the reasonable judgment of the State, to be unacceptable. The State's request must be written with reasonable detail outlining the reasons for the removal request. Additionally, the State's request must be based on legitimate, good-faith reasons. Replacement Subcontractor(s) for the removed Subcontractor must be fully qualified for the position. If the State exercises this right, and the Contractor cannot immediately replace the removed Subcontractor, the State will agree to an equitable adjustment in schedule or other terms that may be affected by the State's required removal. If any such incident with a removed Subcontractor results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLA for the affected Work will not be counted for a time agreed upon by the parties.

**2.073 Subcontractor Bound to Contract**
In any subcontracts entered into by Contractor for the performance of the Services, Contractor must require the Subcontractor, to the extent of the Services to be performed by the Subcontractor, to be bound to Contractor by the terms of the Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by the Contract, assumes toward the State. The State reserves the right to receive copies of and review all subcontracts, although Contractor may delete or mask any proprietary information, including pricing, contained in such contracts before providing them to the State. The management of any Subcontractor is the responsibility of Contractor, and Contractor must remain responsible for the performance of its Subcontractors to the same extent as if Contractor had not subcontracted such performance. Contractor must make all payments to Subcontractors or suppliers of

Contractor. Except as otherwise agreed in writing by the State and Contractor, the State will not be obligated to direct payments for the Services other than to Contractor. The State's written approval of any Subcontractor engaged by Contractor to perform any obligation under the Contract will not relieve Contractor of any obligations or performance required under the Contract.

**2.074 Flow Down**
Except where specifically approved in writing by the State on a case-by-case basis, Contractor must flow down the obligations in **Sections 2.031, 2.060, 2.100, 2.110, 2.120, 2.130, 2.200** in all of its agreements with any Subcontractors.

**2.075 Competitive Selection**
The Contractor must select Subcontractors (including suppliers) on a competitive basis to the maximum practical extent consistent with the objectives and requirements of the Contract.

## ***2.080 State Responsibilities***

**2.081 Equipment**
The State must provide only the equipment and resources identified in the Statements of Work and other Contract Exhibits.

**2.082 Facilities**
The State must designate space as long as it is available and as provided in the Statement of Work, to house the Contractor's personnel whom the parties agree will perform the Services/Deliverables at State facilities (collectively, the "State Facilities"). The Contractor must have reasonable access to, and, unless agreed otherwise by the parties in writing, must observe and comply with all rules and regulations relating to each of the State Facilities (including hours of operation) used by the Contractor in the course of providing the Services. Contractor must not, without the prior written consent of the State, use any State Facilities or access any State information systems provided for the Contractor's use, or to which the Contractor otherwise gains access in the course of performing the Services, for any purpose other than providing the Services to the State.

## ***2.090 Security***

**2.091 Background Checks**
On a case-by-case basis, the State may investigate the Contractor's personnel before they may have access to State facilities and systems. The scope of the background check is at the discretion of the State and the results will be used to determine Contractor personnel eligibility for working within State facilities and systems. The investigations will include Michigan State Police Background checks (ICHAT) and may include the National Crime Information Center (NCIC) Finger Prints. Proposed Contractor personnel may be required to complete and submit an RI-8 Fingerprint Card for the NCIC Finger Print Check. Any request for background checks will be initiated by the State and will be reasonably related to the type of work requested.

All Contractor personnel must comply with the State's security and acceptable use policies for State IT equipment and resources. See http://www.michigan.gov/dit. Furthermore, Contractor personnel must agree to the State's security and acceptable use policies before the Contractor personnel will be accepted as a resource to perform work for the State. The Contractor must present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff must comply with all Physical Security procedures in place within the facilities where they are working.

**2.092 Security Breach Notification**
If the Contractor breaches this Section, the Contractor must (i) promptly cure any deficiencies and (ii) comply with any applicable federal and state laws and regulations pertaining to unauthorized disclosures. Contractor and the State will cooperate to mitigate, to the extent practicable, the effects of any breach, intrusion, or unauthorized use or disclosure. Contractor must report to the State, in writing, any use or disclosure of Confidential Information, whether suspected or actual, other than as provided for by the

Contract within 10 days of becoming aware of the use or disclosure or the shorter time period as is reasonable under the circumstances.

**2.093 PCI Data Security Requirements**

Contractors with access to credit/debit card cardholder data must adhere to the Payment Card Industry (PCI) Data Security requirements. Contractor agrees that they are responsible for security of cardholder data in their possession. Contractor agrees that data can ONLY be used for assisting the State in completing a transaction, supporting a loyalty program, supporting the State, providing fraud control services, or for other uses specifically required by law.

Contractor agrees to provide business continuity in the event of a major disruption, disaster, or failure.

The Contractor must contact the Department of Human Services immediately to advise them of any breaches in security where card data has been compromised. In the event of a security intrusion, the Payment Card Industry representative, or a Payment Card Industry approved third party, must be provided with full cooperation and access to conduct a thorough security review. The review must validate compliance with the Payment Card Industry Data Security Standard for protecting cardholder data.

Contractor agrees to properly dispose sensitive cardholder data when no longer needed. The Contractor must continue to treat cardholder data as confidential upon contract termination.

The Contractor must provide the Department of Human Services documentation showing PCI Data Security certification has been achieved. The Contractor must advise the Department of Human Services of all failures to comply with the PCI Data Security Requirements. Failures include, but are not limited to system scans and self-assessment questionnaires. The Contractor must provide a time line for corrective action.

## ***2.100 Confidentiality***

**2.101 Confidentiality**

Contractor and the State each acknowledge that the other possesses, and will continue to possess, confidential information that has been developed or received by it. As used in this Section, "Confidential Information" of Contractor must mean all non-public proprietary information of Contractor (other than Confidential Information of the State as defined below) which is marked confidential, restricted, proprietary, or with a similar designation. "Confidential Information" of the State must mean any information which is retained in confidence by the State (or otherwise required to be held in confidence by the State under applicable federal, state and local laws and regulations) or which, in the case of tangible materials provided to Contractor by the State under its performance under the Contract, is marked as confidential, proprietary, or with a similar designation by the State. "Confidential Information" excludes any information (including the Contract) that is publicly available under the Michigan FOIA.

**2.102 Protection and Destruction of Confidential Information**

The State and Contractor must each use at least the same degree of care to prevent disclosing to third parties the Confidential Information of the other as it employs to avoid unauthorized disclosure, publication, or dissemination of its own confidential information of like character, but in no event less than reasonable care. Neither Contractor nor the State will (i) make any use of the Confidential Information of the other except as contemplated by the Contract, (ii) acquire any right in or assert any lien against the Confidential Information of the other, or (iii) if requested to do so, refuse for any reason to promptly return the other party's Confidential Information to the other party. Each party must limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of the Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under the Contract, (B) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the Subcontractor's scope of responsibility, and (C) Contractor obligates the Subcontractor in a written Contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor and of any Subcontractor having access or continued access to the State's Confidential Information may be required to execute an

acknowledgment that the employee has been advised of Contractor's and the Subcontractor's obligations under this Section and of the employee's obligation to Contractor or Subcontractor, as the case may be, to protect the Confidential Information from unauthorized use or disclosure.

Promptly upon termination or cancellation of the Contract for any reason, Contractor must certify to the State that Contractor has destroyed all State Confidential Information.

**2.103 Exclusions**
Notwithstanding the foregoing, the provisions of **Section 2.100** will not apply to any particular information which the State or Contractor can demonstrate (i) was, at the time of disclosure to it, in the public domain; (ii) after disclosure to it, is published or otherwise becomes part of the public domain through no fault of the receiving party; (iii) was in the possession of the receiving party at the time of disclosure to it without an obligation of confidentiality; (iv) was received after disclosure to it from a third party who had a lawful right to disclose the information to it without any obligation to restrict its further disclosure; or (v) was independently developed by the receiving party without reference to Confidential Information of the furnishing party. Further, the provisions of **Section 2.100** will not apply to any particular Confidential Information to the extent the receiving party is required by law to disclose the Confidential Information, provided that the receiving party (i) promptly provides the furnishing party with notice of the legal request, and (ii) assists the furnishing party in resisting or limiting the scope of the disclosure as reasonably requested by the furnishing party.

**2.104 No Implied Rights**
Nothing contained in this Section must be construed as obligating a party to disclose any particular Confidential Information to the other party, or as granting to or conferring on a party, expressly or impliedly, any right or license to the Confidential Information of the other party.

**2.105 Respective Obligations**
The parties' respective obligations under this Section must survive the termination or expiration of the Contract for any reason.

***2.110 Records and Inspections***

**2.111 Inspection of Work Performed**
The State's authorized representatives must at all reasonable times and with 10 days prior written request, have the right to enter Contractor's premises, or any other places, where the Services are being performed, and must have access, upon reasonable request, to interim drafts of Deliverables or work-in-progress. Upon 10 Days prior written notice and at all reasonable times, the State's representatives must be allowed to inspect, monitor, or otherwise evaluate the work being performed and to the extent that the access will not reasonably interfere or jeopardize the safety or operation of the systems or facilities. Contractor must provide all reasonable facilities and assistance for the State's representatives.

**2.112 Examination of Records**
For seven years after the Contractor provides any work under the Contract (the "Audit Period"), the State may examine and copy any of Contractor's books, records, documents and papers pertinent to establishing Contractor's compliance with the Contract and with applicable laws and rules. The State must notify the Contractor 20 days before examining the Contractor's books and records. Access to such material includes applicable financial records, but does not include the Contractor's costing rates, actual costs, and profit data. The State does not have the right to review any information deemed confidential by the Contractor to the extent access would require the confidential information to become publicly available. This provision also applies to the books, records, accounts, documents and papers, in print or electronic form, of any parent, affiliated or subsidiary organization of Contractor, or any Subcontractor of Contractor performing services in connection with the Contract.

**2.113 Retention of Records**
Contractor must maintain at least until the end of the Audit Period, all pertinent financial and accounting records (including time sheets and payroll records, information pertaining to the Contract, and to the Services, equipment, and commodities provided under the Contract) pertaining to the Contract according to generally accepted accounting principles and other procedures specified in this Section. Financial and

accounting records must be made available, upon request, to the State at any time during the Audit Period. If an audit, litigation, or other action involving Contractor's records is initiated before the end of the Audit Period, the records must be retained until all issues arising out of the audit, litigation, or other action are resolved or until the end of the Audit Period, whichever is later.

**2.114 Audit Resolution**

If necessary, the Contractor and the State will meet to review each audit report promptly after issuance. The Contractor must respond to each audit report in writing within 30 days from receipt of the report, unless a shorter response time is specified in the report. The Contractor and the State must develop, agree upon and monitor an action plan to promptly address and resolve any deficiencies, concerns, and/or recommendations in the audit report.

**2.115 Errors**

(a) If the audit demonstrates any errors in the documents provided to the State, then the amount in error must be reflected as a credit or debit on the next invoice and in subsequent invoices until the amount is paid or refunded in full. However, a credit or debit may not be carried for more than four invoices. If a balance remains after four invoices, then the remaining amount will be due as a payment or refund within 45 days of the last quarterly invoice that the balance appeared on or termination of the Contract, whichever is earlier.

(b) In addition to other available remedies, the difference between the payment received and the correct payment amount is greater than 10%, then the Contractor must pay all of the reasonable costs of the audit.

## ***2.120 Warranties***

**2.121 Warranties and Representations**

The Contractor represents and warrants:

(a) It is capable in all respects of fulfilling and must fulfill all of its obligations under the Contract. The performance of all obligations under the Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under the Contract.

(b) The Contract Appendices, Attachments and Exhibits identify the equipment and software and services necessary for the Deliverable(s) to perform and Services to operate in compliance with the Contract's requirements and other standards of performance.

(c) It is the lawful owner or licensee of any Deliverable licensed or sold to the State by Contractor or developed by Contractor under the Contract, and Contractor has all of the rights necessary to convey to the State the ownership rights or licensed use, as applicable, of any and all Deliverables. None of the Deliverables provided by Contractor to the State under the Contract, nor their use by the State, will infringe the patent, copyright, trade secret, or other proprietary rights of any third party.

(d) If, under the Contract, Contractor procures any equipment, software or other Deliverable for the State (including equipment, software and other Deliverables manufactured, re-marketed or otherwise sold by Contractor under Contractor's name), then in addition to Contractor's other responsibilities with respect to the items in the Contract, Contractor must assign or otherwise transfer to the State or its designees, or afford the State the benefits of, any manufacturer's warranty for the Deliverable.

(e) The Contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into the Contract, on behalf of Contractor.

(f) It is qualified and registered to transact business in all locations where required.

(g) Neither the Contractor nor any affiliates, nor any employee of either, has, must have, or must acquire, any contractual, financial, business, or other interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of its duties and responsibilities to the State under the Contract or otherwise create an appearance of impropriety with respect to the award or performance of this Agreement. Contractor must notify the State about the nature of the conflict or appearance of impropriety within two days of learning about it.

(h) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after the Contract start date, the Contractor must report those changes immediately to DTMB-Procurement.

(i) To the maximum extent allowable by third-party hardware and commercial-off-the-shelf (COTS) vendors, Contractor will pass-through to the State all manufacturers' warranties provided by third-party hardware and COTS vendors for deliverables furnished under this Agreement. Contractor will provide standard manufacturers' warranties, guarantees, and exchange policies for defective items which are offered through the manufacturers themselves. Contractor will warrant that its services will be performed in a professional manner by qualified personnel and will re-perform any work not in compliance with this warranty brought to its attention within 90 days after performance. Contractor makes no other warranties whatsoever express or implied, with regard to the hardware and COTS, in whole or in part. With respect to third-party hardware and COTS, Contractor explicitly disclaims all warranties of merchantability and fitness for a particular purpose.

**2.122 Deleted – N/A**

**2.123 Deleted – N/A**

**2.124 Warranty of Title**

Contractor must, in providing goods to the State, convey good title in those goods, whose transfer is right and lawful. All goods provided by Contractor must be delivered free from any security interest, lien, or encumbrance of which the State, at the time of contracting, has no knowledge. Goods provided by Contractor, under the Contract, must be delivered free of any rightful claim of any third person by of infringement or the like.

**2.125 Equipment Warranty**

To the extent Contractor is responsible under the Contract for maintaining equipment/system(s). Contractor must maintain the equipment/system(s) in good operating condition and must undertake all repairs and preventive maintenance according to the applicable manufacturer's recommendations for the period specified in the Contract.

The Contractor represents and warrants that the equipment/system(s) are in good operating condition and operate and perform to the requirements and other standards of performance contained in the Contract, when installed, at the time of Final Acceptance by the State, and for a period of one (1) year commencing upon the first day following Final Acceptance.

Within two business days of notification from the State, the Contractor must adjust, repair or replace all equipment that is defective or not performing in compliance with the Contract. The Contractor must assume all costs for replacing parts or units and their installation including transportation and delivery fees, if any.

The Contractor must provide a toll-free telephone number to allow the State to report equipment failures and problems to be remedied by the Contractor.

The Contractor agrees that all warranty service it provides under the Contract must be performed by Original Equipment Manufacturer (OEM) trained, certified and authorized technicians.

The Contractor is the sole point of contact for warranty service. The Contractor warrants that it will pass through to the State any warranties obtained or available from the original equipment manufacturer, including any replacement, upgraded, or additional equipment warranties.

All warranty work must be performed on the State of Michigan worksite(s).

**2.126 Equipment to be New**

If applicable, all equipment provided under the Contract by Contractor must be new where Contractor has knowledge regarding whether the equipment is new or assembled from new or serviceable used parts that are like new in performance or has the option of selecting one or the other. Equipment that is assembled from new or serviceable used parts that are like new in performance is acceptable where Contractor does not have knowledge or the ability to select one or other, unless specifically agreed otherwise in writing by the State.

**2.127 Prohibited Products**

The State will not accept salvage, distressed, outdated or discontinued merchandise. Shipping of such merchandise to any State agency, as a result of an order placed against the Contract, is considered default by the Contractor of the terms and conditions of the Contract and may result in cancellation of the Contract by the State. The brand and product number offered for all items must remain consistent for the term of the Contract, unless Procurement has approved a change order pursuant to **Section 2.024**.

**2.128 Consequences For Breach**

In addition to any remedies available in law, if the Contractor breaches any of the warranties contained in this section, the breach may be considered as a default in the performance of a material obligation of the Contract.

***2.130 Insurance***

**2.131 Liability Insurance**

The Contractor must provide proof of the minimum levels of insurance coverage as indicated below. The insurance must protect the State from claims which may arise out of or result from the Contractor's performance of Services under the terms of the Contract, whether the Services are performed by the Contractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts the Contractor may be liable. Contractor must require its Subcontractors to also comply with the insurance requirements of this section at Subcontractors' expense.

The Contractor waives all rights in relation to applicable insurance against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and Contract related agents for recovery of damages to the extent these damages are covered by the applicable insurance policies the Contractor is required to maintain under the Contract.

All insurance coverage's provided relative to the Contract/Purchase Order are PRIMARY and NON-CONTRIBUTING to any comparable liability insurance (including self-insurances) carried by the State.

The insurance must be written for not less than any minimum coverage specified in the Contract or required by law, whichever is greater.

The insurers selected by Contractor must have an A.M. Best rating of A or better, or as otherwise approved in writing by the State, or if the ratings are no longer available, with a comparable rating from a recognized insurance rating agency. All policies of insurance required in the Contract must be issued by companies that have been approved to do business in the State. See www.michigan.gov/deleg.

Where specific limits are shown, they are the minimum acceptable limits. If Contractor's policy contains higher limits, the State must be entitled to coverage to the extent of the higher limits.

The Contractor is required to pay for and provide the type and amount of insurance checked ☑ below:

☑ 1. Commercial General Liability with the following minimum coverage:

$2,000,000.00 General Aggregate Limit
$2,000,000.00 Products/Completed Operations Aggregate Limit
$1,000,000.00 Personal & Advertising Injury Limit
$1,000,000.00 Each Occurrence Limit

Such required limits may be met through a combination of primary, excess liability insurance, or general aggregate limit. The Contractor must list or include the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and Contract related agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence on the certificate that insurance policies contain a waiver of subrogation by the insurance company.

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

The Contractor must list or include the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and Contract related agents as ADDITIONAL INSUREDS on the vehicle liability certificate. The Contractor also agrees to provide evidence that insurance policies contain a waiver of subrogation by the insurance company.

☑ 3. Workers' compensation coverage must be provided according to applicable laws governing the employees and employers work activities in the state of the Contractor's domicile. If the applicable coverage is provided by a self-insurer, proof must be provided of approved self-insured authority by the jurisdiction of domicile. For employees working outside of the state of qualification, Contractor must provide appropriate certificates of insurance proving mandated coverage levels for the jurisdictions where the employees' activities occur.

The Contractor also agrees to provide evidence on the certificate that insurance policies contain a waiver of subrogation by the insurance company. This provision must not be applicable where prohibited or limited by the laws of the jurisdiction in which the work is to be performed.

☑ 4. Employers liability insurance with the following minimum limits:

$100,000.00 each accident
$100,000.00 each employee by disease
$500,000.00 aggregate disease

☑ 5. Employee Fidelity, including Computer Crimes, insurance including the State as a joint loss payee as its interests may appear, providing coverage for direct loss to the State and any legal liability of the State arising out of or related to fraudulent or dishonest acts committed by the employees of Contractor, acting alone or in collusion with others, in a minimum amount of $1,000,000.00 per loss.

**2.132 Subcontractor Insurance Coverage**

Except where the State has approved in writing a Contractor subcontract with other insurance provisions, Contractor must require all of its Subcontractors under the Contract to purchase and maintain the insurance coverage as described in this Section for the Contractor in connection with the performance of work by those Subcontractors. Subcontractor must fully comply with the insurance coverage required in this Section. Failure of Subcontractor to comply with insurance requirements does not limit Contractor's liability or responsibility.

**2.133 Certificates of Insurance and Other Requirements**

Contractor must furnish to DTMB-Procurement, standard ACORD form type certificate(s) of insurance verifying insurance coverage or providing satisfactory evidence of self-insurance as required in this Section (the "Certificates"). The Certificate must be on the standard "accord" form or equivalent. **THE**

**CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING.** All Certificate(s) are to be prepared and submitted by the Insurance Provider. Either Contractor must provide such notice of cancellation, material changes, or nonrenewal or Certificate(s) must contain a provision indicating that coverage's afforded under the policies MUST NOT BE CANCELLED, MATERIALLY CHANGED, OR NOT RENEWED without 30 days prior written notice, except for 10 days for non-payment of premium, having been given to the Director of Procurement, DTMB. The notice must include the Contract or Purchase Order number affected. Before the Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence, in the form of renewal or replacement certificates of insurance, that the State and its Contract related agents, officers and employees are listed as additional insured's under each commercial general liability and commercial automobile liability policy. In the event the State approves the representation of the State by the insurer's attorney, the attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

The Contractor must maintain all required insurance coverage throughout the term of the Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must either maintain such coverage or secure tail coverage for at least three years following the expiration or termination for any reason of the Contract. The minimum limits of coverage specified above are not intended, and must not be construed, to limit any liability or indemnity of Contractor under the Contract to any indemnified party or other persons. Contractor is responsible for all deductibles with regard to the insurance. If the Contractor fails to pay any premium for required insurance as specified in the Contract, or if any insurer cancels or significantly reduces any required insurance as specified in the Contract, then the State may, after the State has given the Contractor at least 30 days written notice, pay the premium or procure similar insurance coverage from another company or companies unless Contractor provides a renewal or replacement certificate of insurance. The State may deduct any part of the cost from any payment due the Contractor, or the Contractor must pay that cost upon demand by the State.

### ***2.140 Indemnification***

**2.141 General Indemnification**

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from liability, including all claims and losses, and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties), accruing or resulting to any person, firm or corporation that may be injured or damaged by the Contractor in the performance of the Contract and that are attributable to the negligence or tortious acts of the Contractor or any of its Subcontractors, or by anyone else for whose acts any of them may be liable, for a period of three years commencing either the date of accrual or the date the State receives written notice of the liability, claim, or loss, whichever is later.

**2.142 Code Indemnification**

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from any claim, loss, or expense arising from Contractor's breach of the No Surreptitious Code Warranty.

**2.143 Employee Indemnification**

In any claims against the State of Michigan, its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its Subcontractors, the indemnification obligation under the Contract must not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its Subcontractors under worker's disability compensation acts, disability benefit acts or other employee benefit acts. This indemnification clause is intended to be comprehensive. Any overlap in provisions, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other provisions.

**2.144 Patent/Copyright Infringement Indemnification**

To the extent permitted by law, the Contractor must indemnify, defend and hold harmless the State from and against all losses, liabilities, damages (including taxes), and all related costs and expenses (including reasonable attorneys' fees and costs of investigation, litigation, settlement, judgments, interest and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that the action or proceeding is based on a claim that any piece of equipment, software, commodity or service supplied by the Contractor or its Subcontractors, or the operation of the equipment, software, commodity or service, or the use or reproduction of any documentation provided with the equipment, software, commodity or service infringes any United States patent, copyright, trademark or trade secret of any person or entity, which is enforceable under the laws of the United States.

