



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 **071B0200026**

CONTRACTOR	INFORMATIX INCORPORATED
	2485 Natomas Park Drive , Suite 430
	Sacramento, CA 95833
	Michele Blanc
	916-830-1400
	michele.blanc@informatixinc.com
	CV0066385

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

CONTRACT SUMMARY

STATE DISBURSEMENT UNIT FOR CHILD SUPPORT PAYMENT

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 25, 2010	September 30, 2016	3 - 1 Year	September 30, 2020
PAYMENT TERMS		DELIVERY TIMEFRAME	
2% NET 10; 1% NET 20		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input checked="" type="checkbox"/>	3-months	December 31, 2020
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$69,669,784.24	\$1,498,351.00	\$71,168,135.24		

DESCRIPTION

Effective August 4, 2020, this Contract is extended for 3 months to provide continuation of all services and increase the contract value by \$1,498,351. The extension is to allow for additional time required for transitioning the services to a new vendor due to COVID-19 related delays. The contract term will be shorter if the actual transition occurs prior to the contract end date; in which case a new Change Notice will be issued to end the contract on the day of transition.

Net incremental payment for this extension is \$136,015.12. Contractor will include \$45,338.37 on each monthly invoice for the service period starting October 1, 2020. If the contract ends earlier, any remaining balance will be added to the final invoice.

All other terms, conditions, specifications, and pricing remain the same, including existing available discounts. Per contractor and agency agreement, DTMB Procurement approval, and State Administrative Board approval on August 4, 2020.

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

AGENCY	NAME	PHONE	EMAIL
MDHHS	Burton Parsons	(517) 334-7395	parsonsb2@michigan.gov
MDHHS	Pratin Trivedi	(517) 334-6560	trivedip@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