In addition, should the equipment, software, commodity, or service, or its operation, become or in the State's or Contractor's opinion be likely to become the subject of a claim of infringement, the Contractor must at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if the option is not reasonably available to the Contractor, (ii) replace or modify to the State's satisfaction the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if the option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

Notwithstanding the foregoing, the Contractor has no obligation to indemnify or defend the State for, or to pay any costs, damages or attorneys' fees related to, any claim based upon (i) equipment developed based on written specifications of the State; (ii) use of the equipment in a configuration other than implemented or approved in writing by the Contractor, including, but not limited to, any modification of the equipment by the State; or (iii) the combination, operation, or use of the equipment with equipment or software not supplied by the Contractor under the Contract.

**2.145 Continuation of Indemnification Obligations**

The Contractor's duty to indemnify under this Section continues in full force and effect, notwithstanding the expiration or early cancellation of the Contract, with respect to any claims based on facts or conditions that occurred before expiration or cancellation.

**2.146 Indemnification Procedures**

The procedures set forth below must apply to all indemnity obligations under the Contract.

(a) After the State receives notice of the action or proceeding involving a claim for which it will seek indemnification, the State must promptly notify Contractor of the claim in writing and take or assist Contractor in taking, as the case may be, any reasonable action to avoid the imposition of a default judgment against Contractor. No failure to notify the Contractor relieves the Contractor of its indemnification obligations except to the extent that the Contractor can prove damages attributable to the failure. Within 10 days following receipt of written notice from the State relating to any claim, the Contractor must notify the State in writing whether Contractor agrees to assume control of the defense and settlement of that claim (a "Notice of Election"). After notifying Contractor of a claim and before the State receiving Contractor's Notice of Election, the State is entitled to defend against the claim, at the Contractor's expense, and the Contractor will be responsible for any reasonable costs incurred by the State in defending against the claim during that period.

(b) If Contractor delivers a Notice of Election relating to any claim: (i) the State is entitled to participate in the defense of the claim and to employ counsel at its own expense to assist in the handling of the claim and to monitor and advise the State about the status and progress of the defense; (ii) the Contractor must, at the request of the State, demonstrate to the reasonable satisfaction of the State, the Contractor's financial ability to carry out its defense and indemnity obligations under the Contract; (iii) the Contractor must periodically advise the State about the status and progress of the defense and must obtain the prior written approval of the State before entering into any settlement of the claim or ceasing to defend against the claim and (iv) to the extent that any principles of Michigan governmental or public law may be involved or challenged, the State has the right, at its own expense, to control the defense of that portion of the claim involving the principles of Michigan governmental or public law. But the State may retain control of the defense and settlement of a claim by notifying the Contractor in writing within 10 days

after the State's receipt of Contractor's information requested by the State under clause (ii) of this paragraph if the State determines that the Contractor has failed to demonstrate to the reasonable satisfaction of the State the Contractor's financial ability to carry out its defense and indemnity obligations under this Section. Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. In the event the insurer's attorney represents the State under this Section, the insurer's attorney may be required to be designated as a Special Assistant Attorney General by the Attorney General of the State of Michigan.

(c) If Contractor does not deliver a Notice of Election relating to any claim of which it is notified by the State as provided above, the State may defend the claim in the manner as it may deem appropriate, at the cost and expense of Contractor. If it is determined that the claim was one against which Contractor was required to indemnify the State, upon request of the State, Contractor must promptly reimburse the State for all the reasonable costs and expenses.

## ***2.150 Termination/Cancellation***

### 2.151 Notice and Right to Cure

If the Contractor breaches the Contract, and the State, in its sole discretion, determines that the breach is curable, then the State must provide the Contractor with written notice of the breach and a time period (not less than 30 days) to cure the Breach. The notice of breach and opportunity to cure is inapplicable for successive or repeated breaches or if the State determines in its sole discretion that the breach poses a serious and imminent threat to the health or safety of any person or the imminent loss, damage, or destruction of any real or tangible personal property.

### 2.152 Termination for Cause

(a) The State may terminate the Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under the Contract (including a Chronic Failure to meet any particular SLA), or (ii) fails to cure a breach within the time period specified in the written notice of breach provided by the State

(b) If the Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating the Contract, including but not limited to, State administrative costs, reasonable attorneys' fees and court costs, and any reasonable additional costs the State may incur to procure the Services/Deliverables required by the Contract from other sources. Re-procurement costs are not consequential, indirect or incidental damages, and cannot be excluded by any other terms otherwise included in the Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under the Contract.

(c) If the State chooses to partially terminate the Contract for cause, charges payable under the Contract will be equitably adjusted to reflect those Services/Deliverables that are terminated and the State must pay for all Services/Deliverables for which Final Acceptance has been granted provided up to the termination date. Services and related provisions of the Contract that are terminated for cause must cease on the effective date of the termination.

(d) If the State terminates the Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of contract under the provisions of this section, that termination for cause must be deemed to have been a termination for convenience, effective as of the same date, and the rights and obligations of the parties must be limited to that otherwise provided in the Contract for a termination for convenience.

### 2.153 Termination for Convenience

The State may terminate the Contract for its convenience, in whole or part, if the State determines that a termination is in the State's best interest. Reasons for the termination must be left to the sole discretion of the State and may include, but not necessarily be limited to (a) the State no longer needs the Services or products specified in the Contract, (b) relocation of office, program changes, changes in laws, rules, or regulations make implementation of the Services no longer practical or feasible, (c) unacceptable prices for Additional Services or New Work requested by the State, or (d) falsification or misrepresentation, by

inclusion or non-inclusion, of information material to a response to any RFP issued by the State. The State may terminate the Contract for its convenience, in whole or in part, by giving Contractor written notice at least 30 days before the date of termination. If the State chooses to terminate the Contract in part, the charges payable under the Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of the Contract that are terminated for cause must cease on the effective date of the termination.

**2.154 Termination for Non-Appropriation**

(a) Contractor acknowledges that, if the Contract extends for several fiscal years, continuation of the Contract is subject to appropriation or availability of funds for the Contract. If funds to enable the State to effect continued payment under the Contract are not appropriated or otherwise made available, the State must terminate the Contract and all affected Statements of Work, in whole or in part, at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to Contractor. The State must give Contractor at least 30 days advance written notice of termination for non-appropriation or unavailability (or the time as is available if the State receives notice of the final decision less than 30 days before the funding cutoff).

(b) If funding for the Contract is reduced by law, or funds to pay Contractor for the agreed-to level of the Services or production of Deliverables to be provided by Contractor are not appropriated or otherwise unavailable, the State may, upon 30 days written notice to Contractor, reduce the level of the Services or the change the production of Deliverables in the manner and for the periods of time as the State may elect. The charges payable under the Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

(c) If the State terminates the Contract, eliminates certain Deliverables, or reduces the level of Services to be provided by Contractor under this Section, the State must pay Contractor for all Work-in-Process performed through the effective date of the termination or reduction in level, as the case may be and as determined by the State, to the extent funds are available. This Section will not preclude Contractor from reducing or stopping Services/Deliverables or raising against the State in a court of competent jurisdiction, any claim for a shortfall in payment for Services performed or Deliverables finally accepted before the effective date of termination.

**2.155 Termination for Criminal Conviction**

The State may terminate the Contract immediately and without further liability or penalty in the event Contractor, an officer of Contractor, or an owner of a 25% or greater share of Contractor is convicted of a criminal offense related to a State, public or private Contract or subcontract.

**2.156 Termination for Approvals Rescinded**

The State may terminate the Contract if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services under Constitution 1963, Article 11, § 5, and Civil Service Rule 7-1. In that case, the State must pay the Contractor for only the work completed to that point under the Contract. Termination may be in whole or in part and may be immediate as of the date of the written notice to Contractor or may be effective as of the date stated in the written notice.

**2.157 Rights and Obligations upon Termination**

(a) If the State terminates the Contract for any reason, the Contractor must (a) stop all work as specified in the notice of termination, (b) take any action that may be necessary, or that the State may direct, for preservation and protection of Deliverables or other property derived or resulting from the Contract that may be in Contractor's possession, (c) return all materials and property provided directly or indirectly to Contractor by any entity, agent or employee of the State, (d) transfer title in, and deliver to, the State, unless otherwise directed, all Deliverables intended to be transferred to the State at the termination of the Contract and which are resulting from the Contract (which must be provided to the State on an "As-Is" basis except to the extent the amounts paid by the State in respect of the items included compensation to Contractor for the provision of warranty services in respect of the materials), and (e) take any action to mitigate and limit any potential damages, or requests for Contractor adjustment or termination settlement costs, to the maximum practical extent, including terminating or limiting as otherwise applicable those subcontracts and outstanding orders for material and supplies resulting from the terminated Contract.

(b) If the State terminates the Contract before its expiration for its own convenience, the State must pay Contractor for all charges due for Services provided before the date of termination and, if applicable, as a separate item of payment under the Contract, for Work In Process, on a percentage of completion basis at the level of completion determined by the State. All completed or partially completed Deliverables prepared by Contractor under the Contract, at the option of the State, becomes the State's property, and Contractor is entitled to receive equitable fair compensation for the Deliverables. Regardless of the basis for the termination, the State is not obligated to pay, or otherwise compensate, Contractor for any lost expected future profits, costs or expenses incurred with respect to Services not actually performed for the State.

(c) Upon a good faith termination, the State may assume, at its option, any subcontracts and agreements for Services and Deliverables provided under the Contract, and may further pursue completion of the Services/Deliverables under the Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

**2.158 Reservation of Rights**

Any termination of the Contract or any Statement of Work issued under it by a party must be with full reservation of, and without prejudice to, any rights or remedies otherwise available to the party with respect to any claims arising before or as a result of the termination.

## ***2.160 Termination by Contractor***

**2.161 Termination by Contractor**

If the State breaches the Contract, and the Contractor in its sole discretion determines that the breach is curable, then the Contractor will provide the State with written notice of the breach and a time period (not less than 30 days) to cure the breach. The Notice of Breach and opportunity to cure is inapplicable for successive and repeated breaches.

The Contractor may terminate the Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under the Contract, (ii) breaches its other obligations under the Contract to an extent that makes it impossible or commercially impractical for the Contractor to perform the Services, or (iii) does not cure the breach within the time period specified in a written notice of breach. But the Contractor must discharge its obligations under **Section 2.190** before it terminates the Contract.

## ***2.170 Transition Responsibilities***

**2.171 Contractor Transition Responsibilities**

If the State terminates the Contract, for convenience or cause, or if the Contract is otherwise dissolved, voided, rescinded, nullified, expires or rendered unenforceable, the Contractor agrees to comply with direction provided by the State to assist in the orderly transition of equipment, services, software, leases, etc. to the State or a third party designated by the State. If the Contract expires or terminates, the Contractor agrees to make all reasonable efforts to effect an orderly transition of services within a reasonable period of time that in no event will exceed two hundred and seventy (270) project days. These efforts must include, but are not limited to, those listed in **Sections 2.171, 2.172, 2.173, 2.174, and 2.175.**

**2.172 Contractor Personnel Transition**

The Contractor must work with the State, or a specified third party, to develop a transition plan setting forth the specific tasks and schedule to be accomplished by the parties to effect an orderly transition. The Contractor must allow as many personnel as practicable to remain on the job to help the State, or a specified third party, maintain the continuity and consistency of the services required by the Contract. In addition, during or following the transition period, in the event the State requires the Services of the Contractor's Subcontractors or vendors, as necessary to meet its needs, Contractor agrees to reasonably, and with good-faith, work with the State to use the Services of Contractor's Subcontractors or

vendors. Contractor must notify all of Contractor's subcontractors of procedures to be followed during transition.

**2.173 Contractor Information Transition**
The Contractor agrees to provide reasonable detailed specifications for all Services/Deliverables needed by the State, or specified third party, to properly provide the Services/Deliverables required under the Contract. The Contractor must provide the State with asset management data generated from the inception of the Contract through the date on which the Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor must deliver to the State any remaining owed reports and documentation still in Contractor's possession subject to appropriate payment by the State.

**2.174 Contractor Software Transition**
The Contractor must reasonably assist the State in the acquisition of any Contractor software required to perform the Services/use the Deliverables under the Contract. This must include any documentation being used by the Contractor to perform the Services under the Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of the Contract, transfer back to the State at their current revision level. Upon notification by the State, Contractor may be required to freeze all non-critical changes to Deliverables/Services.

**2.175 Transition Payments**
If the transition results from a termination for any reason, reimbursement must be governed by the termination provisions of the Contract. If the transition results from expiration, the Contractor will be reimbursed for all reasonable transition costs (i.e. costs incurred within the agreed period after contract expiration that result from transition operations) at the rates agreed upon by the State. The Contractor must prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

**2.176 State Transition Responsibilities**
In the event that the Contract is terminated, dissolved, voided, rescinded, nullified, or otherwise rendered unenforceable, the State agrees to perform the following obligations, and any others upon which the State and the Contractor agree:
(a) Reconciling all accounts between the State and the Contractor;
(b) Completing any pending post-project reviews.

## ***2.180 Stop Work***

**2.181 Stop Work Orders**
The State may, at any time, by written stop work order to Contractor, require that Contractor stop all, or any part, of the work called for by the Contract for a period of up to 90 calendar days after the stop work order is delivered to Contractor, and for any further period to which the parties may agree. The stop work order must be identified as a stop work order and must indicate that it is issued under this **Section 2.180**. Upon receipt of the stop work order, Contractor must immediately comply with its terms and take all reasonable steps to minimize incurring costs allocable to the work covered by the stop work order during the period of work stoppage. Within the period of the stop work order, the State must either: (a) cancel the stop work order; or (b) terminate the work covered by the stop work order as provided in **Section 2.150**.

**2.182 Cancellation or Expiration of Stop Work Order**
The Contractor must resume work if the State cancels a Stop Work Order or if it expires. The parties will agree upon an equitable adjustment in the delivery schedule, the Contract price, or both, and the Contract must be modified, in writing, accordingly, if: (a) the stop work order results in an increase in the time required for, or in Contractor's costs properly allocable to, the performance of any part of the Contract; and (b) Contractor asserts its right to an equitable adjustment within 30 calendar days after the end of the period of work stoppage; provided that, if the State decides the facts justify the action, the State may receive and act upon a Contractor proposal submitted at any time before final payment under the Contract. Any adjustment must conform to the requirements of **Section 2.024**.

**2.183 Allowance of Contractor Costs**

If the stop work order is not canceled and the work covered by the stop work order is terminated for reasons other than material breach, the termination must be deemed to be a termination for convenience under **Section 2.150**, and the State will pay reasonable costs resulting from the stop work order in arriving at the termination settlement. For the avoidance of doubt, the State is not liable to Contractor for loss of profits because of a stop work order issued under this **Section 2.180.**

## ***2.190 Dispute Resolution***

**2.191 In General**

Any claim, counterclaim, or dispute between the State and Contractor arising out of or relating to the Contract or any Statement of Work must be resolved as follows. For all Contractor claims seeking an increase in the amounts payable to Contractor under the Contract, or the time for Contractor's performance, Contractor must submit a letter, together with all data supporting the claims, executed by Contractor's Contract Administrator or the Contract Administrator's designee certifying that (a) the claim is made in good faith, (b) the amount claimed accurately reflects the adjustments in the amounts payable to Contractor or the time for Contractor's performance for which Contractor believes the State is liable and covers all costs of every type to which Contractor is entitled from the occurrence of the claimed event, and (c) the claim and the supporting data are current and complete to Contractor's best knowledge and belief.

**2.192 Informal Dispute Resolution**

(a) All disputes between the parties must be resolved under the Contract Management procedures in the Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Procurement, DTMB, or designee, for the purpose of attempting to resolve the dispute without the need for formal legal proceedings, as follows:

(i) The representatives of Contractor and the State must meet as often as the parties reasonably deem necessary to gather and furnish to each other all information with respect to the matter in issue which the parties believe to be appropriate and germane in connection with its resolution. The representatives must discuss the problem and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceeding.

(ii) During the course of negotiations, all reasonable requests made by one party to another for non-privileged information reasonably related to the Contract must be honored in order that each of the parties may be fully advised of the other's position.

(iii) The specific format for the discussions will be left to the discretion of the designated State and Contractor representatives, but may include the preparation of agreed upon statements of fact or written statements of position.

(iv) Following the completion of this process within 60 calendar days, the Director of Procurement, DTMB, or designee, must issue a written opinion regarding the issue(s) in dispute within 30 calendar days. The opinion regarding the dispute must be considered the State's final action and the exhaustion of administrative remedies.

(b) This Section must not be construed to prevent either party from instituting, and a party is authorized to institute, formal proceedings earlier to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors, or under **Section 2.193**.

(c) The State will not mediate disputes between the Contractor and any other entity, except state agencies, concerning responsibility for performance of work under the Contract.

**2.193 Injunctive Relief**

The only circumstance in which disputes between the State and Contractor will not be subject to the provisions of **Section 2.192** is where a party makes a good faith determination that a breach of the terms of the Contract by the other party is the that the damages to the party resulting from the breach will be so immediate, so large or severe and so incapable of adequate redress after the fact that a temporary restraining order or other immediate injunctive relief is the only adequate remedy.

### 2.194 Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance (dispute over payment must not be deemed to preclude performance) and without limiting either party's right to terminate the Contract as provided in **Section 2.150**, as the case may be.

## *2.200 Federal and State Contract Requirements*

### 2.201 Nondiscrimination

In the performance of the Contract, Contractor agrees not to discriminate against any employee or applicant for employment, with respect to his or her hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, or physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of the Contract or any purchase order resulting from the Contract must contain a provision requiring non-discrimination in employment, as specified here, binding upon each Subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, et seq., and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, et seq., and any breach of this provision may be regarded as a material breach of the Contract.

### 2.202 Unfair Labor Practices

Under 1980 PA 278, MCL 423.321, et seq., the State must not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under Section 2 of the Act. This information is compiled by the United States National Labor Relations Board. A Contractor of the State, in relation to the Contract, must not enter into a contract with a Subcontractor, manufacturer, or supplier whose name appears in this register. Under Section 4 of 1980 PA 278, MCL 423.324, the State may void any Contract if, after award of the Contract, the name of Contractor as an employer or the name of the Subcontractor, manufacturer or supplier of Contractor appears in the register.

### 2.203 Workplace Safety and Discriminatory Harassment

In performing Services for the State, the Contractor must comply with the Department of Civil Services Rule 2-20 regarding Workplace Safety and Rule 1-8.3 regarding Discriminatory Harassment. In addition, the Contractor must comply with Civil Service regulations and any applicable agency rules provided to the Contractor. For Civil Service Rules, see http://www.mi.gov/mdcs/0,1607,7-147-6877---,00.html.

### 2.204 Prevailing Wage

The rates of wages and fringe benefits to be paid each class of individuals employed by the Contractor, its Subcontractors, their subcontractors, and all persons involved with the performance of the Contract in privity of Contract with the Contractor must not be less than the wage rates and fringe benefits established by the Michigan Department of Energy, Labor and Economic Development, Wage and Hour Bureau, schedule of occupational classification and wage rates and fringe benefits for the local where the work is to be performed. The term Contractor must include all general contractors, prime contractors, project managers, trade contractors, and all of their contractors or Subcontractors and persons in privity of contract with them.

The Contractor, its Subcontractors, their subcontractors and all persons involved with the performance of the Contract in privity of contract with the Contractor must keep posted on the work site, in a conspicuous place, a copy of all wage rates and fringe benefits as prescribed in the contract. You must also post, in a conspicuous place, the address and telephone number of the Michigan Department of Energy, Labor and Economic Development, the office responsible for enforcement of the wage rates and fringe benefits. The Contractor must keep an accurate record showing the name and occupation of the actual wage and benefits paid to each individual employed in connection with the Contract. This record must be available to the State upon request for reasonable inspection.

If any trade is omitted from the list of wage rates and fringe benefits to be paid to each class of individuals by the Contractor, it is understood that the trades omitted must also be paid not less than the wage rate and fringe benefits prevailing in the local where the work is to be performed.

### *2.210 Governing Law*

**2.211 Governing Law**
The Contract must in all respects be governed by, and construed according to, the substantive laws of the State of Michigan without regard to any Michigan choice of law rules that would apply the substantive law of any other jurisdiction to the extent not inconsistent with, or pre-empted by federal law.

**2.212 Compliance with Laws**
Contractor must comply with all applicable state, federal and local laws and ordinances in providing the Services/Deliverables.

**2.213 Jurisdiction**
Any dispute arising from the Contract must be resolved in the State of Michigan. With respect to any claim between the parties, Contractor consents to venue in Ingham County, Michigan, and irrevocably waives any objections it may have to the jurisdiction on the grounds of lack of personal jurisdiction of the court or the laying of venue of the court or on the basis of forum non conveniens or otherwise. Contractor agrees to appoint agents in the State of Michigan to receive service of process.

### *2.220 Limitation of Liability*

**2.221 Limitation of Liability**
Neither the Contractor nor the State is liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. The Contractor's liability for damages to the State is limited to the value of the Contract or $3,000,000.00, whichever is higher. The State's liability for damages to the Contractor is limited to the value of the Contract.

The foregoing limitation of liability does not apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the Contractor; to claims covered by other specific provisions of the Contract calling for liquidated damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract.

### *2.230 Disclosure Responsibilities*

**2.231 Disclosure of Litigation**
(a) Disclosure. Contractor must disclose any material criminal litigation, investigations or proceedings involving the Contractor (and each Subcontractor) or any of its officers or directors or any litigation, investigations or proceedings under the Sarbanes-Oxley Act. In addition, each Contractor (and each Subcontractor) must notify the State of any material civil litigation, arbitration or proceeding which arises during the term of the Contract and extensions, to which Contractor (or, to the extent Contractor is aware, any Subcontractor) is a party, and which involves: (i) disputes that might reasonably be expected to adversely affect the viability or financial stability of Contractor or any Subcontractor; or (ii) a claim or written allegation of fraud against Contractor or, to the extent Contractor is aware, any Subcontractor by a governmental or public entity arising out of their business dealings with governmental or public entities. The Contractor must disclose in writing to the Contract Administrator any litigation, investigation, arbitration or other proceeding (collectively, "Proceeding") within 30 days of its occurrence. Details of settlements which are prevented from disclosure by the terms of the settlement may be annotated. Information provided to the State from Contractor's publicly filed documents referencing its material litigation will be deemed to satisfy the requirements of this Section.

(b) Assurances. If any Proceeding disclosed to the State under this Section, or of which the State otherwise becomes aware, during the term of the Contract would cause a reasonable party to be concerned about:

(i) the ability of Contractor (or a Subcontractor) to continue to perform the Contract according to its terms and conditions, or

(ii) whether Contractor (or a Subcontractor) in performing Services for the State is engaged in conduct which is similar in nature to conduct alleged in the Proceeding, which conduct would constitute a breach of the Contract or a violation of Michigan law, regulations or public policy, then the Contractor must provide the State all reasonable assurances requested by the State to demonstrate that:

(a) Contractor and its Subcontractors must be able to continue to perform the Contract and any Statements of Work according to its terms and conditions, and

(b) Contractor and its Subcontractors have not and will not engage in conduct in performing the Services which is similar in nature to the conduct alleged in the Proceeding.

(c) Contractor must make the following notifications in writing:

(1) Within 30 days of Contractor becoming aware that a change in its ownership or officers has occurred, or is certain to occur, or a change that could result in changes in the valuation of its capitalized assets in the accounting records, Contractor must notify DTMB-Procurement.

(2) Contractor must also notify DTMB Procurement within 30 days whenever changes to asset valuations or any other cost changes have occurred or are certain to occur as a result of a change in ownership or officers.

(3) Contractor must also notify DTMB Procurement within 30 days whenever changes to company affiliations occur.

**2.232 Call Center Disclosure**

Contractor and/or all Subcontractors involved in the performance of the Contract providing call or contact center services to the State must disclose the location of its call or contact center services to inbound callers. Failure to disclose this information is a material breach of the Contract.

**2.233 Bankruptcy**

The State may, without prejudice to any other right or remedy, terminate the Contract, in whole or in part, and, at its option, may take possession of the "Work in Process" and finish the Works in Process by whatever appropriate method the State may deem expedient if:

(a) the Contractor files for protection under the bankruptcy laws;

(b) an involuntary petition is filed against the Contractor and not removed within 30 days;

(c) the Contractor becomes insolvent or if a receiver is appointed due to the Contractor's insolvency;

(d) the Contractor makes a general assignment for the benefit of creditors; or

(e) the Contractor or its affiliates are unable to provide reasonable assurances that the Contractor or its affiliates can deliver the services under the Contract.

Contractor will fix appropriate notices or labels on the Work in Process to indicate ownership by the State. To the extent reasonably possible, materials and Work in Process must be stored separately from other stock and marked conspicuously with labels indicating ownership by the State.

## ***2.240 Performance***

**2.241 Time of Performance**

(a) Contractor must use commercially reasonable efforts to provide the resources necessary to complete all Services and Deliverables according to the time schedules contained in the Statements of Work and other Exhibits governing the work, and with professional quality.

(b) Without limiting the generality of **Section 2.241(a),** Contractor must notify the State in a timely manner upon becoming aware of any circumstances that may reasonably be expected to jeopardize the timely and successful completion of any Deliverables/Services on the scheduled due dates in the latest State-approved delivery schedule and must inform the State of the projected actual delivery date.

(c) If the Contractor believes that a delay in performance by the State has caused or will cause the Contractor to be unable to perform its obligations according to specified Contract time periods, the Contractor must notify the State in a timely manner and must use commercially reasonable efforts to perform its obligations according to the Contract time periods notwithstanding the State's failure. Contractor will not be in default for a delay in performance to the extent the delay is caused by the State.

**2.242 Service Level Agreements (SLAs)**

(a) SLAs will be completed with the following operational considerations:

(i) SLAs will not be calculated for individual Incidents where any event of Excusable Failure has been determined; Incident means any interruption in Services.

(ii) SLAs will not be calculated for individual Incidents where loss of service is planned and where the State has received prior notification or coordination.

(iii) SLAs will not apply if the applicable Incident could have been prevented through planning proposed by Contractor and not implemented at the request of the State. To invoke this consideration, complete documentation relevant to the denied planning proposal must be presented to substantiate the proposal.

(iv) Time period measurements will be based on the time Incidents are received by the Contractor and the time that the State receives notification of resolution based on 24x7x365 time period, except that the time period measurement will be suspended based on the following:

1. Time period(s) will not apply where Contractor does not have access to a physical State Location and where access to the State Location is necessary for problem identification and resolution.
2. Time period(s) will not apply where Contractor needs to obtain timely and accurate information or appropriate feedback and is unable to obtain timely and accurate information or appropriate feedback from the State.

(b) Chronic Failure for any Service(s) is defined as three unscheduled outage(s) or interruption(s) on any individual Service for the same reason or cause or if the same reason or cause was reasonably discoverable in the first instance over a rolling 30 day period. Chronic Failure will result in the State's option to terminate the effected individual Service(s) and procure them from a different vendor for the chronic location(s) with Contractor to pay the difference in charges for up to three additional months. The termination of the Service must not affect any tiered pricing levels.

(c) Root Cause Analysis must be performed on any business critical outage(s) or outage(s) on Services when requested by the Contract Administrator. Contractor must provide its analysis within two weeks of outage(s) and provide a recommendation for resolution.

(d) All decimals must be rounded to two decimal places, with five and greater rounding up and four and less rounding down, unless otherwise specified.

**2.243 Liquidated Damages**

The parties acknowledge that late or improper completion of the Work will cause loss and damage to the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result. Therefore, Contractor and the State agree that if there is late or improper completion of the Work and the State does not elect to exercise its rights under **Section 2.152**, the State is entitled to collect liquidated damages in the amount of the contract and an additional $ 50,000.00 per day for each day Contractor fails to remedy the late or improper completion of the Work.

It is acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of the Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 2.152**, the State may assess liquidated damages against Contractor as specified below.

For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the liquidated damages amount is $25,000.00 per individual if the Contractor identifies a replacement approved by the State under **Section 2.060** and assigns the replacement to the Project to shadow the Key Personnel who is leaving for a period of at least 30 days before the Key Personnel's removal.

If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 days, in addition to the $25,000.00 liquidated damages for an Unauthorized Removal, Contractor must pay the amount of $833.33 per day for each day of the 30 day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to $25,000.00 maximum per individual. The total liquidated damages that may be assessed per Unauthorized Removal and failure to provide 30 days of shadowing must not exceed $50,000.00 per individual.

**2.244 Excusable Failure**

Neither party will be liable for any default, damage, or delay in the performance of its obligations under the Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military, or otherwise), power failure, lightning, earthquake, war, water or other forces of nature or acts of God, delays or failures of transportation, equipment shortages, suppliers' failures, or acts or omissions of common carriers, fire; riots, civil disorders; strikes or other labor disputes, embargoes; injunctions (provided the injunction was not issued as a result of any fault or negligence of the party seeking to have its default or delay excused); or any other cause beyond the reasonable control of a party; provided the non-performing party and its Subcontractors are without fault in causing the default or delay, and the default or delay could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means, including disaster recovery plans.

If a party does not perform its contractual obligations for any of the reasons listed above, the non-performing party will be excused from any further performance of its affected obligation(s) for as long as the circumstances prevail. but the party must use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay. A party must promptly notify the other party in writing immediately after the excusable failure occurs, and also when it abates or ends.

If any of the above-enumerated circumstances substantially prevent, hinder, or delay the Contractor's performance of the Services/provision of Deliverables for more than 10 Business Days, and the State determines that performance is not likely to be resumed within a period of time that is satisfactory to the State in its reasonable discretion, then at the State's option: (a) the State may procure the affected Services/Deliverables from an alternate source, and the State is not liable for payment for the unperformed Services/ Deliverables not provided under the Contract for so long as the delay in performance continues; (b) the State may terminate any portion of the Contract so affected and the charges payable will be equitably adjusted to reflect those Services/Deliverables terminated; or (c) the State may terminate the affected Statement of Work without liability to Contractor as of a date specified by the State in a written notice of termination to the Contractor, except to the extent that the State must pay for Services/Deliverables provided through the date of termination.

The Contractor will not have the right to any additional payments from the State as a result of any Excusable Failure occurrence or to payments for Services not rendered/Deliverables not provided as a result of the Excusable Failure condition. Defaults or delays in performance by Contractor which are caused by acts or omissions of its Subcontractors will not relieve Contractor of its obligations under the Contract except to the extent that a Subcontractor is itself subject to an Excusable Failure condition described above and Contractor cannot reasonably circumvent the effect of the Subcontractor's default or delay in performance through the use of alternate sources, workaround plans or other means.

## ***2.250 Approval of Deliverables***

**2.251 Delivery Responsibilities**

Unless otherwise specified by the State within an individual order, the following must be applicable to all orders issued under the Contract. In addition, the Contractor must abide by the definition of deliverables as applied in Section 1.022 in the SOW, and Appendix K.

(a) Shipment responsibilities - Services performed/Deliverables provided under the Contract must be delivered "F.O.B. Destination, within Government Premises." The Contractor must have complete responsibility for providing all Services/Deliverables to all site(s) unless otherwise stated. Actual delivery dates must be specified on the individual purchase order.

(b) Delivery locations - Services must be performed/Deliverables must be provided at every State of Michigan location within Michigan unless otherwise stated in the SOW. Specific locations will be provided by the State or upon issuance of individual purchase orders.

(c) Damage Disputes - At the time of delivery to State Locations, the State must examine all packages. The quantity of packages delivered must be recorded and any obvious visible or suspected damage must be noted at time of delivery using the shipper's delivery document(s) and appropriate procedures to record the damage.
Where there is no obvious or suspected damage, all deliveries to a State Location must be opened by the State and the contents inspected for possible internal damage not visible externally within 14 days of receipt. Any damage must be reported to the Contractor within five days of inspection

**2.252 Delivery of Deliverables**
Where applicable, the Statements of Work/POs contain lists of the Deliverables to be prepared and delivered by Contractor including, for each Deliverable, the scheduled delivery date and a designation of whether the Deliverable is a document ("Written Deliverable"), a good ("Physical Deliverable") or a Service. All Deliverables must be completed and delivered for State review and written approval and, where applicable, installed according to the State-approved delivery schedule and any other applicable terms and conditions of the Contract.

**2.253 Testing**
(a) Before delivering any of the above-mentioned Statement of Work Physical Deliverables or Services to the State, Contractor must first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and conforms with its specifications listed in the applicable Statement of Work or Purchase Order. Before delivering a Physical Deliverable or Service to the State, Contractor must certify to the State that (1) it has performed the quality assurance activities, (2) it has performed any applicable testing, (3) it has corrected all material deficiencies discovered during the quality assurance activities and testing, (4) the Deliverable or Service is in a suitable state of readiness for the State's review and approval, and (5) the Deliverable/Service has all Critical Security patches/updates applied.

(b) If a Deliverable includes installation at a State Location, then Contractor must (1) perform any applicable testing, (2) correct all material deficiencies discovered during the quality assurance activities and testing, and (3) inform the State that the Deliverable is in a suitable state of readiness for the State's review and approval. To the extent that testing occurs at State Locations, the State is entitled to observe or otherwise participate in testing.

**2.254 Approval of Deliverables, In General**
(a) All Deliverables (Physical Deliverables and Written Deliverables) and Services require formal written approval by the State, according to the following procedures. Formal approval by the State requires the State to confirm in writing that the Deliverable meets its specifications. Formal approval may include the successful completion of Testing as applicable in **Section 2.253**, to be led by the State with the support and assistance of Contractor. The approval process will be facilitated by ongoing consultation between the parties, inspection of interim and intermediate Deliverables and collaboration on key decisions.

(b) The State's obligation to comply with any State Review Period is conditioned on the timely delivery of Deliverables/Services being reviewed.

(c) Before commencement of its review or testing of a Deliverable/Service, the State may inspect the Deliverable/Service to confirm that all components of the Deliverable/Service have been delivered without material deficiencies. If the State determines that the Deliverable/Service has material deficiencies, the State may refuse delivery of the Deliverable/Service without performing any further inspection or testing of the Deliverable/Service. Otherwise, the review period will be deemed to have started on the day the State receives the Deliverable or the Service begins, and the State and Contractor agree that the Deliverable/Service is ready for use and, where applicable, certification by Contractor according to **Section 2.253**.

(d) The State must approve in writing a Deliverable/Service after confirming that it conforms to and performs according to its specifications without material deficiency. The State may, but is not be required to, conditionally approve in writing a Deliverable/Service that contains material deficiencies if the State elects to permit Contractor to rectify them post-approval. In any case, Contractor will be responsible for working diligently to correct within a reasonable time at Contractor's expense all deficiencies in the Deliverable/Service that remain outstanding at the time of State approval.

(e) If, after three (3) opportunities (the original and two repeat efforts), the Contractor is unable to correct all deficiencies preventing Final Acceptance of a Deliverable/Service, the State may: (i) demand that the Contractor cure the failure and give the Contractor additional time to cure the failure at the sole expense of the Contractor; or (ii) keep the Contract in force and do, either itself or through other parties, whatever the Contractor has failed to do, and recover the difference between the cost to cure the deficiency and the contract price plus an additional sum equal to 10% of the cost to cure the deficiency to cover the State's general expenses provided the State can furnish proof of the general expenses; or (iii) terminate the particular Statement of Work for default, either in whole or in part by notice to Contractor provided Contractor is unable to cure the breach. Notwithstanding the foregoing, the State cannot use, as a basis for exercising its termination rights under this Section, deficiencies discovered in a repeat State Review Period that could reasonably have been discovered during a prior State Review Period.

(f) The State, at any time and in its reasonable discretion, may halt the testing or approval process if the process reveals deficiencies in or problems with a Deliverable/Service in a sufficient quantity or of a sufficient severity that renders continuing the process unproductive or unworkable. If that happens, the State may stop using the Service or return the applicable Deliverable to Contractor for correction and re-delivery before resuming the testing or approval process.

**2.255 Process For Approval of Written Deliverables**

The State Review Period for Written Deliverables will be the number of days set forth in the applicable Statement of Work following delivery of the final version of the Deliverable (and if the Statement of Work does not state the State Review Period, it is by default five (5) Business Days for Written Deliverables of 100 pages or less and 10 Business Days for Written Deliverables of more than 100 pages). The duration of the State Review Periods will be doubled if the State has not had an opportunity to review an interim draft of the Written Deliverable before its submission to the State. The State agrees to notify Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State notifies the Contractor about deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. Contractor's correction efforts must be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State must have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

**2.256 Satisfactory Services**

All Services provided by the Contractor under this Contract must be performed to the State's reasonable satisfaction. The State will not be required to pay for work found to be unsatisfactory or inconsistent with this Contract.

**2.257 Process for Approval of Physical Deliverables**

The State Review Period for approval of Physical Deliverables is governed by the applicable Statement of Work (and if the Statement of Work does not state the State Review Period, it is by default 30 continuous Business Days for a Physical Deliverable). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Deliverable is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Deliverable (or at the State's election, after approval of the Deliverable). If the State delivers to the Contractor a notice of deficiencies, the Contractor must correct the described deficiencies and within 30 Business Days resubmit the Deliverable in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts must be made at no additional charge. Upon receipt of a corrected Deliverable from the Contractor, the State must have a reasonable additional period of time, not

to exceed the length of the original State Review Period, to review the corrected Deliverable to confirm that the identified deficiencies have been corrected.

**2.258 Final Acceptance**

Unless otherwise stated in the Article 1, Statement of Work or Purchase Order, "Final Acceptance" of each Deliverable must occur when each Deliverable/Service has been approved by the State following the State Review Periods identified in **Sections 2.251-2.257**. Payment will be made for Deliverables installed and accepted. Upon acceptance of a Service, the State will pay for all Services provided during the State Review Period that conformed to the acceptance criteria.

***2.260 Ownership***

**2.261 Ownership of Work Product by State**

The State owns all Deliverables as they are works made for hire by the Contractor for the State. The State owns all United States and international copyrights, trademarks, patents, or other proprietary rights in the Deliverables.

**2.262 Vesting of Rights**

With the sole exception of any preexisting licensed works identified in the SOW, the Contractor assigns, and upon creation of each Deliverable automatically assigns, to the State, ownership of all United States and international copyrights, trademarks, patents, or other proprietary rights in each and every Deliverable, whether or not registered by the Contractor, insofar as any the Deliverable, by operation of law, may not be considered work made for hire by the Contractor for the State. From time to time upon the State's request, the Contractor must confirm the assignment by execution and delivery of the assignments, confirmations of assignment, or other written instruments as the State may request. The State may obtain and hold in its own name all copyright, trademark, and patent registrations and other evidence of rights that may be available for Deliverables.

**2.263 Rights in Data**

(a) The State is the owner of all data made available by the State to the Contractor or its agents, Subcontractors or representatives under the Contract. The Contractor must not use the State's data for any purpose other than providing the Services, nor will any part of the State's data be disclosed, sold, assigned, leased or otherwise disposed of to the general public or to specific third parties or commercially exploited by or on behalf of the Contractor. No employees of the Contractor, other than those on a strictly need-to-know basis, have access to the State's data. Contractor must not possess or assert any lien or other right against the State's data. Without limiting the generality of this Section, the Contractor must only use personally identifiable information as strictly necessary to provide the Services and must disclose the information only to its employees who have a strict need-to-know the information. The Contractor must comply at all times with all laws and regulations applicable to the personally identifiable information.

(b) The State is the owner of all State-specific data under the Contract. The State may use the data provided by the Contractor for any purpose. The State must not possess or assert any lien or other right against the Contractor's data. Without limiting the generality of this Section, the State may use personally identifiable information only as strictly necessary to utilize the Services and must disclose the information only to its employees who have a strict need to know the information, except as provided by law. The State must comply at all times with all laws and regulations applicable to the personally identifiable information. Other material developed and provided to the State remains the State's sole and exclusive property.

**2.264 Ownership of Materials**
The State and the Contractor will continue to own their respective proprietary technologies developed before entering into the Contract. Any hardware bought through the Contractor by the State, and paid for by the State, will be owned by the State. Any software licensed through the Contractor and sold to the State, will be licensed directly to the State.

The State agency will comply with the software and automated data processing equipment ownership rights prescribed under 7 CFR 277.13(g) and 277.18(l).

For the avoidance of doubt, the Contractor and all relevant parties will maintain ownership to the Electronic Payment Processing and Information Control (EPPIC) software application, although the State will have beneficial use of and is granted a temporary license for EPPIC for the term of the Contract, including transition periods.

## ***2.270 State Standards***

**2.271 Existing Technology Standards**
The Contractor must adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at http://www.michigan.gov/dit.

**2.272 Acceptable Use Policy**
To the extent that Contractor has access to the State computer system, Contractor must comply with the State's Acceptable Use Policy, see http://www.michigan.gov/ditservice. All Contractor employees must be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State system. The State reserves the right to terminate Contractor's access to the State system if a violation occurs.

**2.273 Systems Changes**
Contractor is not responsible for and not authorized to make changes to any State systems without written authorization from the Project Manager. Any changes Contractor makes to State systems with the State's approval must be done according to applicable State procedures, including security, access, and configuration management procedures.

## ***2.280 Extended Purchasing***

**2.281 Deleted – N/A**

**2.282 Deleted – N/A**

## ***2.290 Environmental Provision***

**2.291 Environmental Provision**
Hazardous Materials:
For the purposes of this Section, "Hazardous Materials" is a generic term used to describe asbestos, ACBMs, PCBs, petroleum products, construction materials including paint thinners, solvents, gasoline, oil, and any other material the manufacture, use, treatment, storage, transportation, or disposal of which is regulated by the federal, State, or local laws governing the protection of the public health, natural resources, or the environment. This includes, but is not limited to, materials such as batteries and circuit packs, and other materials that are regulated as (1) "Hazardous Materials" under the Hazardous Materials Transportation Act, (2) "chemical hazards" under the Occupational Safety and Health Administration standards, (3) "chemical substances or mixtures" under the Toxic Substances Control Act, (4) "pesticides" under the Federal Insecticide Fungicide and Rodenticide Act, and (5) "hazardous wastes" as defined or listed under the Resource Conservation and Recovery Act.

(a) The Contractor must use, handle, store, dispose of, process, transport and transfer any material considered a Hazardous Material according to all federal, State, and local laws. The State must provide a

safe and suitable environment for performance of Contractor's Work. Before the commencement of Work, the State must advise the Contractor of the presence at the work site of any Hazardous Material to the extent that the State is aware of the Hazardous Material. If the Contractor encounters material reasonably believed to be a Hazardous Material and which may present a substantial danger, the Contractor must immediately stop all affected Work, notify the State in writing about the conditions encountered, and take appropriate health and safety precautions.

(b) Upon receipt of a written notice, the State will investigate the conditions. If (a) the material is a Hazardous Material that may present a substantial danger, and (b) the Hazardous Material was not brought to the site by the Contractor, or does not result in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Materials, the State must order a suspension of Work in writing. The State must proceed to have the Hazardous Material removed or rendered harmless. In the alternative, the State must terminate the affected Work for the State's convenience.

(c) Once the Hazardous Material has been removed or rendered harmless by the State, the Contractor must resume Work as directed in writing by the State. Any determination by the Michigan Department of Community Health or the Michigan Department of Environmental Quality that the Hazardous Material has either been removed or rendered harmless is binding upon the State and Contractor for the purposes of resuming the Work. If any incident with Hazardous Material results in delay not reasonable anticipatable under the circumstances and which is attributable to the State, the applicable SLAs for the affected Work will not be counted in **Section 2.242** for a time as mutually agreed by the parties.

(d) If the Hazardous Material was brought to the site by the Contractor, or results in whole or in part from any violation by the Contractor of any laws covering the use, handling, storage, disposal of, processing, transport and transfer of Hazardous Material, or from any other act or omission within the control of the Contractor, the Contractor must bear its proportionate share of the delay and costs involved in cleaning up the site and removing and rendering harmless the Hazardous Material according to Applicable Laws to the condition approved by applicable regulatory agency(ies).

Michigan has a Consumer Products Rule pertaining to labeling of certain products containing volatile organic compounds. For specific details visit http://www.michigan.gov/deq/0,1607,7-135-3310_4108-173523--,00.html

Refrigeration and Air Conditioning:
The Contractor must comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to the Contract.

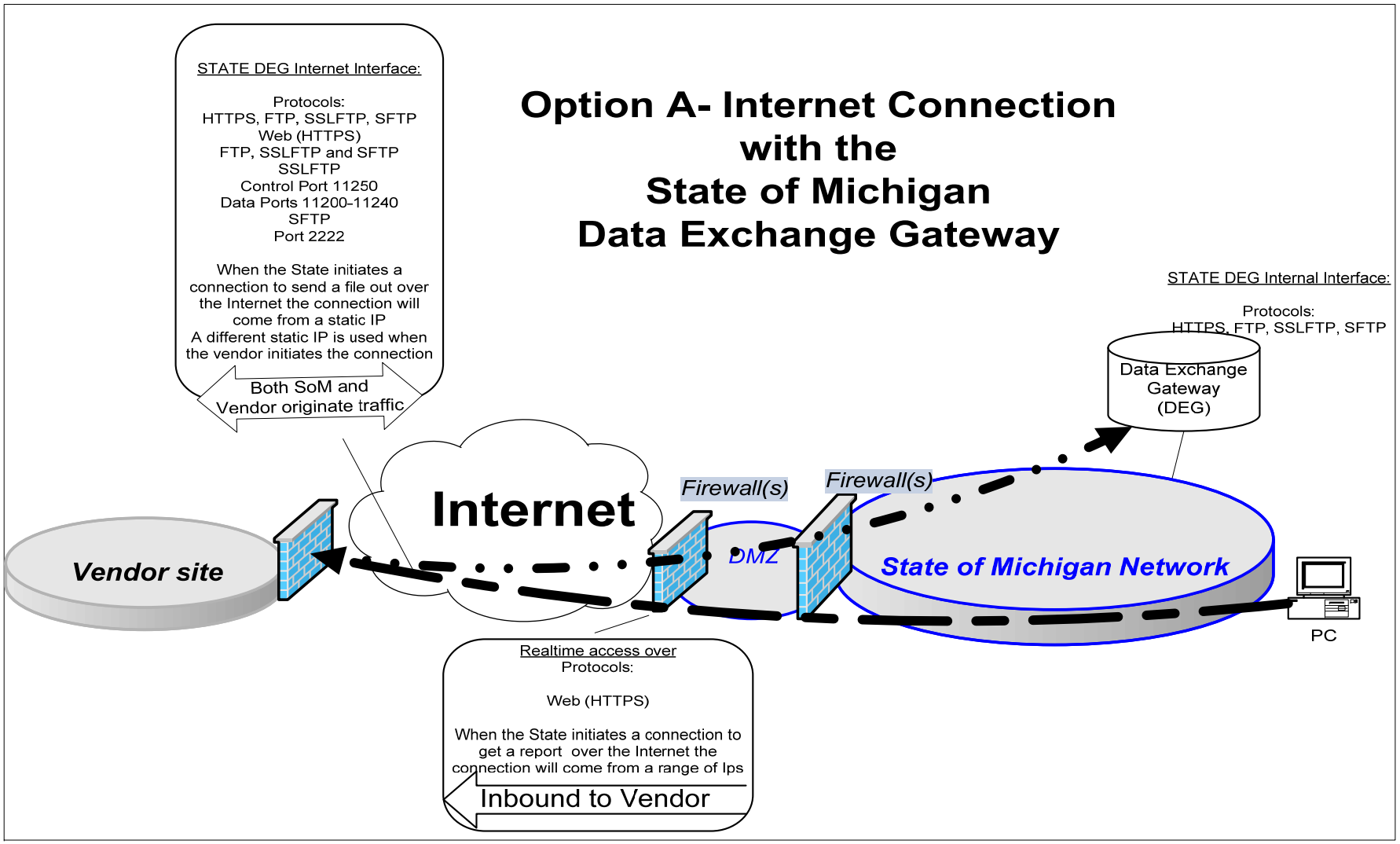
Environmental Performance:
Waste Reduction Program: Contractor must establish a program to promote cost-effective waste reduction in all operations and facilities covered by the Contract. The Contractor's programs must comply with applicable Federal, State, and local requirements, specifically including Section 6002 of the Resource Conservation and Recovery Act (42 U.S.C. 6962, et seq.).

## ***2.300 Other Provisions***

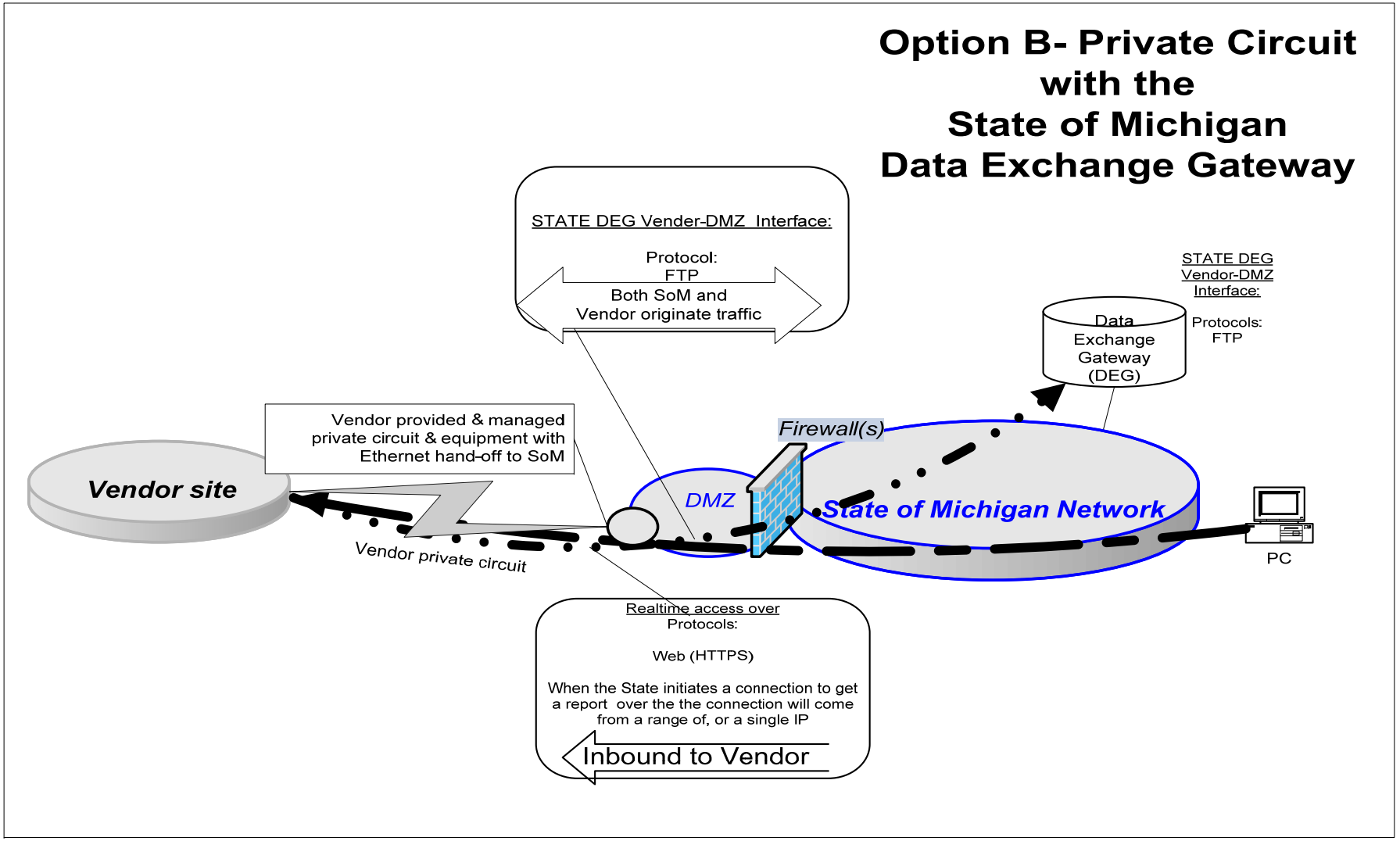
### 2.311 Forced Labor, Convict Labor, Forced or Indentured Child Labor, or Indentured Servitude Made Materials

Equipment, materials, or supplies, that will be furnished to the State under the Contract must not be produced in whole or in part by forced labor, convict labor, forced or indentured child labor, or indentured servitude.

"Forced or indentured child labor" means all work or service: exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or performed by any person under the age of 18 under a contract the enforcement of which can be accomplished by process or penalties.




Appendix A
Internet Connection with the State Data Exchange Gateway




Appendix B
Private Circuit with the State Data Exchange Gateway

***DEMOGRAPHIC FILEs***

Demographic files supply basic data (non-financial) about a cardholder and are used to setup new clients, to change client or alternate demographic information, to request new cards, as well as numerous other functions. Note that to provide the means to link up demographic and benefit data in the most expeditious way, client demographic data must be sent prior to benefit data. Also, Primary Recipient records must be received and processed prior to alternate records, or alternate information will be rejected by the batch interface. Changes to Primary Recipient data must also be received and processed prior to the updated alternate record.

This layout is how the current system is laid out.

**DEMOGRAPHIC HEADER RECORD**

| Field # | Position | Description | Length | Type | Data |
|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "HD" |
| 2 | 3-10 | Transaction Type | 8 | X | "MICCUPDT" – Daily Demographics<br>"MICCUPEX" – Daily Expedited Demographics (FUTURE USE)<br>"MICONVER" – Conversion Demographics<br>"MICCMAIL" – Mailing Demographics / Advance Notices<br>"MICCDORM" – Monthly Dormant File<br>"MICCREAC" – Reactivation Demographics<br>"MICCEXPG" – Expunged Demographics |
| 3 | 11-18 | Date | 8 | 9 | File date. CCYYMMDD<br>Must match trailer. |
| 4 | 19-26 | Time | 8 | 9 | File time. HHMMSSSS<br>Must match trailer. |
| 5 | 27-32 | Control Number | 6 | 9 | Incremented by one each time sent.<br>Must match trailer. |
| 6 | 33-34 | State ID | 2 | X | "MI" |
| 7 | 35-59 | Reserved for State<br>Pos 1-3 = batch num<br>Pos 4-25 = spaces | 25 | X | Any purpose or spaces.<br>Is not stored on the CSI dbase. |
| 8 | 60-292 | Filler | 233 | X | |
| 9 | 293-296 | Reserved for CSI | 4 | X | Error code line description |
| 10 | 297-300 | Response Code | 4 | X | "0000" - no errors<br>Must be initialized to '0000' |

*r - required field*
*o - optional field*
*Record length – 300 characters*

*Note: All batch transmissions are one logical file per physical file.*

**DEMOGRAPHIC DETAIL RECORD**

| Field # | Position | Description | Length | Type | Data | Notes Action Codes: | 1 | 5 | 6 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | | r | r | r | r |
| 2 | 3-4 | Action Code | 2 | X | "01" – Primary Demographic Add/Replace<br>"05" – Alternate Demographic Add/Replace<br>"06" – Dormant Account Close<br>"09" – Reactivate Account | Action codes indicate a complete overlay of the entire record.<br>Records are added if they do not already exist based on processing rules and the existence of a Primary Recipient record (if applicable). | r | r | r | r |
| 3 | 5-19 | State Unique ID (Recipient ID) | 15 | X | Left justified.<br>Pos 1 - 10 – Recipient ID<br>Pos 11-15 - spaces | MI must tie Recipient ID to a case number to track client history. This field is used by CSI as the State Unique ID. The two fields are used by Michigan internally; Recipient ID is sent to CSI on the Benefit file.<br>Maximum length = 15. | r | r | r | r |
| 4 | 20-21 | Primary/Alternate Indicator | 2 | X | "01" – Primary Recipient/Protective Payee<br>"02" – Authorized Rep (FS)<br>"03" – Authorized Rep (CASH) | | r | r | o | o |
| 5 | 22-22 | Cardholder Access | 1 | X | "1" - Food Stamps<br>"2" - Cash<br>"3" - Both<br>"0" - No Access (will NOT trigger auto replacement) | If cardholder access of "0" is sent, the existing card will be statused "09" (by the system through the batch interface). | r | r | o | o |
| 6 | 23-23 | Account Close/ Reactivate Flag | 1 | 9 | "1" - Food Stamps<br>"2" – Cash<br>" " - Space | To communicate FS or CA account type for dormant account closures/reactivations.<br>Space when not a closure or reactivation<br>This separate field is used to ensure a second layer of verification for MI. | o | o | r | r |
| 7 | 24-32 | Social Security Number | 9 | 9 | Zeros followed by last four digits of SSN – 00000#### | Will always be populated with PR data (if it exists). | o | o | o | o |
| 8 | 33-42 | Phone Number | 10 | 9 | Reserved for future use- No validation. Data = zeros. | Michigan does not maintain this data internally, and will not supply this information. | o | o | o | o |
| 9 | 43-62 | First Name | 20 | X | Reserved for future use- No validation. Data = spaces. | No data is sent in this field.<br>Maximum length = 20. | o | o | o | o |

| Field # | Position | Description | Length | Type | Data | Notes Action Codes: | 1 | 5 | 6 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 10 | 63-63 | Middle Initial | 1 | X | Reserved for future use- No validation. Data = spaces. | No data is sent in this field. | o | o | o | o |
| 11 | 64-93 | Last Name | 30 | X | Michigan to populate “Last,First” or “Last First” | Michigan has a 45 character free form text field which holds last,first or last first. All name data is sent in this field.<br>CSI/Muscato will store the data on the CSI system as it is received. CSI will remove any commas from between the last & first names before sending the data to the card vendor.<br>Card Spec length = 30.<br>Maximum length = 30. | r | r | o | o |
| 12 | 94-123 | Optional Name | 30 | X | | This may be used to serve as a c/o name in the future; will currently be used to store the Primary Recipient “last name, first name” or “last name first name” in this field, must be populated for PR, PP, & AR.<br>CSI/Muscato will store the data on the CSI system as it is received. CSI will remove any commas from between the last & first names before sending the data to the card vendor.<br>No plans for this field to supercede the Last Name field.<br>Card Spec length = 30.<br>Maximum length = 30. | r | r | o | o |
| 13 | 124-153 | Mail Address-Line 1 | 30 | X | | C/O address, blanks, or a partial mail address. Lines 1,2 are used for mailing only.<br>For homeless, this is the Service Site address.<br>For AR’s, this is the Primary’s address.<br>If there is no Mail Address-Line 1, Mail Address-Line 2 becomes line 1 on screens, mailers, etc.<br>Card spec length= 30.<br>Maximum length = 30. | o | o | o | o |

| Field # | Position | Description | Length | Type | Data | Notes Action Codes: | 1 | 5 | 6 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 14 | 154-183 | Mail Address-Line 2 | 30 | X | | If there are two address lines, the mail address is here.<br>For homeless, this is the Service Site address.<br>For AR's, this is the Primary's address.<br>Card spec can handle 5 total address lines: Message A-D can be combined.<br>Card spec length= 30.<br>Maximum length = 30. | r | r | o | o |
| 15 | 184-208 | City | 25 | X | | Card spec max length for (city + state + zip) = 35, card producer can truncate the city field.<br>Pos 25 Built in for Michigan BRIDGES. | r | r | o | o |
| 16 | 209-210 | State | 2 | X | | | r | r | o | o |
| 17 | 211-219 | Zip | 9 | 9 | Pos 1-5 - 5 digit zip<br>Pos 6-9 - zip qualifier or zeroes | | r | r | o | o |
| 18 | 220-224 | Service Site | 5 | X | Pos 1-2 - County (number)<br>Pos 3-4 - District (number)<br>Pos 5 - Filler (space) | | r | r | o | o |
| 19 | 225-232 | Grantee's Date of Birth | 8 | 9 | CCYYMMDD | DOB is required for ARU card activation and for CSR manual data validation, zeros for DOB cannot be used. Always populate with PR DOB. PR DOB = AR DOB = PP DOB<br>PP will have to know PR DOB.<br>DOB not stored by MI for Authorized Reps. | r | r | o | o |
| 20 | 233-233 | Card/PIN Issuance Code | 1 | X | "1" – Issue Card/PIN<br>"9" - Don't Issue Card<br>(Original or Replacement) | Replacement functionality is built in for future use.<br>If Michigan issues a card via batch file, and a card exists, and there is no CARDU record, the existing card is statused '09'/statused through the batch. | r | r | o | o |
| 21 | 234-234 | Drop Ship Indicator | 1 | X | Mail to Cardholder - N<br>Drop Ship - Y | This is currently in use. | r | r | o | o |

| Field # | Position | Description | Length | Type | Data | Notes Action Codes: | 1 | 5 | 6 | 9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 22 | 235-235 | Language Indicator | 1 | X | Reserved for Future use<br>Value = spaces | Michigan does not maintain this on their dbase. CSI will send mailers in 3 languages. CSI will set a default value of "1" for English to populate screens. | o | o | o | o |
| 23 | 236-236 | Restaurant Access Indicator | 1 | X | No Access – N<br>Access On – Y | Michigan will supply the list of FNS certified Restaurants to include in the table coded by CSI for authorized use of EBT food stamp benefits. | r | r | o | o |
| 24 | 237-261 | Reserved for State | 25 | X | Pos 1 = 0<br>Pos 2-10 = case num<br>Pos 11-13 = batch number<br>Pos 14-25 = spaces | This information is passed only. It does not get stored on the CSI dbase. Batch number is Julian date | o | o | o | o |
| 25 | 262-292 | Filler | 31 | X | | | | | | |
| 26 | 293-296 | Reserved for Contractor | 4 | X | Error code line description | | | | | |
| 27 | 297-300 | Response Code | 4 | X | "0000"-no errors<br>Must be initialized to '0000' | | r | r | r | r |

*r - required field*
*o - optional field*
*Record length – 300 characters*

**DEMOGRAPHIC TRAILER RECORD**

| Field # | Positions | Description | Length | Type | Data |
|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "TR" |
| 2 | 3-10 | Transaction Type | 8 | X | must match header |
| 3 | 11-18 | Date | 8 | 9 | must match header |
| 4 | 19-26 | Time | 8 | 9 | must match header |
| 5 | 27-32 | Control Number | 6 | 9 | must match header |
| 6 | 33-38 | Total Detail Records | 6 | 9 | |
| 7 | 39-63 | Reserved for State<br>Pos 1-3 = batch number<br>4-25 = spaces | 25 | X | Batch number is Julian date |
| 8 | 64-292 | Filler | 229 | X | |
| 9 | 293-296 | Reserved for CSI | 4 | X | Error code line description |
| 10 | 297-300 | Response Code | 4 | X | "0000"-no errors<br>Must be initialized to '0000' |

*Record length - 300 characters*

**Benefit File**
Michigan will generate and transmit benefit files every Monday through Saturday. The detail records within the file are used to pass benefit authorization information including type of benefit, amount of benefit, and effective date of the benefit to the EBT system. Food Stamp benefit files will contain a different transaction type than Cash Benefit files for the purpose of directing the response file generated by EBT back to a different dataset name on the State's host. Processing rules for benefit files are:

1) If the availability date of the benefit has not been reached, the record is moved into the Benefit Pending file.

2) If the availability date has been reached and an account exists for the Client Case Number the benefit is posted to the account.

3) If the availability date has been reached, but an account has not been established on the EBT database for the Client Case Number contained in the input record, the Demographic Pending file will be checked for a match. If a match is found, the records for both Primary and any Authorized Representative for that Client Case Number are processed out of the Demographic Pending file and the account structure is created on the EBT database. The benefit is then posted to the account.

4) If the availability date has been reached, but an account has not been established on the EBT database and no match is found in the Demographic Pending file, the benefit record is moved into the Benefit Pending file.

The Benefit Pending file will be swept once every calendar day at midnight, whether or not a Benefit file has been received from the State to ensure that benefits are posted to accounts when their effective date has been reached.

**BENEFIT HEADER RECORD**

| Field # | Position | Description | Length | Type | Data |
|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "HD" |
| 2 | 3-10 | Transaction Type | 8 | X | "MIFSBEUP" – Daily FS Benefit File<br>"MIFSBEMO" – Monthly FS Benefit<br>"MICSBEUP" – Daily Cash Benefit File<br>"MICSBEMO" – Monthly Cash Benefit File |
| 3 | 11-18 | Date | 8 | 9 | File date. CCYYMMDD<br>Must match trailer. |
| 4 | 19-26 | Time | 8 | 9 | File time. HHMMSSSS<br>Must match trailer. |
| 5 | 27-32 | Control Number | 6 | 9 | Incremented by one each time sent<br>Must match trailer. |
| 6 | 33-34 | State ID | 2 | X | "MI" |
| 7 | 35-49 | Reserved for State<br>Pos 1-3 = batch number<br>Pos4-15 spaces | 15 | X | Batch number is Julian date |
| 8 | 50-58 | Profile Number | 9 | 9 | 260010001 - Food Stamps<br>260020001 - Cash |
| 9 | 59-122 | Filler | 64 | X | |
| 10 | 123-126 | Reserved for CSI | 4 | X | Error code line description. |
| 11 | 127-140 | Response Code | 14 | X | "0000" - no errors<br>Must be initialized to '0000'. |

*Record length - 140 characters*

**BENEFIT DETAIL RECORD**

| Field # | Position | Description | Length | Type | Data | Notes Action Codes: | 1 | 2 | 3 |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | | r | r | r |
| 2 | 3-4 | Action Code | 2 | X | "01"-Update<br>"02"-Pending Void<br>"03"-Batch Unpost/Repayment | Pending Void – Michigan can delete benefits at the benefit level from pending.<br>Batch Repayment – Michigan can delete benefits at the account level from client accounts. This will not guarantee unposting a specific benefit grant. Debits are tied to a benefit grant/benefit type. | r | r | r |
| 3 | 5-10 | Benefit Type | 6 | X | See chart below. | | r | r | r |
| 4 | 11-12 | Credit/Debit Indicator | 2 | X | "CR"-action code "01"<br>"DB"-action code "02" , "03" | | r | r | r |
| 5 | 13-27 | State Unique ID (Recipient ID) | 15 | X | Left justified.<br>Pos 1-15 – State Unique ID<br>Pos 1 – 10 = Recipient Id<br>Pos 11-15 = spaces<br><br>Recipient Id is padded with zeros to in the front. | Michigan must tie the Recipient ID to a case number to track client history. This field is used by CSI as the State Unique ID. The two fields are used by Michigan internally, Recipient ID is sent to CSI on the Benefit file. | r | r | r |
| 6 | 28-34 | Benefit Amount | 7 | 9(5)V99 | | | r | r | r |
| 7 | 35-42 | Available Date | 8 | 9 | CCYYMMDD | May be current date, future date, or date in the past. | r | o | o |
| 8 | 43-48 | Benefit Period Date | 6 | 9 | CCYYMM (Month of Benefit Payment) | MI will send multiple benefits (food stamps & cash) per month with unique EBT Authorization Numbers. | r | o | o |
| 9 | 49-64 | EBT Authorization Number | 16 | X | Left Justified<br>Pos 1 - 'F' for Food Stamp<br>- 'C' for Cash<br>Pos 2-9 - EBT Authorization Number<br>Pos 10-16 spaces | EBT Authorization Number is incremented by 1 for each new authorization number.<br>*Michigan will "send" only a 16 position field. CSI will "return" a 20 position field in the AA file (for EBT food stamp conversion cashout suffixes, etc...) | r | r | r |

| Field # | Position | Description | Length | Type | Data | Notes Action Codes: | 1 | 2 | 3 |
|---|---|---|---|---|---|---|---|---|---|
| 10 | 65-74 | Case Number | 10 | X | Left Justified.<br>Michigan 2nd State ID<br><br>Pos 1-9 = Case Number<br>Pos 10 - space | MI must tie the Case Number to the Recipient ID to track client history. The State Unique ID field along with this one is used by Michigan internally; the Case Number is on the Demographic file.<br>This information is stored and populated on the account activity file and the pending/unlinked benefits file. | r | r | r |
| 11 | 75-79 | Service Site | 5 | X | Pos 1-2 - County (number)<br>Pos 3-4 - District (number)<br>Pos 5 - Filler (space) | | r | r | r |
| 12 | 80-94 | Reserved for State | 15 | X | Pos 1-3 - batch number<br>Pos 4-8 - spaces<br>Pos 9-11 - batch number<br>Pos 12-15 - spaces | | o | o | o |
| 13 | 95-132 | Filler | 38 | X | | | | | |
| 14 | 133-136 | Reserved for Vendor | 4 | X | Error code line description. | | | | |
| 15 | 137-140 | Response Code | 4 | X | "0000"-no errors<br>Must be initialized to '0000'. | | r | r | r |

*r - required field*
*o - optional field*
*n - not valid for this transaction*
*Record length = 140 characters*

**BENEFIT TYPES LISTED BY ORDER OF DRAW**
**(PRIMARY PROGRAM DESIGNATION MATRIX)**

| Class | Benefit Type | Funding Source (Federal/State) | Description | Primary Program Designation (Cash) |
|---|---|---|---|---|
| FS | FS | Federal | Food Stamps | |
| CA | #UNACS | State | Unapplied Cash | 1 |
| CA | #CBFC | State | EBT Food Stamp Conversion Cashout (CSI generated, returned on the AA file.) *Confirm with a policy person; I believe this type has been reused to been something else.* **THIS IS $1 LIHEAP** | 2 |
| CA | LIHEAP | Federal | Low Income Energy Assistance Program | 3 |
| CA | TANF | State | FIP – Tanf | 4 |
| CA | REF | State | Refugee Assistance | 5 |
| CA | REP | State | Repatriate Assistance | 6 |
| CA | TNFMOE | State | State TANF | 7 |
| CA | StFIP | State | FIP - State | 8 |
| CA | SDA | State | State Disability Assistance | 9 |

**BENEFIT TRAILER RECORD**

| Field # | Position | Description | Length | Type | Data |
|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "TR" |
| 2 | 3-10 | Transaction Type | 8 | X | must match header |
| 3 | 11-18 | Date | 8 | 9 | must match header |
| 4 | 19-26 | Time | 8 | 9 | must match header |
| 5 | 27-32 | Control Number | 6 | 9 | must match header |
| 6 | 33-38 | Credit Count | 6 | 9 | Total Credit Detail Records |
| 7 | 39-44 | Debit Count | 6 | 9 | Total Debit Detail Records |
| 8 | 45-54 | Credit Amount | 10 | 9(8)V99 | Total Dollars All Credit Records |
| 9 | 55-64 | Debit Amount | 10 | 9(8)V99 | Total Dollars All Debit Records |
| 10 | 65-70 | Total Detail Records | 6 | 9 | |
| 11 | 71-85 | Reserved for State | 15 | X | |
| 12 | 86-132 | Filler | 47 | X | |
| 13 | 133-136 | Reserved for CSI | 4 | X | |
| 14 | 137-140 | Response Code | 4 | X | "0000"-no errors<br>Should be initialized to '0000' |

*Record length = 140 characters*

**ACCOUNT ACTIVITY FILE**

Every calendar day, EBT will transmit a daily Account Activity file to Michigan containing the details of all financial transactions, denials, and balance inquiries that occurred during the previous day's alog/business processing day. This provides the State the means of developing one time custom reports and ongoing EBT reports as needed.

- The Account Activity file is produced based on the following criteria:
- Account Activity file data originates from the daily alog/business cycle activity data (the AA file can be reconciled directly to the daily State Issuer Totals Report/Screen). The Account Activity file is produced at the benefit grant/EBT Benefit Authorization level (one transaction spanning multiple grants is displayed as multiple records, one for each benefit grant impacted by the transaction).
- The Account Activity file is comprised of all transactions, accepted and rejected (all transactions, monetary and non-monetary).
- Transactions spanning multiple benefit grants/EBT Benefit Authorizations will have multiple records appearing consecutively on the AA file.

**ACCOUNT ACTIVITY HEADER RECORD**

| Field # | Position | Description | Length | Type | Data |
|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "HD" |
| 2 | 3-10 | Transaction Type | 8 | X | "MIACTVTY" |
| 3 | 11-18 | Date | 8 | 9 | CCYYMMDD |
| 4 | 19-26 | Time | 8 | 9 | HHMMSSSS |
| 5 | 27-32 | Control Number | 6 | 9 | Incremented by 1 each time sent. |
| 6 | 33-34 | State ID | 2 | X | "MI" |
| 7 | 35-248 | Filler | 214 | X | |

*Record length = 248 characters*

**ACCOUNT ACTIVITY DETAIL RECORD**

| Field # | Position | Description | Length | Type | Data | Notes |
|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | |
| 2 | 3-17 | State Unique ID (Recipient ID) | 15 | X | Left justified.<br>Pos 1-10 – Recipient ID<br>Pos 11-15 - spaces | MI must tie the Recipient ID to the case number to track client history. This field is used by CSI as the State Unique ID. The two fields are used by Michigan internally, Recipient ID is sent to CSI on the Benefit file. |
| 3 | 18-29 | EBT Account Number | 12 | 9 | EBT Food Stamp or Cash account number. | |
| 4 | 30-45 | Card Number | 16 | X | Left justified. | |
| 5 | 46-47 | Primary/Alternate Indicator | 2 | X | "01" – Primary Recipient/Protective Payee<br>"02" – Authorized Rep (FS)<br>"03" – Authorized Rep (CASH) | |
| 6 | 48-50 | Transaction Type | 3 | X | See table below. | |
| 7 | 51-58 | Transaction Date | 8 | 9 | CCYYMMDD | |
| 8 | 59-66 | Transaction Time | 8 | 9 | HHMMSSSS | |
| 9 | 67-68 | Transaction Response Code | 2 | X | CSI Authorizer codes. See Table below. | |
| 10 | 69-70 | Reversal Reason Code | 2 | X | TPP Reversal Reason Codes. State to settle only to code "00". | |
| 11 | 71-76 | Benefit Type | 6 | X | See benefit types in Benefit File Detail Record. | |
| 12 | 77-78 | Credit/Debit Indicator | 2 | X | "CR" - Credit, "DB" - Debit | |
| 13 | 79-85 | Requested Amount | 7 | 9(5)V99 | For a POS/ATM transaction: amount requested from the switch. Does not include surcharges or fees. | |
| 14 | 86-92 | Completed Amount | 7 | 9(5)V99 | For a POS/ATM transaction: amount processed/approved through the switch. Does not include surcharges or fees. Same as the Cardholder Detail Journal Screen. | |
| 15 | 93-99 | Cashback Amount | 7 | 9(5)V99 | | |
| 16 | 100-106 | Account Balance | 7 | 9(5)V99 | Balance after the transaction.<br>This is the same on all records Spanning multiple grants. | |
| 17 | 107-110 | Fees | 4 | 9(2)V99 | Contractually agreed upon fees between CSI and the State. | |

| Field # | Position | Description | Length | Type | Data | Notes |
|---|---|---|---|---|---|---|
| 18 | 111-114 | Surcharges | 4 | 9(2)V99 | Charged by the ATM owner. If permitted to charge a fee in the state, ATM owner may charge any amount. | |
| 19 | 115-121 | Applied Amount | 7 | 9(5)V99 | Amount of completed transaction plus surcharges & fees reduced from the client account as applied to a specific benefit grant. Located on the Cardholder Transaction Detail screen. (Note: fees and surcharges cannot be identified as applied to a specific benefit grant.) | |
| 20 | 122-126 | Service Site | 5 | X | Pos 1-2 - County (number)<br>Pos 3-4 - District (number)<br>Pos 5 - Filler (space) | This is fed from the cardholder record. |
| 21 | 127-133 | FNS Number | 7 | X | ISO 8583 ISO Specification: Must be supplied for every Food Stamp transaction. | |
| 22 | 134-148 | POS/ATM ID | 15 | X | POS/ATM ID is considered the Cash ID. It reflects the true, POS/ATM terminal ID where the transaction occurred. This is an ISO 8583 required field, and is validated by the TPP, not CSI . | |
| 23 | 149-168 | EBT Authorization Number | 20* | X | Left Justified<br>Pos 1 - 'F' for Food Stamp<br>- 'C' for Cash<br>Pos 2-9 - EBT Authorization Number<br>Pos 10-16 – State data<br>Pos 17-20 – Reserved for CSI | EBT Authorization Number is incremented by 1 for each new authorization number.<br>Michigan will "send" only a 16-position field. CSI will "return" a 20-position field in the AA file.<br>EBT food stamp coupon conversion cashouts will return "CBFC" in pos 17-20. Multiple records may be generated, 1 for each debit to the food stamp account, and 1 for each credit to the cash account) |

| Field # | Position | Description | Length | Type | Data | Notes |
|---|---|---|---|---|---|---|
| 24 | 169-174 | Benefit Month | 6 | 9 | CCYYMM | MI will send multiple benefits per month for food stamps & cash with unique EBT Authorization Numbers. |
| 25 | 175-182 | Switch Date | 8 | 9 | CCYYMMDD (Switch Cutoff/ Payment Cycle, Origination Date/Settle Date to Retailers) | For EDS, this is 6 pm to 6pm EST daily. Date reflects the settlement of transactions back to the retailer for a given Switch Date/Payment Cycle. Switch date data can be mapped back to the Benefit Issuer Report/Screen.<br>Switch Cutoff & Business Cutoff are never the same due to processing complexities. |
| 26 | 183-190 | Business Date | 8 | 9 | CCYYMMDD<br>(Business Cycle/Daily Alog Cutoff) | This date reflects Michigan's unique daily business processing cycle reflecting one day's alog file.<br>An AA file is produced from each daily alog. The daily alog can be mapped to the daily State Issuer Report/Screen.<br>Usually after the Switch Cutoff, determined by each state's processing. |
| 27 | 191-191 | Swiped or Keyed | 1 | X | 'S' or 'K' | |
| 28 | 192-201 | Case Number | 10 | X | Left Justified.<br>Michigan 2nd State ID<br>Pos 1-9 - Case Number<br>Pos 10 - Space | MI must tie the State Unique ID (Recipient Id) to the Case Number to track client history. These are used by Michigan internally. |

| Field # | Position | Description | Length | Type | Data | Notes |
|---|---|---|---|---|---|---|
| 29 | 202-216 | Reserved for State | 15 | X | Data sent from Michigan on the Benefit file and stored.<br>Pos 1-6 - Original batch number<br>Pos 7-8 - spaces<br>Pos 9-14 - Original batch number<br>Pos 15 Space | Batch number of original Benefit Issuance request |
| 30 | 217-248 | Filler | 32 | X | | |

*Record length - 248 characters*

**ACCOUNT ACTIVITY TRAILER RECORD**

| Field # | Position | Description | Length | Type | Data |
|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "TR" |
| 2 | 3-10 | Transaction Type | 8 | X | must match header |
| 3 | 11-18 | Date | 8 | 9 | must match header |
| 4 | 19-26 | Time | 8 | 9 | must match header |
| 5 | 27-32 | Control Number | 6 | 9 | must match header |
| 6 | 33-34 | State ID | 2 | X | Must match header |
| 7 | 35-40 | Total Detail Records | 6 | 9 | |
| 8 | 41-248 | Filler | 208 | X | |

*Record Length = 248 characters*

**ACCOUNT ACTIVITY TRANSACTION TYPES (3 BYTE)**

| Transaction | Description | Function |
|---|---|---|
| 101 (N/A) | Emergency Benefit Add (Admin) | Authorize emergency benefits from an administrative terminal (non-settling). |
| 102 | Coupon Conversion | Debit food stamp account balance and issue food coupons (non-settling). |
| 103 | Account Adjustment (Admin - DB) | Debit to an account balance through an administrative terminal (settling). |
| 104 | Food Stamp Manual Authorization | Debit account based on food stamp manual authorization. Hold funds (non-settling). |
| 105 | Repayment | Debit account based on repayment/recoupment (non-settling). |
| 106 (N/A) | Card Replacement Fee | Fee for excessive card replacements (settling). |
| 107 | Coupon Cashout | Debit food stamp account balance and deposit food stamp balance into existing or newly created cash account (non-settling). |

| Transaction | Description | Function |
|---|---|---|
| 108 | Account Adjustment (Admin – CR) | Credit to an account balance through an administrative terminal (settling). |
| 201 | Benefit Add (Batch) | Add funds to an account via the batch interface (non-settling). |
| 202 | Coupon Conversion Expungement | Expunge portion of account food stamp balance that could not be directly converted to coupons (non-settling). |
| 203 | Dormant Expungement | Expunge account balance after no debit activity for 180 (cash) or 365 (Food Stamps) days (non-settling). |
| 204 | Food Stamp Manual Authorization Release | Credit client account if merchant does not submit voucher within 30 days (non-settling).<br>Michigan contract says 15 days, most states use 30. Michigan will tell merchants 15 days, but have CSI set the parameter to 30. |
| 207 | Client ACH Adjustment (Direct Deposit) | Adjustment to remove funds from client account to pass to ACH (settling). |
| 208 | Debit (Repayment) via Batch | Debit transaction from State to correct erroneous benefit posting. |
| 301 | Food Stamp Purchase | Purchase food with food stamp benefits (settling). |
| 302 | Food Stamp Merchandise Return | Credit account when merchandise is returned (settling). |
| 303 (N/A) | Account Adjustment (TPP) | Credit or debit an account balance through a TPP transaction (settling).<br>This tran code is not used. A normal debit/credit is used for this. |
| 304 | Cash Withdrawal | Account cash withdrawal (ATM) (settling). |
| 305 | Purchase Transaction | Account cash purchase (POS) (settling). |
| 306 | Purchase with Cashback | Account cash purchase plus cash back (POS) (settling). |
| 307 | Cashback Only | Cash back (POS) (settling). |
| 308 (N/A) | Pre-Authorization/Completion | Inquire against a client account for the purpose of pre-authorizing an account debit.<br>(This is not done for EBT. An example is paying at the pump for gasoline, where the charge amount is pre-authorized by the pump). |
| 309 | Balance Inquiry | Account balance inquiry (non-settling). |
| 310 | Food Stamp Manual Authorization Debit | Follow up to manual authorization. Held funds debited to pay merchant (settling). |
| 312 (N/A) | Void – We don't see, taken care at the Switch Level. Voids come through as Reversals. | Cancel a transaction from a POS device (settling). |

| Transaction | Description | Function |
|---|---|---|
| 411 | Reversal/Cancellation (Food Stamp) | Reverse or cancel all or part of a transaction from a POS. (311 is no longer used) (settling) |
| 412 | Void – We don't see, taken care at the Switch Level. Voids come through as Reversals. | Cancel a transaction from a POS device (settling). |

**AUTHORIZER TRANSACTION RESPONSE CODES (2 BYTE)**

| Error Code | Error | Description | Used By CSI (Y/N) |
|---|---|---|---|
| 00 | Transaction Approved | Transaction processed. Will be displayed on the Cardholder Detail Journal or Cardholder Transaction Detail Screens as blanks. | Y |
| 04 | Invalid FNS Number | FNS Number not valid. | Y |
| 05 | Invalid Merchant Number | Outdated, reflects when CSI drove terminals. | N |
| 07 | Inactive Terminal | Outdated, reflects when CSI drove terminals. | N |
| 12 | Inactive Transaction Code | Not used. | N |
| 14 | Invalid Amount | Transaction received with an invalid EDA number or the account is statused. | Y |
| 15 | Invalid Cash Request | Manual card entry for a cash purchase when it has been set to not allow that type of entry by the Profile Record. | Y |
| 17 | Maximum Amount Exceeded | Transaction amount exceeded Profile Record limit (DB or CR). | Y |
| 31 | Unknown Card Bank | ISO cannot be found in Profile File. | Y |
| 41 | Hot Card | Card statused to 4 or 33 thru 44. | Y |
| 50 | Pre-Authorization Transaction Detail | NSF on Pre-Authorization transaction type 5. | N |
| 51 | Insufficient Funds | NSF on normal transaction. | Y |
| 52 | Account Not On File | Database error, EDA on card not found in debit record. | Y |
| 54 * | Expired Card | Card has reached its expiration date. | Y |
| 55 | Invalid PIN | Incorrect PIN. | Y |
| 56 | Card Not On File | Card number not found in Card Auth File. | Y |
| 57 | Transaction Not Permitted for Cardholder | | Y |
| 58 | Invalid Transaction | Manual auth clear | Y |
| 62 | Inactive Card | Card status is 0, 9 or 60 thru 99. | Y |
| 63 | Closed Card | Card status is 2, 11 or 22 | Y |

| Error Code | Error | Description | Used By CSI (Y/N) |
|---|---|---|---|
| 64 | Card Status Inactive | Account sub status is not 1. | Y |
| 75 | PIN Tries Exceeded | Exceeded PIN retry count in Profile Record. | Y |
| 76 | PIN Key Synchronization Error | Sanity failure returned from security device. | Y |
| 77 | Maximum PIN Tries Exceeded | Exceeded PIN reset count in Profile Record. | Y |
| 79 | Duplicate Reversal | A reversal was sent for a transaction that has already been reversed. | Y |
| 80 | Manual Authorization Expired | Manual hold expired before the clear was sent. | Y |
| 81 | No Manual Authorization Record | No record found for this clear. | Y |
| 82 | Amount Exceeds Hold | Manual hold clear was attempted for more than the hold amount | Y |
| 91-95 | Unable to Process Transaction | | Y |

**REVERSAL REASON CODES (2 BYTE)**

| ***POS 1*** | ***DESCRIPTION*** | ***POS 2*** | ***DESCRIPTION*** |
|---|---|---|---|
| 0 | Not a reversal | 0 | Not a reversal |
| 1 | Card Acceptor originated reversal (terminal) | 1 | Unknown error |
| 2 | Acquirer originated reversal (tpp) | 2 | Terminal processor error (pos/atm) |
| 3 | Intermediate facility originated reversal (GW) | 3 | System time out (down/not responding fast enough) |
| 4-9 | Reserved for future use | 4 | Terminal error/misdisperse |
| | | 5 | Terminal communication error |
| | | 6 | Terminal error |
| | | 7 | Late/unsolicited response |
| | | 8 | Clerk initiated |
| | | 9 | Unknown error |

**Card status change FILE**

The Card Status Change file is provided on a calendar day basis. This file provides card status changes performed via the Card Status Maintenance Screen (RCSCSM) on a daily basis. This will enable Michigan to track Authorized Representative cards statused by a Primary Recipient. Eventually, this data will be used to alert the Michigan worker to make the appropriate changes to the Michigan BRIDGES System.

**CARD STATUS CHANGE HEADER RECORD**

| Field # | Position | Description | Length | Type | Data |
|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "HD" |
| 2 | 3-10 | Transaction Type | 8 | X | "MICRDSTS" |
| 3 | 11-18 | Date | 8 | 9 | CCYYMMDD |
| 4 | 19-26 | Time | 8 | 9 | HHMMSSSS |
| 5 | 27-32 | Control Number | 6 | 9 | Incremented by 1 each time sent. |
| 6 | 33-34 | State ID | 2 | X | "MI" |
| 7 | 35-152 | Filler | 118 | X | |

*Record Length = 152 characters*

**CARD STATUS CHANGE DETAIL RECORD**

| Field # | Position | Description | Length | Type | Data | Notes |
|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | |
| 2 | 3-18 | Old Card Number | 16 | X | Left justified. | |
| 3 | 19-34 | New Card Number - TBD | 16 | X | Left justified. | Not always populated. |
| 4 | 35-49 | State Unique ID (Recipient ID) | 15 | X | Left justified.<br>Pos 1-10 – Recipient ID<br>Pos 11-15 - spaces | MI must tie the Recipient ID to the case number to track client history. This field is used by CSI as the State Unique ID. The two fields are used by Michigan internally, Recipient ID is sent to CSI on the Benefit file. |
| 5 | 50-69 | First Name | 20 | X | Reserved for future use- No validation. Data = spaces. | No data is sent in this field. |
| 6 | 70-70 | Middle Initial | 1 | X | Reserved for future use- No validation. Data = spaces. | No data is sent in this field. |

| Field # | Position | Description | Length | Type | Data | Notes |
|---|---|---|---|---|---|---|
| 7 | 71-100 | Last Name | 30 | X | Michigan to populate “Last,First” or “Last First” | Michigan has a 45-character free form text field which holds last,first or last first. All name data is sent in this field.<br>CSI/Muscato will remove any commas or special characters between the last & first names and will replace them with blanks prior to populating the field. |
| 8 | 101-102 | Primary/Alternate Indicator | 2 | X | “01” – Primary Recipient/Protective Payee<br>“02” – Authorized Rep (FS)<br>“03” – Authorized Rep (CASH) | |
| 9 | 103-103 | Cardholder Access | 1 | X | “1” - Food Stamps<br>“2” - Cash<br>“3” - Both<br>“0” - No Access (will NOT trigger auto replacement) | |
| 10 | 104-115 | EBT Account Number- Food Stamps | 12 | 9 | | |
| 11 | 116-127 | EBT Account Number- Cash | 12 | 9 | | |
| 12 | 128-135 | Date | 8 | 9 | CCYYMMDD | |

| Field # | Position | Description | Length | Type | Data | Notes |
|---|---|---|---|---|---|---|
| 13 | 136-137 | Card Status Indicator | 2 | 9 | Cards statused via the admin terminal:<br>“01” –Activate<br>“02” –Lost<br>“03” –Damaged<br>“04” – Stolen<br>“05” –Compromised<br>“06” –Used without authorization<br>“07” –Stopped by Head of Household<br>“08” –Other<br>“09” –Statused (usually means via batch or by the system, in this case, would have to be done via terminal)<br>“11” –Undeliverable (no auto-reissue)<br>“22”–Lost (no auto-reissue)<br>“33”–Damaged (no auto-reissue)<br>“44”–Stolen (no auto-reissue)<br>“55”–Primary Recipient Statusing an Auth Rep Card<br>“00” -- I don’t know what it means, but we are receiving a lot of records with this value. | |
| 15 | 138-152 | 2nd State ID | 15 | X | Pos 1 – “0”<br>Pos 2-9 - Case Number | |

*Record Length = 152 characters*

**CARD STATUS CHANGE TRAILER RECORD**

| Field # | Position | Description | Length | Type | Data |
|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | “TR” |
| 2 | 3-10 | Transaction Type | 8 | X | must match header |
| 3 | 11-18 | Date | 8 | 9 | must match header |
| 4 | 19-26 | Time | 8 | 9 | must match header |
| 5 | 27-32 | Control Number | 6 | 9 | must match header |
| 6 | 33-34 | State ID | 2 | X | must match header |
| 7 | 35-40 | Total Detail Records | 6 | 9 | |
| 8 | 41-152 | Filler | 112 | X | |

*Record Length = 152 characters*

## Adjustment Activity File

The Adjustment Activity File is generated daily by EPPIC™ to enable the State to send client notifications or track adjustment activity for disputes that have been filed by the client or the retailer. This file is intended to provide information on key activities in the disputes process. The State receives the file through FTP.

**Adjustment Activity File Description**

| Adjustment Activity File – Summary Table | | |
|---|---|---|
| **Item** | **File Data Title** | **File Data** |
| 1. | File Type | Adjustment Activity File |
| 2. | File Names | See Appendix C |
| 3. | System Source | EPPIC™ |
| 4. | System Destination | State |
| 5. | Data Description | Adjustment Activity against benefits on EPPIC™ database. |
| 6. | Data Transfer Method | FTP |
| 7. | Timing Requirements | See Appendix C |
| 8. | File Format | Fixed |

### Adjustment Activity Record Layouts

The following is a description of the Adjustment Activity File format.

The file layout consists of a header record, followed by multiple detail records, followed by a trailer record.

All alpha-numeric fields are left-justified and right space-filled.

**Adjustment Activity Header Record**

| # | Position | Description | Length | Type | Data |
|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | “HD” |
| 2 | 3-10 | Transaction Type | 8 | X | “MIADJACT” |
| 3 | 11-18 | Date | 8 | 9 | CCYYMMDD |
| 4 | 19-26 | Time | 8 | 9 | HHMMSSSS |
| 5 | 27-32 | Control Number | 6 | 9 | Incremented by 1 each time sent. |
| 6 | 33-34 | State ID | 2 | X | “MI” |
| 7 | 35-200 | Filler | 166 | X | |

*Record Length – 200*

**Adjustment Activity Detail Record**

| # | Position | Description | Length | Type | Comments | M/C/O/I |
|---|---|---|---|---|---|---|
| 1. | 001-002 | Record Type | 2 | X | "DT" – Detail | M |
| 2. | 003-017 | State Unique ID (Recipient ID) | 15 | X | State Unique ID<br>Pos 1-10 Recipient ID<br>Pos 11-15 Spaces | M |
| 3. | 018-047 | Cardholder Name | 30 | X | Name of cardholder that performed transaction. | M |
| 4. | 048-052 | Service Site | 5 | X | Pos 1-2 - County (number)<br>Pos 3-4 - District (number)<br>Pos 5 - Filler (space) | M |
| 5. | 053-054 | Program Type | 2 | X | Program ID for the record.<br>(F ) - food stamp program<br>(C ) - Cash Program<br>Note that the second character must be a space. | M |
| 6. | 055-064 | Dispute Tracking Number | 10 | X | Tracking number assigned to dispute<br>Pos 1-9 Dispute tracking number<br>Pos 10 Space. | M |
| 7. | 065-072 | Transaction Date | 8 | 9 | CCYYMMDD – Trans Log Date | C |
| 8. | 073-080 | Transaction Time | 8 | 9 | HHMMSSSS – Transaction Log Time | C |
| 9. | 081-082 | Credit/Debit Indicator | 2 | X | "CR" = Credit "DB" = Debit Adjustment | M |
| 10. | 083-089 | Transaction Amount | 7 | 9 | Amount of original transaction. | C |
| 11. | 090-096 | Dispute Amount | 7 | 9 | Amount of the Dispute | M |
| 12. | 097-098 | Reason Type | 2 | X | Reason for Dispute:<br>RC - Retailer Requested Debit to Client<br>CR - Client Requested Debit to Retailer | M |
| 13. | 099-106 | Date of Dispute | 8 | 9 | CCYYMMDD - Date dispute was initiated | M |
| 14. | 107-107 | Dispute Status | 1 | X | Status of dispute:<br>N – New<br>A – Approved<br>D – Denied<br>H – Fair Hearing Requested<br>E – Elapsed<br>S – Settled<br>I – Insufficient Funds<br>C – Accepted<br>R – Rejected | M |

| # | Position | Description | Length | Type | Comments | M/C/O/I |
|---|---|---|---|---|---|---|
| 15. | 108-115 | Dispute Status Date | 8 | 9 | Date of dispute status change | M |
| 16. | 116-122 | FNS Number | 7 | X | Only included on Food Stamp transactions. | C |
| 17. | 123-142 | Merchant Name | 20 | X | Where the transaction occurred. | C |
| 18. | 143-182 | Merchant Location | 40 | X | Location where the transaction occurred. | C |
| 19. | 183-200 | Filler | 18 | X | Spaces | I |

*Record Length – 200*

**Adjustment Activity Trailer Record**

| # | Position | Description | Length | Type | Comments | M/C/O/I |
|---|---|---|---|---|---|---|
| 1. | 001-002 | Record Type | 2 | X | "**TR**" – Trailer | M |
| 2. | 003-010 | Transaction Type | 8 | X | must match header | |
| 3. | 011-018 | Date | 8 | 9 | must match header | |
| 4. | 019-026 | Time | 8 | 9 | must match header | |
| 5. | 027-032 | Control Number | 6 | 9 | Must match header | M |
| 6. | 033-034 | State ID | 2 | X | Must match header | |
| 7. | 035-043 | Total Detail Records | 9 | 9 | Total Number of Detail Records | M |
| 8. | 044-053 | Total Credits | 10 | 9 | Total dollar value of Credits | M |
| 9. | 054-063 | Total Debits | 10 | 9 | Total dollar value of Debits | M |
| 10. | 064-200 | Filler | 137 | X | Spaces | I |

*Record Length – 200*

Adjustment File Processing Rules
Records are written out to the Adjustment Activity based on any actions taken on EPPIC™ via the Adjustment screens, to the status of an adjustment dispute.
The following table provides further details on the dispute statuses. The dispute statuses are from the recipient's perspective.

| Dispute Status | Description |
|---|---|
| N – New | Initial Status of all Dispute requests. |
| A – Approved | Status to identify the result of a Fair Hearing. |
| D – Denied | Status to identify the result of a Fair Hearing. |
| H – Fair Hearing Requested | Indicates a Fair Hearing has been requested regarding the dispute. |
| E – Elapsed | Only on Debit adjustment, when 15 days has passed since origination of the adjustment. |
| S – Settled | Final status for an adjustment. Funds have been credited or debited. |
| I – Insufficient Funds | Final status for an adjustment. Funds have not been credited or debited; client account does not have enough funds. |
| C – Accepted | Only on Credit adjustment, when the retailer accepts the recipient-initiated adjustment. |
| R – Rejected | Only on Credit adjustment, when the retailer rejects the recipient-initiated adjustment; client has option then to request fair hearing through the State. |

The following Reason Type/Dispute Status combination is the typical combination resulting in State's sending client notifications informing them that a dispute was opened against their account:

- Reason Type – "RC" – Retailer Request to Debit the Client
- Dispute Status – "N" – New Dispute

| Field # | Position | Description | Length | Type | Data | Notes: Action Codes: | 1 | 5 |
|---|---|---|---|---|---|---|---|---|
| 1 | 1-1 | Begin Tag | 1 | X (Hex) | Contains Character 0x02, Start of Text <<Hexadecimal Field Type>> Must be = a binary "00000010" | | R | R |
| 2 | 2-5 | Message Type (Transaction Code) | 4 | X | 1000 Account Setup Request 1010 Account Setup Response | Altered as necessary on return message. | R | R |
| 3 | 6-9 | Function Code | 4 | X | Value = Blanks | | I | I |
| 4 | 10-13 | Message Priority | 4 | X | Value = Blanks | | I | I |
| 5 | 14-29 | Message Origin | 16 | X | Reserved for use by Message Originator & is not used by the EPPIC™ host. | EPPIC™ will ignore. | R | R |
| 6 | 30-45 | Message Timestamp | 16 | 9 | Time stamp of the message format = ccyymmddhhmmssnn | EPPIC™ will ignore. | R | R |
| 7 | 46-61 | Routing Information | 16 | X | Value = "MWCCUPDT" Left-Justified, space-filled. | | R | R |
| 8 | 62-81 | EPPIC™ Host Data | 20 | X | Reserved for use by EPPIC™, Initialize to spaces when request is initiated. | Altered as necessary on return message. | R | R |
| 9 | 82-85 | Return Code (Response Code) | 4 | X | Success = 0000, Failure > 0000 The sending system will initialize this to zero & the EBT system will set it on response based on the application result. Detail error information will be provided here. | Altered as necessary on return message. | R | R |
| 10 | 86-101 | User Information | 16 | X | User Information. Not used at this time. Value = blanks | | I | I |
| 11 | 102-131 | Unique Message ID | 30 | X | Unique message information generated by the message originator that can be used for matching the response to the request. ACS will echo back id generated from the State. | | O | O |
| 12 | 132-147 | Filler | 16 | X | Pad with spaces, Reserved for future use | | I | I |
| 13 | 148-149 | Action Code | 2 | X | "01" – Authorized Person Demographic Add/Update "05" – Proxy Demographic Add/Update | Action codes indicate a complete overlay of the entire record. Records are added if they do not already exist based on processing rules and the existence of an Authorized Person record (if applicable). "05" action reserved for future use. | R | R |

| Field # | Position | Description | Length | Type | Data | Notes: Action Codes: | 1 | 5 |
|---|---|---|---|---|---|---|---|---|
| 14 | 150-164 | Unique ID (WIC Family ID) | 15 | 9 | Left justified.<br>Pos 1-9 –Family ID<br>Pos 10 – W for WIC<br><br>EPPIC™ will add a “W” to the 10th position of the Family ID on the EPPIC™ system. | This field is used by EPPIC™ as the Unique ID. WIC intends to use its WIC Family ID number as its Unique ID.<br>EPPIC™ receives this number as a numeric and populates an alphanumeric on the system. **Left-justified, space-filled.**<br>Maximum length = 15 | R | R |
| 15 | 165-180 | Card Number | 16 | X | Card Number Issued / Replaced Over the Counter | Card number will only be included on initial issuance or when it is replaced. The State will run a Luhn Mod-10 check prior to transmission. | C | C |
| 16 | 181-182 | Primary/Alternate Indicator | 2 | X | “01” – Authorized Person<br>“04” – Proxy (WIC) | | R | R |
| 17 | 183-183 | Cardholder Access | 1 | X | “4” – Create WIC Account Access<br>“5” – Disable WIC Account Access<br>“6” – Restore WIC Account Access **(Reserved for future use)** | If cardholder access value is changed to 5, this will prevent access to WIC benefits but will not status the card.<br>Note: Only way to enable WIC account is to issue new card over the counter. State will review the possibility of using “6” for account restore. | R | R |
| 18 | 184-193 | Phone Number | 10 | 9 | Phone number | | O | O |
| 19 | 194-213 | First Name | 20 | X | Authorized Person’s or Proxy’s First Name | | R | R |
| 20 | 214-214 | Middle Initial | 1 | X | Authorized Person’s or Proxy’s Middle Initial | Left Blank | O | O |
| 21 | 215-244 | Last Name | 30 | X | Authorized Person’s or Proxy’s Last Name | | R | R |
| 22 | 245-274 | Optional Name | 30 | X | Authorized Person’s Name | Auth Person’s name always included: Last First Middle | O | O |
| 23 | 275-304 | Mail Address- Line 2 | 30 | X | | For PX, this is the Authorized Person’s address.<br>If there is no Mail Address-Line 1, Mail Address-Line 2 becomes the address. | O | O |
| 24 | 305-334 | Mail Address- Line 1 | 30 | X | Primary Address | For PX, this is the Authorized Person’s address. | R | R |
| 25 | 335-359 | City | 25 | X | | | R | R |
| 26 | 360-361 | State | 2 | X | | | R | R |
| 27 | 362-370 | Zip | 9 | 9 | Pos 1-5 - 5 digit zip<br>Pos 6-9 - zip qualifier or zeroes | | R | R |

| Field # | Position | Description | Length | Type | Data | Notes: Action Codes: | 1 | 5 |
|---|---|---|---|---|---|---|---|---|
| 28 | 371-374 | Clinic Code | 4 | X | WIC Clinic Identification | Positions 1-4 are all numeric and must be present.<br><br>Can't be all zeroes; can't start with 2 zeroes; clinic must exist on the approved clinic code list. | R | R |
| 29 | 375-382 | Date Of Birth | 8 | 9 | DOB of Authorized Person CCYYMMDD | For PX, this is the Authorized Person's DOB. | R | R |
| 30 | 383-383 | Language Indicator | 1 | X | Reserved for Future use Value = spaces | Not utilized for pilot. | O | O |
| 31 | 384-408 | Reserved for State | 25 | X | | This information is passed back to the State only. It is not stored on the EPPIC™ database. | O | O |
| 32 | 409-417 | Social Security # | 9 | 9 | Reserved for Future use | | I | I |
| 33 | 418-444 | Filler | 27 | X | | | I | I |
| 34 | 445-448 | Reserved for ACS | 4 | X | Error code line description | | I | I |
| 35 | 449-449 | End Tag | 1 | X (Hex) | Contains character 0x03, End of Text <<Hexadecimal field type>> Must be = a binary "00000011" | | R | R |

Record Length = 449 R - Required field O- Optional field I - Ignored field C - Conditional

| DEMOGRAPHIC DETAIL RECORD EDITS | |
|---|---|
| DT03 | Invalid/Missing Action Code |
| DT17 | No primary on file for action code “05” and Primary/Alt indicator “04” |
| DT19 | Invalid/Missing Card Number (Validates Card Number in Acct Setup Record) |
| DT20 | Invalid/Missing Unique ID (WIC Family ID Number) |
| DT21 | Invalid/Missing Primary/Alt Indicator (Proxy indicator not valid for “01” setup and vice versa) |
| DT22 | Invalid/Missing Cardholder access flag (if first time add, cannot set to 0) |
| DT24 | Missing Last Name |
| DT25 | Missing Mail Address (If there is no Mail Address-Line 1, Mail Address-Line 2 becomes the address) |
| DT26 | Missing City |
| DT27 | Missing State |
| DT28 | Missing Zip Code (will accept 5 numeric + 4 spaces or 9 numeric) |
| DT29 | Invalid/Missing WIC Clinic Code (Can’t be all zeroes, start with two zeroes and must exist on the approved clinic code table) |
| DT30 | Invalid/Missing Authorized Person’s Date of Birth |
| DT40 | Missing First Name |
| DT41 | Invalid/Missing Return (Response) Code |
| DT59 | Card # already exists on ACS system |
| DT99 | Card # already exists (when sending an update record, do not send existing card #) |
| | Note: These fields are not specifically edited as they are dealt with via the communications software:<br>• Begin Tag<br>• Message Timestamp<br>• Routing Information<br>• EPPIC™ Host Data<br>• End Tag |
| | |
| Invalid = | If populated, with other than spaces, perform edit check |
| Missing = | Field data is required in proper format |

On-Line Food Benefit Record Transaction Layout

| Field # | Position | Description | Length | Type | Data | Notes: Action Codes: | 1 | 2 | 3 |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 1-1 | Begin Tag | 1 | X (Hex) | Contains Character 0x02, Start of Text <<Hexadecimal field type>><br>Must be = a binary “00000010” | | R | R | R |
| 2 | 2-5 | Message Type (Transaction Code) | 4 | X | 2000 Benefit Request<br>2010 Benefit Response | Altered as necessary on return message. | R | R | R |
| 3 | 6-9 | Function Code | 4 | X | Value = Blanks | | I | I | I |
| 4 | 10-13 | Message Priority | 4 | X | Value = Blanks | | I | I | I |
| 5 | 14-29 | Message Origin | 16 | X | Reserved for use by Message Originator & is not used by the EPPIC™ host. | EPPIC™ will ignore. | R | R | R |
| 6 | 30-45 | Message Timestamp | 16 | 9 | Time stamp of the message format = ccyymmddhhmmssnn | EPPIC™ will ignore. | R | R | R |
| 7 | 46-61 | Routing Information | 16 | X | Used by the EBT host to define the processing environment. Needs to be set by the originating system.<br>Value = “MWWCBEUP”<br>Left-Justified, space-filled. | | R | R | R |
| 8 | 62-81 | EPPIC™ Host Data | 20 | X | Reserved for use by EPPIC™ , Initialize to spaces when request is initiated. | EPPIC™ will not utilize. | R | R | R |
| 9 | 82-85 | Return Code (Response Code) | 4 | X | Success = 0000, Failure > 0000 The sending system will initialize this to zero & the EBT system will set it on response based on the application result. Detail error information will be provided here. | Altered as necessary on return message. | R | R | R |
| 10 | 86-101 | User Information | 16 | X | User Information. Not used at this time. Value = blanks | EPPIC™ will ignore. | I | I | I |
| 11 | 102-131 | Unique Message ID | 30 | X | Unique message information generated by the message originator that can be used for matching the response to the request. ACS will echo back id generated from the State. | | O | O | O |
| 12 | 132-147 | Filler | 16 | X | Pad with spaces, Reserved for future use | | I | I | I |
| 13 | 148-149 | Action Code | 2 | X | “01”-Add Benefit<br>“02”-Void Future Benefit<br>“03”-Void Current Benefit | | R | R | r |
| 14 | 150-155 | Benefit Type | 6 | X | “WIC” | Left-Justified, space-filled | R | R | R |
| 15 | 156-170 | Unique ID (WIC Family ID) | 15 | 9 | Pos 1-9 –nine digit numeric Unique ID sent from State.<br><br>Left-justified space filled<br><br>Must match Unique ID transmitted on Account Setup record for benefit to be posted to correct account. | EPPIC™ receives the Unique ID as a 9 digit numeric.<br>EPPIC™ will add a “W” to the 10th position of the Unique ID. | R | R | R |
| 16 | 171-178 | Starting Date | 8 | 9 | CCYYMMDD | State may send starting dates in the past. | R | O | O |
| 17 | 179-186 | Expiration Date | 8 | 9 | CCYYMMDD | Must be equal to or greater than Starting Date. | R | O | O |

| Field # | Position | Description | Length | Type | Data | Notes: Action Codes: | 1 | 2 | 3 |
|---|---|---|---|---|---|---|---|---|---|
| 18 | 187-206 | Unique Benefit Issuance Number | 20 | X | Pos 1 space only<br><br>Pos 2-15 - WIC Authorization Number from State (left – justified, space filled)<br>Note: EPPIC™ will only edit Pos 2-15. This is alphanumeric in EPPIC™ system.<br>Pos 16-20 spaces only | EPPIC™ will place a "W" in Pos 1 of the Unique Benefit Issuance Number.<br>DCH sends pos 2-15 to EPPIC™ .<br>Pos 16-20 Reserved for EPPIC™ suffixes. | R | R | R |
| 19 | 207-210 | WIC Clinic ID | 4 | X | Four-digit WIC Clinic Identification Number | Positions 1-4 are all numeric and must be present.<br><br>Can't be all zeroes, can't start with 2 zeroes; clinic must exist on the approved clinic code table. | R | R | R |
| 20 | 211-212 | Number of Rx Items | 2 | X | Number of Food Benefit Items. | Maximum value of 30. | R | I | R |
| 21 | 213-512 | Food Benefit Items | 300 | 9 | Category/sub-category/quantity of items prescribed to participant.<br><br>Pos 1-2 Category<br>Pos 3-5 Subcategory<br>Pos 6-10 Quantity (999v99)<br><br>Right-Justified, zero-filled | For Action Code = 03, specific quantity must be specified. If entire quantity is to be removed, quantity must contain "99999". | R | I | R |
| 22 | 513-537 | Reserved for State | 25 | X | | This information is passed back only. It does not get stored on the EPPIC™ dbase. | O | O | O |
| 23 | 538-560 | Filler | 23 | X | | | I | I | I |
| 24 | 561-564 | Reserved for EPPIC™ | 4 | X | Error code line description. | | I | I | I |
| 25 | 565-565 | End Tag | 1 | X (Hex) | Contains character 0x03, End of Text <<Hexadecimal>><br>Must be = a binary "00000011" | | R | R | R |

Record Length = 565 R - Required field O- Optional field I - Ignored field C - Conditional

| FOOD BENEFIT DETAIL RECORD EDITS | |
|---|---|
| DT03 | Invalid/Missing Action Code |
| DT04 | “01” Action Codes- Duplicate Benefit |
| DT05 | “02” Action Codes- No benefit found in pending |
| DT06 | “03” Action Codes- No benefit found in account |
| DT07 | Invalid/Missing Benefit Type |
| DT08 | “01” Action Codes- Invalid/Missing Starting Date |
| DT09 | “01” Action Codes- Invalid/Missing Ending Date |
| DT10 | Invalid/Missing Benefit Issuance Number |
| DT12 | Invalid/Missing Number of Rx Items |
| DT13 | Invalid/Missing Category, cannot be 00, blank, must be a numeric or not on EPPIC™ host Category/Sub-Category file |
| DT14 | Invalid/Missing Sub-Category –blank, must be numeric or not on EPPIC™ host Category/Sub-Category file |
| DT15 | Invalid/Missing Quantity |
| DT16 | No card available for benefit (No Card # Exists with access to this benefit type) |
| DT18 | No account found on system for Unique ID |
| DT20 | Invalid/Missing Unique ID (WIC Family ID Number) |
| DT41 | Invalid/Missing Return Code (Response Code) |
| DT44 | Invalid/Missing Clinic ID (Can’t be all zeroes or start with two zeroes; clinic must exist on approved clinic code table) |
| DT45 | Only read ”03” – Invalid/Missing quantity |
| DT46 | Category/Sub-Category combination not on EPPIC™ host Category/Sub-Category file |
| | |
| | Note: These fields are not specifically edited as they are dealt with via the communications software:<br>• Begin Tag<br>• Message Timestamp<br>• Routing Information<br>• EPPIC™ Host Data<br>• End Tag |
| | |
| Invalid = | If populated, with other than spaces, perform edit check |
| Missing = | Field data is required in proper format |

Batch Food Benefit Detail Record

| Field # | Position | Description | Length | Type | Data | Notes: Action Codes: | 1 | 2 | 3 |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | | R | R | R |
| 2 | 3-4 | Action Code | 2 | X | "01"-Add Benefit<br>"02"- Void Future<br>"03" – Void Current<br>(reserved for future use) | | R | R | R |
| 3 | 5-10 | Benefit Type | 6 | X | "WIC" | Left-Justified, space-filled | R | R | R |
| 4 | 11-25 | Unique ID (WIC Family ID) | 15 | X | Pos 1-9 –nine digit numeric Unique ID sent from State.<br><br>Left-justified space filled. Must match Unique ID transmitted on Account Setup record for benefit to be posted to correct account. | EPPIC™ receives the Unique ID as a 9 digit numeric.<br><br>EPPIC™ will add a "W" to the 10th position of the Unique ID. | R | R | R |
| 5 | 26-33 | Starting Date | 8 | 9 | CCYYMMDD | Benefits sent via batch will have future start date only. | R | O | O |
| 6 | 34-41 | Expiration Date | 8 | 9 | CCYYMMDD | Must be equal to or greater than Starting Date. | R | O | O |
| 7 | 42-61 | Unique Benefit Issuance Number | 20 | X | Pos 1 space only<br>Pos 2-15 - WIC<br><br>Authorization Number from State (left –justified, space filled)<br>Pos 16-20 spaces only<br><br>Note: EPPIC™ will only edit Pos 2-15.. Is alphanumeric in EPPIC™ system. | EPPIC™ will place a "W" in Pos 1 of the Unique Benefit Issuance Number.<br>DCH sends pos 2-15 to EPPIC™ .<br>Pos 16-20 Reserved for EPPIC™ suffixes. | R | R | R |
| 8 | 62-65 | WIC Clinic ID | 4 | X | Four digit WIC Clinic Identification Number | Positions 1-4 are all numeric and must be present.<br><br>Can't be all zeroes; can't start with 2 zeroes; clinic must exist in approved clinic code table. | R | R | R |
| 9 | 66-67 | Number of Rx Items | 2 | X | Number of Food Benefit Items. | Maximum value of 30. | R | I | R |
| 10 | 68-367 | Food Benefit Items | 300 | 9 | Category/sub-category/quantity of items prescribed to participant.<br>Pos 1-2 Category<br>Pos 3-5 Subcategory<br>Pos 6-10 Quantity (999v99)<br>Right-Justified, zero-filled | For Action Code = 03, specific quantity must be specified. If entire quantity is to be removed, quantity must contain "99999". | R | I | R |
| 11 | 368-392 | Reserved for State | 25 | X | | Not stored/used on the EPPIC™ system. | O | O | O |
| 12 | 393-415 | Filler | 23 | X | | | I | I | I |
| 13 | 416-419 | Reserved for EPPIC™ | 4 | X | Error code line description. | | I | I | I |
| 14 | 420-423 | Response Code | 4 | X | "0000"-no errors<br>Must be initialized to '0000'. | | R | R | R |

Record Length = 423 R - Required field O- Optional field I - Ignored field C – Conditional

| FOOD BENEFIT DETAIL RECORD EDITS | |
|---|---|
| DT02 | Invalid/Missing Record Type |
| DT03 | Invalid/Missing Action Code |
| DT04 | “01” Action Codes- Duplicate Benefit |
| DT05 | “02” Action Codes- No benefit found in pending |
| DT06 | “03” Action Codes- No benefit found in account |
| DT07 | Invalid/Missing Benefit Type |
| DT08 | “01” Action Codes- Invalid/Missing Starting Date |
| DT09 | “01” Action Codes- Invalid/Missing Expiration Date |
| DT10 | Invalid/Missing Benefit Issuance Number |
| DT12 | Invalid/Missing Number of Rx Items |
| DT13 | Invalid/Missing Category (Not on EPPIC™ host Category/Sub-Category file) |
| DT14 | Invalid/Missing Sub-Category (Not on EPPIC™ host Category/Sub-Category file) |
| DT15 | Invalid/Missing Quantity |
| DT16 | No card available for benefit (No Card # Exists with access to this benefit type) |
| DT18 | No account found on system for Unique ID |
| DT20 | Invalid/Missing Unique ID (WIC Family ID Number) |
| DT41 | Invalid/Missing Return Code (Response Code) |
| DT44 | Invalid/Missing Clinic ID (Can’t be all zeroes or start with two zeroes; clinic must exist on approved clinic code table) |
| DT45 | “03” – Invalid/Missing Quantity (must be > 00000). Will error for requested quantity greater than the quantity on the system unless 99999. |
| DT46 | Category/Sub-Category combination not on EPPIC™ host Category/Sub-Category file |
| DT48 | Reserved |
| | |
| Invalid = | If populated, with other than spaces, perform edit check |
| Missing = | Field data is required in proper format |

Authorized Vendor Update Detail Record

| Field # | Position | Description | Length | Type | Data | R/O |
|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | R |
| 2 | 3-4 | Action Code | 2 | X | "01" – Add/Update/Re-Activate Record<br>"02" – De-Activate Record | R |
| 3 | 5-12 | Vendor Number | 8 | X | WIC Vendor Number<br>Left-Justified, space-filled<br>Pos 1-5 sequential<br>Pos 6-8 store group number | R |
| 4 | 13-32 | Vendor Name | 20 | X | WIC Vendor Name | R |
| 5 | 33-34 | Peer Group ID | 2 | X | Number of Retailer Peer Group<br>Right-Justified, zero-filled | R |
| 6 | 35-38 | WIC Clinic ID | 4 | X | WIC Clinic identification number<br>Note: Used by state for geographical location of vendors to clinics | R |
| 7 | 39–63 | Address Line 1 | 25 | X | Physical Store Location 1st address line of Vendor | O |
| 8 | 64-88 | Address Line 2 | 25 | X | Physical Store Location 2nd address line of Vendor | O |
| 9 | 89-108 | City | 20 | X | Physical Store Location City where Vendor is located | O |
| 10 | 109-110 | State | 2 | X | Physical Store Location State Code | O |
| 11 | 111-119 | Zip Code | 9 | X | Physical Store Location Zip + 4 | O |
| 12 | 120-129 | Phone Number | 10 | N | 1-3 = Area Code<br>4-6 = prefix<br>7-10 = number | O |
| 13 | 130-154 | Mailing Address Line 1 | 25 | X | Mailing Address<br>1st address line of Vendor | O |
| 14 | 155-179 | Mailing Address Line 2 | 25 | X | Mailing Address<br>2nd address line of Vendor | O |
| 15 | 180-199 | Mailing City | 20 | X | Mailing Address City where Vendor is located | O |
| 16 | 200-201 | Mailing State | 2 | X | Mailing Address State Code | O |
| 17 | 202-210 | Mailing Zip Code | 9 | X | Mailing Address Zip + 4 | O |
| 18 | 211-230 | Owner Last Name | 20 | X | Last Name of Owner | O |
| 19 | 231-245 | Owner First Name | 15 | X | First Name of Owner | O |
| 20 | 246 | Owner Middle Initial | 1 | X | Middle Initial of Owner | O |
| 21 | 247-275 | Filler | 29 | X | Reserved for future use | I |
| 22 | 276-279 | Error Code | 4 | X | Reserved for EPPIC™ use | I |
| 23 | 280-283 | Response Code | 4 | X | Must be initialized to "0000" | R |

Record Length = 283 R - Required field O- Optional field I - Ignored field C - Conditional

| AUTHORIZED VENDOR UPDATE DETAIL RECORD EDITS | |
|---|---|
| DT01 | Invalid/Missing Record Type |
| DT03 | Invalid/Missing Action Code |
| DT29 | Invalid/Missing WIC Clinic ID (Clinic Code) |
| DT38 | Invalid/Missing Vendor Number (Position 1-4 must be non-zero, edit for all 7 positions present) |
| DT39 | Missing Vendor Name |
| DT40 | Invalid/Missing Vendor Peer Group ID |
| DT41 | Invalid/Missing Response Code |
| DT53 | 02 Action Code – Authorized Vendor Already De-Activated |
| DT54 | 02 Action Code – Authorized Vendor Does Not Exist |
| | |
| Invalid = | If populated, with other than spaces, perform edit check |
| Missing = | Field data is required in proper format |

Category/Subcategory Update Detail Record

| Field # | Position | Description | Length | Type | Data | R/O |
|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | R |
| 2 | 3-4 | Action Code | 2 | X | "01" – Add/Update/Re-Activate Record<br>"02" – De-Activate Record | R |
| 3 | 5-9 | State Item Code | 5 | X | 5 digit MI-WIC state item code<br>Left-justified, space-filled<br>Note: EPPIC™ to store and display on Administrative Terminal. | O |
| 4 | 10-11 | Category Number | 2 | 9 | Right-justified, zero-filled | R |
| 5 | 12-14 | Subcategory Number | 3 | 9 | Right-justified, zero-filled | R |
| 6 | 15-17 | Unit Of Measure | 3 | X | unit of measure description<br>Left-justified, space-filled | R |
| 7 | 18-59 | Shopping List Description | 42 | X | Long Description. MI WIC will use 35 characters.<br>Left-justified, space-filled | R |
| 8 | 60-60 | Contract Formula Flag | 1 | X | Y/N indicator used for Infant Formula Rebate Report | R |
| 9 | 61-92 | Filler | 32 | X | Reserved for future use | I |
| 10 | 93-96 | Error Code | 4 | X | Reserved for EPPIC™ use | I |
| 11 | 97-100 | Response Code | 4 | X | Must be initialized to "0000" | R |

Record Length = 100 R - Required field O- Optional field I - Ignored field C – Conditional

| CATEGORY/SUB-CATEGORY UPDATE DETAIL RECORD EDITS | |
|---|---|
| DT01 | Invalid/Missing Record Type |
| DT03 | Invalid/Missing Action Code |
| DT13 | Invalid/Missing Category |
| DT14 | Invalid/Missing Sub-Category |
| DT34 | Invalid/Missing Unit of Measure |
| DT35 | Invalid State Item Code |
| DT36 | Invalid/Missing Shopping List Description |
| DT41 | Invalid/Missing Response Code |
| DT47 | Invalid/Missing Contract Formula Flag |
| DT55 | 02 Action Code – Category/Subcategory Already De-Activated |
| DT56 | 02 Action Code – Category/Subcategory Does Not Exist |
| | |
| Invalid = | If populated, with other than spaces, perform edit check |
| Missing = | Field data is required in proper format |

UPC Maximum Price Update Detail Record

| Field # | Position | Description | Length | Type | Data | R/O |
|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | R |
| 2 | 3-4 | Action Code | 2 | 9 | "01" – Add/Update/Re-Activate Record<br>"02" – De-Activate Record (and store) | R |
| 3 | 5-5 | UPC/PLU Indicator | 1 | X | "U" – UPC; "P" = PLU | R |
| 4 | 6-22 | UPC/PLU Number | 17 | X | UPC/PLU to be updated<br><br>Left-Justified, space-filled | R |
| 5 | 23-64 | Product Description | 42 | X | Short description of product for reference. MI WIC will send 21 characters for receipt description without Unit of Measure in the description. | R |
| 6 | 65-67 | Unit of Measure | 3 | X | Unit of measure description<br>Left-Justified, space-filled | R |
| 7 | 68-68 | Manual Auth Hold Indicator | 1 | X | Y = Valid for Manual Auth Hold<br>N = Not Valid for Manual Auth Hold | R |
| 8 | 69-70 | Category | 2 | 9 | Right-Justified, zero-filled | R |
| 9 | 71-73 | Subcategory | 3 | 9 | Right-Justified, zero-filled | R |
| 10 | 74-78 | Quantity<br>(Exchange Size) | 5 | 999v99 | Quantity in UOM std units for Cat/Sub-Cat assoc. w/UPC/PLU. Right-Justified, zero-filled | R |
| 11 | 79-80 | Peer Group ID #1 | 2 | 9 | Right-justified, zero-filled | R |
| 12 | 81-86 | Peer Group ID #1 Max Price | 6 | 9999v99 | Maximum price for Peer Group 1 | R |
| 13 | 87-88 | Peer Group ID #2 | 2 | 9 | Right-justified, zero-filled | O |
| 14 | 89-94 | Peer Group ID #2 Max Price | 6 | 9999v99 | Maximum price for Peer Group 2 | O |
| 15 | 95-96 | Peer Group ID #3 | 2 | 9 | Right-justified, zero-filled | O |
| 16 | 97-102 | Peer Group ID #3 Max Price | 6 | 9999v99 | Maximum price for Peer Group 3 | O |
| 17 | 103-104 | Peer Group ID #4 | 2 | 9 | Right-justified, zero-filled | O |
| 18 | 105-110 | Peer Group ID #4 Max Price | 6 | 9999v99 | Maximum price for Peer Group 4 | O |
| 19 | 111-112 | Peer Group ID #5 | 2 | 9 | Right-justified, zero-filled | O |

| Field # | Position | Description | Length | Type | Data | R/O |
|---|---|---|---|---|---|---|
| 20 | 113-118 | Peer Group ID #5 Max Price | 6 | 9999v99 | Maximum price for Peer Group 5 | O |
| 21 | 119-120 | Peer Group ID #6 | 2 | 9 | Right-justified, zero-filled | O |
| 22 | 121-126 | Peer Group ID #6 Max Price | 6 | 9999v99 | Maximum price for Peer Group 6 | O |
| 23 | 127-128 | Peer Group ID #7 | 2 | 9 | Right-justified, zero-filled | O |
| 24 | 129-134 | Peer Group ID #7 Max Price | 6 | 9999v99 | Maximum price for Peer Group 7 | O |
| 25 | 135-136 | Peer Group ID #8 | 2 | 9 | Right-justified, zero-filled | O |
| 26 | 137-142 | Peer Group ID #8 Max Price | 6 | 9999v99 | Maximum price for Peer Group 8 | O |
| 27 | 143-144 | Peer Group ID #9 | 2 | 9 | Right-justified, zero-filled | O |
| 28 | 145-150 | Peer Group ID #9 Max Price | 6 | 9999v99 | Maximum price for Peer Group 9 | O |
| 29 | 151-152 | Peer Group ID #10 | 2 | 9 | Right-justified, zero-filled | O |
| 30 | 153-158 | Peer Group ID #10 Max Price | 6 | 9999v99 | Maximum price for Peer Group 10 | O |
| 31 | 159-160 | Peer Group ID #11 | 2 | 9 | Right-justified, zero-filled | O |
| 32 | 161-166 | Peer Group ID #11 Max Price | 6 | 9999v99 | Maximum price for Peer Group 11 | O |
| 33 | 167-168 | Peer Group ID #12 | 2 | 9 | Right-justified, zero-filled | O |
| 34 | 169-174 | Peer Group ID #12 Max Price | 6 | 9999v99 | Maximum price for Peer Group 12 | O |
| 35 | 175-176 | Peer Group ID #13 | 2 | 9 | Right-justified, zero-filled | O |
| 36 | 177-182 | Peer Group ID #13 Max Price | 6 | 9999v99 | Maximum price for Peer Group 13 | O |
| 37 | 183-184 | Peer Group ID #14 | 2 | 9 | Right-justified, zero-filled | O |
| 38 | 185-190 | Peer Group ID #14 Max Price | 6 | 9999v99 | Maximum price for Peer Group 14 | O |
| 39 | 191-192 | Peer Group ID #15 | 2 | 9 | Right-justified, zero-filled | O |
| 40 | 193-198 | Peer Group ID #15 Max Price | 6 | 9999v99 | Maximum price for Peer Group 15 | O |
| 41 | 199-200 | Peer Group ID #16 | 2 | 9 | Right-justified, zero-filled | O |
| 42 | 201-206 | Peer Group ID #16 Max Price | 6 | 9999v99 | Maximum price for Peer Group 16 | O |
| 43 | 207-208 | Peer Group ID #17 | 2 | 9 | Right-justified, zero-filled | O |
| 44 | 209-214 | Peer Group ID #17 Max Price | 6 | 9999v99 | Maximum price for Peer Group 17 | O |
| 45 | 215-216 | Peer Group ID #18 | 2 | 9 | Right-justified, zero-filled | O |
| 46 | 217-222 | Peer Group ID #18 Max Price | 6 | 9999v99 | Maximum price for Peer Group 18 | O |
| 47 | 223-224 | Peer Group ID #19 | 2 | 9 | Right-justified, zero-filled | O |
| 48 | 225-230 | Peer Group ID #19 Max Price | 6 | 9999v99 | Maximum price for Peer Group 19 | O |
| 49 | 231-232 | Peer Group ID #20 | 2 | 9 | Right-justified, zero-filled | O |
| 50 | 233-238 | Peer Group ID #20 Max Price | 6 | 9999v99 | Maximum price for Peer Group 20 | O |
| 51 | 239-240 | Peer Group ID #21 | 2 | 9 | Right-justified, zero-filled | O |
| 52 | 241-246 | Peer Group ID #21 Max Price | 6 | 9999v99 | Maximum price for Peer Group 21 | O |
| 53 | 247-248 | Number of Peer Group IDs | 2 | X | Number of Peer Group IDs State setting price on same format as number of items on benefit message. | R |
| 54 | 249- 422 | Filler | 174 | X | Reserved for EPPIC™ use | I |
| 55 | 423-426 | Error Code | 4 | X | Error Code | I |
| 56 | 427-430 | Response Code | 4 | X | Must be initialized to “0000” | R |

Record Length = 430 R - Required field O- Optional field I - Ignored field C - Conditional

| UPC/PLU/MAXIMUM PRICE UPDATE DETAIL RECORD EDITS | |
|---|---|
| DT01 | Invalid/Missing Record Type |
| DT03 | Invalid/Missing Action Code |
| DT13 | Invalid/Missing Category (and if not on Category/Subcategory host file) |
| DT14 | Invalid/Missing Sub-Category (and if not on Category/Subcategory host file) |
| DT15 | Invalid/Missing Quantity |
| DT31 | Invalid/Missing UPC/PLU (For a PLU, Position 1-7 must be non-zero, edit for all positions 1-7 present) |
| DT32 | Invalid/Missing Product Description |
| DT33 | Invalid/Missing Maximum Price |
| DT40 | Invalid/Missing Peer Group ID – (Must also edit for one valid Peer Group ID/Peer Group ID Max Price pair or record is rejected) |
| DT41 | Invalid/Missing Response Code |
| DT42 | Invalid/Missing PLU/UPC Indicator |
| DT49 | Invalid/Missing Unit of Measure |
| DT50 | UOM for UPC/PLU not consistent with Category/Subcategory UOM on host |
| DT51 | 02 Action Code – UPC/PLU Already De-Activated |
| DT52 | 02 Action Code – UPC/PLU Does Not Exist |
| DT57 | Invalid/Missing Manual Auth Hold Indicator |
| | |
| Invalid = | If populated, with other than spaces, perform edit check |
| Missing = | Field data is required in proper format |

WIC Account Activity Detail Record

| Field # | Position | Description | Length | Type | Data | R/O |
|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | R |
| 2 | 3-17 | Unique ID (WIC Family ID) | 15 | X | MI Family ID number<br>Left-Justified, space-filled | R |
| 3 | 18-33 | Cardholder Number | 16 | 9 | Card used for transaction | R |
| 4 | 34-35 | Primary/Alternate Indicator | 2 | 9 | "01"-AP, "04"-PX | R |
| 5 | 36-39 | WIC Clinic Code | 4 | X | Locality Code for the family | R |
| 6 | 40-42 | Transaction Code | 3 | 9 | 103 - Account Adjustment<br>303 - Account Adjustment (TPP)<br>305 - Purchase Completion<br>310 - Manual Authorization Clear<br>411 - Reversal/Cancellation<br>(Note: 304 transaction type is not included) | R |
| 7 | 43-50 | Transaction Entry Date | 8 | 9 | CCYYMMDD host transaction date | R |
| 8 | 51-58 | Transaction Entry Time | 8 | 9 | HHMMSSSS host transaction time | R |
| 9 | 59-60 | Transaction Response Code | 2 | 9 | Please refer to Appendix B for valid list of transaction codes. | O |
| 10 | 61-66 | Benefit Type | 6 | X | "WIC" Left-Justified, space-filled | R |
| 11 | 67-68 | Credit/Debit Indicator | 2 | X | "CR" = Credit "DB" = Debit | R |
| 12 | 69-75 | Requested Amount | 7 | 9(5)v99 | Requested Amount | R |
| 13 | 76-82 | Settled Amount | 7 | 9(5)v99 | Settled Amount | R |
| 14 | 83-90 | Settlement Date | 8 | 9 | CCYYMMDD- Settlement date of transaction | R |
| 15 | 91-98 | Business Date | 8 | 9 | CCYYMMDD = This field will be equivalent to Transaction Entry Date. | R |
| 16 | 99-106 | WIC Vendor Number | 8 | 9 | As supplied by Vendor in transaction. | C |
| 17 | 107-108 | Peer Group ID | 2 | 9 | WIC Vendor Peer Group ID from State | C |
| 18 | 109-123 | POS ID | 15 | X | As supplied transaction. | C |
| 19 | 124-138 | Vendor Name | 15 | X | As supplied transaction. | C |
| 20 | 139-178 | Vendor Location | 40 | X | As supplied transaction. | C |
| 21 | 179-179 | Card Entry (Keyed or Swiped) | 1 | X | "K" = Manually Keyed PAN<br>"S" = Card Swiped in Terminal<br>This field is conditional. Only transactions initiated at retail locations will require an entry for this field. | C |
| 22 | 180-187 | Authorization Number | 8 | X | Transaction authorization number. Only transaction initiated at retail locations require this field. Left-Justified, space-filled. | C |
| 23 | 188-225 | Filler | 38 | X | | I |

Record Length = 225 R - Required field O- Optional field I - Ignored field C – Conditional*

Expired Benefit Detail Record

| Field # | Position | Description | Length | Type | Data | R/O |
|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | R |
| 2 | 3-4 | Action Code | 2 | X | "01" = Expired Benefit | R |
| 3 | 5-10 | Benefit Type | 6 | X | "WIC"<br>Left-Justified, space-filled | R |
| 4 | 11-25 | Unique ID (WIC Family ID) | 15 | X | Left Justified, space-filled | R |
| 5 | 26-27 | Number of Rx Items | 2 | 9 | Number of items in next field | R |
| 6 | 28-327 | Food Items | 300 | 9 | Up to 30 cat/sub/quantity entries<br>Category = 2 digits<br>Subcategory = 3 digits<br>Quantity = 5 digits (999v99)<br>Right-Justified, zero-filled | R |
| 7 | 328-335 | Starting Date | 8 | 9 | CCYYMMDD | R |
| 8 | 336-343 | Expiration Date | 8 | 9 | CCYYMMDD | R |
| 9 | 344-363 | Unique Benefit Issuance Number | 20 | X | EBT Authorization Number<br>Pos 1 'W' for WIC<br>Pos 2-15 - EBT Authorization Number<br>Pos 16-20 Reserved for EPPIC™ suffixes Left-Justified, space-filled | R |
| 10 | 364-375 | Filler | 12 | X | For Future Use | I |

Record Length = 375 R - Required field O- Optional field I - Ignored field C- Conditional

Vendor Activity Detail Record

| Field # | Position | Description | Length | Type | Data | R/O |
|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | R |
| 2 | 3-10 | Vendor Number | 8 | X | WIC Vendor Number<br>Left-Justified, space-filled<br>Pos 1-5 sequential<br>Pos 6 - 8 store group number | R |
| 3 | 11-18 | Settlement Date | 8 | 9 | Settlement Date<br>CCYYMMDD | R |
| 4 | 19-26 | Purchase Completion Settled Amount | 8 | 9(6)v99 | Dollar total based on settlement date/payment date for Purchase Completion transactions processed | R |
| 5 | 27-34 | Manual Authorization Settled Amount | 8 | 9(6)v99 | Dollar total based on settlement date/payment date for Manual Authorization transactions processed | R |
| 6 | 35-42 | Net Adjustments Settled Amount | 8 | 9(6)v99 | Dollar total based on settlement date/payment date for the Net Adjustment transactions processed | R |
| 7 | 43-44 | Vendor Peer Group ID | 2 | 9 | ID of Retailer Peer Group.<br>Right-justified, zero-filled | R |
| 8 | 45-72 | Filler | 28 | X | For Future Use | I |

Record Length = 72 R - Required field O- Optional field I - Ignored field C-Conditional

Benefit/UPC Redemption Activity Detail Record

| Field # | Position | Description | Length | Type | Data | R/O |
|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | R |
| 2 | 3-4 | Transaction Type | 2 | X | Debit or Credit: "DB" or "CR" | R |
| 3 | 5-7 | Transaction Code | 3 | X | Please refer to Appendix B for valid list of transaction codes. | R |
| 4 | 8-15 | WIC Vendor Number | 8 | X | Left-Justified, space-filled<br>Pos 1-5 sequential<br>Pos 6-8 store group number | R |
| 5 | 16-30 | Unique ID (WIC Family ID) | 15 | X | WIC Family ID<br>Left-Justified, space-filled | R |
| 6 | 31-46 | Cardholder Number | 16 | 9 | Card used for transaction | R |
| 7 | 47-48 | Category | 2 | 9 | Right-Justified, zero-filled<br>Category assigned to UPC/PLU by State, not applied Category. Not applied category.<br>Default to 99 for Coupons. | R |
| 8 | 49-51 | Subcategory | 3 | 9 | Right-Justified, zero-filled<br>Subcategory assigned to UPC/PLU by State, not applied Subcategory. Not applied subcategory.<br>Default to 999 for Coupons. | R |
| 9 | 52-56 | Quantity | 5 | 999v99 | Quantity in standard units reduced from the benefit grant for category/subcategory.<br>Right-Justified, zero-filled | R |

| Field # | Position | Description | Length | Type | Data | R/O |
|---|---|---|---|---|---|---|
| 10 | 57-64 | Transaction Log Date | 8 | 9 | CCYYMMDD host transaction date | R |
| 11 | 65-72 | Transaction Log Time | 8 | 9 | HHMMSSSS host transaction time | R |
| 12 | 73-73 | UPC/PLU/Coupon Indicator | 1 | X | "U"- UPC<br>"P" – PLU<br>"C" – COUPON | R |
| 13 | 74-90 | Product UPC/PLU | 17 | X | "Cents-off COUPON" indicates coupon record. | R |
| 14 | 91-93 | Number of items | 3 | 9 | Whole number representing number of same category/subcategory items purchased in transaction. | R |
| 15 | 94-99 | Requested Price | 6 | 9999v99 | Aggregate Requested Price for Unique Benefit Issuance Number, Category, Subcategory. | R |
| 16 | 100-105 | Settled Price | 6 | 9999v99 | Aggregate Settled Price for Unique Benefit Issuance Number, Category, Subcategory. | R |
| 17 | 106-113 | Authorization Number | 8 | X | The authorization number assigned to the transaction. | R |
| 18 | 114-128 | Unique Benefit Issuance Number | 15 | X | Benefit Issuance Number impacted by transaction. | R |
| 19 | 129-130 | Applied Category | 2 | 9 | Right Justified, zero-filled. Identifies category that was reduced from cardholder benefit. | R |
| 20 | 131-133 | Applied Subcategory | 3 | 9 | Right Justified, zero-filled. Identifies sub-category that was reduced from cardholder benefit | R |
| 21 | 134-141 | Starting Date | 8 | 9 | CCYYMMDD Benefit Starting Date | R |
| 22 | 142-143 | Peer Group ID | 2 | 9 | WIC Vendor Peer Group ID from State | R |
| 23 | 144-147 | WIC Clinic ID | 4 | X | WIC Clinic Identification Number for the family | R |
| 24 | 148-167 | Adjustment Tracking Number | 20 | X | Adjustment tracking number associated with adjustment Right-Justified, zero-filled | C |
| 25 | 168-169 | Filler | 2 | X | Reserved for future use | I |

Record Length = 169 R - Required field O- Optional field I - Ignored field C- Conditional

Adjustment Activity Detail Record

| # | Position | Description | Length | Type | Comments | M/C/O/I |
|---|---|---|---|---|---|---|
| 20. | 001-002 | Record Type | 2 | X | "DT" – Detail | M |
| 21. | 003-017 | Unique ID<br>(WIC Family ID) | 15 | X | WIC Family ID | M |
| 22. | 018-033 | PAN | 16 | X | PAN – card impacted by transaction | M |
| 23. | 034-038 | WIC Clinic ID | 5 | X | Pos 1-2 - County (number)<br>Pos 3-4 - District (number)<br>Pos 5 - Filler (space) | M |
| 24. | 039-040 | Program Type | 2 | X | Program ID for the record.<br>(W ) - WIC program<br>Note that the second character must be a space. | M |
| 25. | 041-060 | Adjustment Tracking Number | 20 | X | Tracking number assigned to dispute. | M |
| 26. | 061-068 | Transaction Date | 8 | 9 | CCYYMMDD – Trans Log Date | M |
| 27. | 069-074 | Transaction Time | 6 | 9 | HHMMSS – Transaction Log Time | M |
| 28. | 075-075 | Credit/Debit Indicator | 1 | X | "C" = Credit "D" = Debit Adjustment | M |
| 29. | 076-082 | Transaction Amount | 7 | 9 | Amount of original transaction.<br>99999v99 | M |
| 30. | 083-089 | Requested Dispute Amount | 7 | 9 | Amount of the Dispute<br>99999v99 | M |
| 31. | 090-091 | Requested Category Number | 2 | 9 | Requested Category impacted by dispute | M |
| 32. | 092-094 | Requested Subcategory Number | 3 | 9 | Requested Subcategory impacted by dispute | M |
| 33. | 095-99 | Requested Quantity | 5 | 999v99 | Requested Quantity in standard units debited/credited from category/subcategory<br>Right-Justified, zero-filled | C |
| 34. | 100-101 | Reason Type | 2 | X | Reason for Dispute:<br>RC - Retailer Requested Debit to Client<br>CR - Client Requested Debit to Retailer | M |
| 35. | 102-109 | Date of Dispute | 8 | 9 | CCYYMMDD - Date dispute was initiated | M |
| 36. | 110-110 | Dispute Status | 1 | X | Status of dispute:<br>N – New<br>E – Elapsed<br>S – Settled<br>I – Insufficient Benefits<br>C – Accepted<br>R – Rejected<br>Refer to Section 3.10.4 for status definition | M |
| 37. | 111-118 | Dispute Status Date | 8 | 9 | Date of dispute status change | C |
| 38. | 119-126 | Vendor Number | 8 | X | Vendor number related to dispute | C |
| 39. | 127-128 | Approved Category Number | 2 | 9 | Approved Category impacted by dispute | M |
| 40. | 129-131 | Approved Subcategory Number | 3 | 9 | Approved Subcategory impacted by dispute | M |
| 41. | 132-136 | Approved Quantity | 5 | 999v99 | Approved Quantity in standard units debited/credited from category/subcategory<br>Right-Justified, zero-filled | M |
| 42. | 137-143 | Approved Dispute Amount | 7 | 9 | Approved Amount of the Dispute<br>99999v99 | M |

| # | Position | Description | Length | Type | Comments | M/C/O/I |
|---|---|---|---|---|---|---|
| 43. | 144-151 | Authorization Number | 8 | X | The authorization number assigned to the transaction. | M |
| 44. | 152-225 | Filler | 74 | X | Spaces | I |

Record Length – 225

Card Status Change Detail Record

| Field # | Position | Description | Length | Type | Data | Notes |
|---|---|---|---|---|---|---|
| 1 | 1-2 | Record Type | 2 | X | "DT" | |
| 2 | 3-18 | Old Card Number | 16 | X | Left justified. | PAN that was statused. |
| 3 | 19-34 | New Card Number | 16 | X | Left justified. | Not always populated – contains new PAN if card reissued same day as old card statused. |
| 4 | 35-49 | State Unique ID (Case Number) | 15 | X | Left justified.<br>Pos 1 - 9 – Family ID<br>Pos 10 – W for WIC<br><br>EPPIC will add a "W" to the 10th position of the Family ID on the EPPIC system. | WIC Family ID |
| 5 | 50-69 | First Name | 20 | X | Spaces | Recipient's first name |
| 6 | 70-70 | Middle Initial | 1 | X | Spaces | Recipient's middle initial |
| 7 | 71-100 | Last Name | 30 | X | Cardholder Name | Recipient's last name |
| 8 | 101-102 | Authorized Person/Proxy Indicator | 2 | X | "01" – Authorized Person<br>"04" – Proxy (WIC) | |
| 9 | 103-103 | Cardholder Access | 1 | X | "4" - Create WIC Account Access<br>"5" - Disable WIC Account Access<br>"6" - Restore WIC Account Access | |
| 10 | 104-115 | EBT Acct Number-Food Stamps | 12 | 9 | FS Account Number | EPPIC FS Case_ID, leave blank for WIC |
| 11 | 116-127 | EBT Acct Number-Cash | 12 | 9 | CA Account Number | EPPIC CA Case_ID, leave blank for WIC |
| 12 | 128-135 | Date | 8 | 9 | CCYYMMDD | Status Date |
| 13 | 136-143 | Time | 8 | 9 | HHMMSSSS | Status Time |
| 14 | 144-145 | Card Action Code | 2 | 9 | Represents the Action for the card. See table below for list of Actions. | |
| 15 | 146-152 | Filler | 7 | X | | |

Record Length = 152 characters

Appendix E
Federal FNS Retailer Database REDE II Format

In support of EBT implementation, the Food and Nutrition Service (FNS) determined that an automated process was required to notify the EBT Processors, contracted by each state (and possibly by each county), of any changes to the data for the Supplemental Nutrition Assistance Program (SNAP) retailers to which they provide service.

FNS has established requirements that the automated process will:

**A. Provide Detailed State Retailer Data for State EBT Processors.** FNS will provide a file of data for each retailer within a state to EBT processors. An EBT processor may request a file for multiple states. Changes to this retailer file, which contains additions and deletions of retailers, as well as changes to the basic information, will be provided on a daily basis, Monday through Friday. A full file of the retailer data for each state will be provided on a monthly basis. This full file will allow the EBT processor to verify that no retailer changes have been missed.

**B. Provide National Retailer Data for Interoperability Between States.** FNS will initially provide, to each EBT processor, a file of limited data for each authorized retailer in the SNAP. This file will be used to allow for the inter-operability between states and EBT processors for the EBT redemption process. Changes to this file (additions and deletions of retailers) will be provided on a daily basis, Monday through Friday. A complete file of the limited retailer data for the entire SNAP will be provided on a monthly basis. The complete file will allow the EBT processor to verify that no retailer changes have been missed.

The Retailer Electronic Data Exchange (REDE) interface was developed to facilitate the exchange of retailer data between FNS and the EBT processors. REDE replaced the manual process which required a field office to fax the changes for a store to the EBT processor. It has helped to reduce the EBT processors' submission of incorrect authorization numbers with redemption data which must then be manually researched by FNS staff at the Benefit Redemption Systems Branch (BRSB), and at FNS regional offices and field offices. It can also be made available to Third Party Processors to limit input errors.

The most critical exchange is FNS' notification of EBT processors concerning newly authorized EBT retailers and EBT retailers who have been withdrawn or disqualified as participants in the SNAP. The EBT processor is responsible for promptly setting up a newly authorized EBT retailer to participate in the EBT redemption process, generally within 2 weeks of this notification. The EBT processor is also responsible for removing a withdrawn or disqualified retailer from the EBT redemption process within 2 days of notification from FNS.

The REDE Subsystem supports interoperability, which allows a SNAP recipient from one state's program to make EBT purchases in another state. Interoperability is supported through the notification of all EBT processors concerning changes in any SNAP retailer's authorization status. The REDE Subsystem provides this data not only to the state and/or county EBT processors, but also to organizations that may provide Gateway services to multiple EBT processors and/or to any other FNS-approved organizations. The data provided on each store authorized to accept SNAP EBT transactions is limited to only that data which allows the basic identification of the store as an authorized retailer.

**Operations**

REDE processing includes standard (regularly scheduled) nightly and monthly operations and ad hoc operations. Both types of REDE operations are performed at the Benefit Redemption Systems Branch (BRSB) in Minneapolis, MN. The standard nightly operations are performed nightly, Monday through Friday, and create the state and national retailer data update files. The standard monthly operations are performed monthly (on the first Saturday of the calendar month) and create the full state and national retailer data files. The state retailer data update files are used to update the Retailer EBT Data Exchange (REDE) database. Ad hoc operations are performed as requested when a State Agency and/or EBT processor requests a start-up copy of a state or national retailer update file.

The REDE Subsystem will create state retailer data update files and a national retailer data update file on a nightly basis, Monday through Friday. The exceptions to this are federal holidays that fall on a weekday. A full state retailer data file and national data file, which contain authorized stores, will be created on a

monthly basis during the first full weekend of a calendar month. These files will be readied for transmission to authorized recipients of each state's file and the national file who will be given the choice of accessing these files using either a Connect Direct process through the USDA Computer Center in Kansas City or a VPN internet solution.

**Creating State Retailer Data Update Files**
Each night, the REDE Subsystem will utilize the current and prior night's Retailer Extract File to create the state retailer data update files for those states that the State Agencies and/or EBT processors have included in a file of requested states. The state retailer data update files contain the retailer data update transactions for each state's retailers. These transactions identify when a retailer has been added to, removed from, or re-activated into the Supplemental Nutrition Assistance Program and identify if certain key retailer data has changed. If a state incurs no changes to its retailers' data, a file will still be created for that state and will contain a header record and trailer record which identify that no detail records were included in the file. The creation of a file for each of the requested states will improve security and integrity as the authorized data files recipients from each state will always get a file, even when it does not contain any updates.

**Creating National Retailer Data Update Files**
The national retailer data update files are also created by REDE on a nightly basis and will be readied for access in the same manner as the state retailer data update files. Each file will identify if a retailer has been removed from, or added to, the set of retailers authorized to perform EBT processing for the SNAP. While additions and deletions are the primary types of transactions, there is also a modify transaction that identifies whether the first ten characters of the retailer name have changed, or whether the state within which the retailer resides, has been changed or whether the business type has been changed. Ideally, the state change should occur only if someone miskeys the information into the primary retailer database and then later corrects it.

The national retailer update file may be sent to entities other than the state EBT processors; for example, it may also be provided to some independent processors that support a national EBT retailer database for the state EBT processors. As with the state file, if there are no changes to any retailers in the nation, a file containing a header record and a trailer record will be created which identify that no detail records were included in the file. This will ensure that all authorized recipients are aware that there were no changes to the nation's retailers for that period.

**Creating Full State and National Retailer Data Files**
On a monthly basis, the REDE Subsystem will create a full file of all of the state retailer data files and the national retailer data file using the most current Retailer Extract File. These files will be readied for access in the same manner as the update files. The primary purpose of these files is to ensure that updates have not been missed and that all updates were received by the authorized recipients of each file.

**Creation of Start-up State and National Retailer Data Files**
When requested by a newly implemented EBT state or that state's EBT processor, the REDE Subsystem will create a set of start-up files consisting of a full state retailer data file and/or full national retailer data file. The files will be created using the most current Retailer Extract File and will be readied for access in the same manner as the standard monthly files. These start-up files are provided for a state and an EBT processor to use when the state's EBT implementation does not coincide with the creation and transmission of the standard monthly Full State Retailer Data Files and National Retailer Data File.

Header Record

| FIELD DESCRIPTION | FIELD TYPE | FIELD WIDTH | FIELD POSITION | COMMENTS |
|---|---|---|---|---|
| Transaction Type Code | Char | 1 | 1 | Blank |
| State Code | Char | 2 | 2 – 3 | Alphabetic state code where stores are located |
| Date Range | | | | Date range for effective dates of retailer update transactions |
| Beginning Date | Char | 8 | 4 – 11 | For the daily update file, the beginning date of the date range in CCYYMMDD format. For the monthly file, the date the file is produced. |
| Ending Date | Char | 8 | 12 – 19 | For the daily file, the ending date of the date range in CCYYMMDD format. For the monthly file, the date the file is produced. |
| Transaction Count | Num | 7 | 20 – 26 | Count of detail records in the file |
| Filler | Char | 395 | 27 – 421 | Blanks (mainframe files only) |

Trailer Record

| FIELD DESCRIPTION | FIELD TYPE | FIELD WIDTH | FIELD POSITION | COMMENTS |
|---|---|---|---|---|
| Transaction Type Code | Char | 1 | 1 | 'T' - Trailer record |
| State Code | Char | 2 | 2 - 3 | Alphabetic state code where stores are located |
| Date Range | | | | Date range for effective dates of retailer update transactions |
| Beginning Date | Char | 8 | 4 - 11 | For the daily update file, the beginning date of the date range in CCYYMMDD format. For the monthly file, the date the file is produced. |
| Ending Date | Char | 8 | 12 - 19 | For the daily file, the ending date of the date range in CCYYMMDD format. For the monthly file, the date the file is produced. |
| Transaction Count | Num | 7 | 20 - 26 | Count of detail records in the file |
| Add Transaction Record Count | Num | 7 | 27 - 33 | Count of "add" transaction records in the file |
| Delete Transaction Record Count | Num | 7 | 34 - 40 | Count of "delete" transaction records in the file |
| Modify Transaction Record Count | Num | 7 | 41 - 47 | Count of "modify" transaction records in the file |
| Re-activate Transaction Record Count | Num | 7 | 48 - 54 | Count of "re-activate" transaction records in the file |
| Hash Count | Num | 8 | 55 - 62 | Numeric hash count for backwards compatibility |
| Filler | Char | 359 | 63 - 421 | Blanks (mainframe files only) |

Detail Records

| FIELD DESCRIPTION | FIELD TYPE | FIELD WIDTH | FIELD POSITION | COMMENTS |
|---|---|---|---|---|
| Transaction Type Code | Char | 1 | 1 | 'A' if a new store was added; 'R' if a previously authorized store was reinstated (Auth status 01, Reason Code 02); 'M' if an existing store was modified; 'D' if an existing store was removed from the program. |
| State Abbreviation | Char | 2 | 2-3 | Alphabetic State Code |
| Store Number | Num | 7 | 4-10 | STARS Authorization Number |
| Store Name | Char | 50 | 11-60 | Full name of store |
| Primary Telephone Number | Num | 10 | 61-70 | Full telephone number with area code |
| Alternate Telephone Number | Num | 10 | 71-80 | Telephone number to use in case Primary Telephone Number is unavailable. |
| Open 24 Hours Indicator | Char | 1 | 81 | 'Y' if open 24 hours; otherwise 'N' |
| Registers Count | Num | 5 | 82-86 | Total number of check-out registers in store |
| County Code | Char | 3 | 87-89 | Code indicating county within state where store resides |
| Business Type Code | Char | 2 | 90-91 | Code indicating type of store - **see Figure 1** |
| Address Number | Char | 8 | 92-99 | Address number on street where store is located |
| Street Name | Char | 40 | 100-139 | Full name of street where store is located |
| State Code | Char | 2 | 210-211 | Alphabetic state code where store is located. |
| Zip Code | Num | 5 | 212-216 | 5 digit zip code where store is located. |
| Zip 4 Code | Num | 4 | 217-220 | 4 digit zip code suffix where store is located |
| Authorization Status Code | Char | 2 | 221-222 | Code indicating current authorization status of store - **see Figure 2.** |
| Authorization Status Date | Num | 8 | 223-230 | Effective date of current authorization status in CCYYMMDD format. |
| Authorization Withdrawal Reason Code | Char | 2 | 231-232 | Reason for authorization or withdrawal - **see Figure 3** |
| Re-certification Status Date | Num | 8 | 233-240 | Date in CCYYMMDD format the store was re-certified (re-authorized) as authorized under FNS regulations based on updated data supplied by the retailer. |
| Ownership Type Code | Char | 1 | 241 | '1' if sole proprietorship or '2' if partnership or '3' if privately-held corporation or '4' if publicly owned corporation or '5' if cooperative or '6' if government or '7' if limited liability company or '8' if limited liability partnership |

| FIELD DESCRIPTION | FIELD TYPE | FIELD WIDTH | FIELD POSITION | COMMENTS |
|---|---|---|---|---|
| Owner's Name Format | Char | 1 | 242 | '1' if a person's name or '2' if an organization's name (corporation, company, government, etc.) |
| Owner's Name | Char | 50 | 243-292 | Organization or primary person that owns the retailer (if person's name, the first 15 characters contain the first name, the second 15 characters the middle name or initial, and the last 20 characters contain the last name) |
| Mailing Address Number | Char | 8 | 293-300 | Address number on street on store mailing address. |
| Mailing Street Name | Char | 40 | 301-340 | Full name of street on store mailing address. |
| Mailing Additional Address Info | Char | 40 | 341-380 | Supplemental mailing address information that is not contained in the street name (e.g. Suite Number) |
| Mailing City Name | Char | 30 | 381-410 | Full name of city on store mailing address. |
| Mailing State Code | Char | 2 | 411-412 | Alphabetic state code on store mailing address. |
| Mailing Zip Code | Num | 5 | 413-417 | 5 digit zip code on store mailing address. |

National Retailer File

Header Record

| FIELD DESCRIPTION | FIELD TYPE | FIELD WIDTH | FIELD POSITION | COMMENTS |
|---|---|---|---|---|
| Transaction Type Code | Char | 1 | 1 | Blank |
| Creation Date | Char | 8 | 2 - 9 | Date this file was created in CCYYMMDD format. |
| File Type | Char | 1 | 10 - 10 | File type indicator where "D" = daily change file, "F" = full replacement file. |
| Transaction Count | Num | 7 | 11 - 17 | Count of detail records in the file |
| Filler | Char | 18 | 18 - 35 | Blanks |

Trailer Record

| FIELD DESCRIPTION | FIELD TYPE | FIELD WIDTH | FIELD POSITION | COMMENTS |
|---|---|---|---|---|
| Transaction Type Code | Char | 1 | 1 | “T” - Trailer record |
| Creation Date | Char | 8 | 2 - 9 | Date this file was created in CCYYMMDD format. |
| File Type | Char | 1 | 10 - 10 | File type indicator where “D” = daily change file, “F” = full replacement file. |
| Add Transaction Count | Num | 7 | 11 - 17 | Count of “add” detail records in the file |
| Delete Transaction Count | Num | 7 | 18 - 24 | Count of “delete” detail records in the file |
| Modify Transaction Count | Num | 7 | 25 - 31 | Count of “modify” detail records in the file |
| Filler | Char | 4 | 32 - 35 | Blanks |

National Retailer File Detail Record

| FIELD DESCRIPTION | FIELD TYPE | FIELD WIDTH | FIELD POSITION | COMMENTS |
|---|---|---|---|---|
| Transaction Type Code | C har | 1 | 1 | ‘A’ if store was added or ‘D’ if store was deleted or ‘M’ if state code, first ten characters of store name or business type code were modified |
| Store Identification | Num | 7 | 2 - 8 | STARS Authorization Number |
| State Code | Char | 2 | 9 - 10 | Alphabetic state code where store is located |
| Store Name | Char | 10 | 11 - 20 | First ten characters of the store name |
| Business Type Code | Char | 2 | 21 - 22 | Code indicating type of store |
| Filler | Char | 13 | 23 - 35 | Blanks |

**Code Definitions for Business Type, Authorization Status and State Code/Abbreviation**
The values for the Business Type; Authorization Status; Status Reason and State Abbreviation codes used in the record layouts are listed in the Figures 1, 2, 3 and 4 below:

| Business Type Code | Description | Store or Meal Service |
|---|---|---|
| AD | Drug and/or Alcohol Treatment Program | Meal Service |
| BB | Bakery Specialty | Store |
| BC | Non-profit Food Buying Co-op | Store |
| BW | Shelter for Battered Women and Children | Meal Service |
| CA | Community Supported Agriculture Organization | Store |
| CD | Communal Dining Facility | Meal Service |
| CO | Combination Grocery/Other | Store |
| CS | Convenience Store | Store |
| DR | | |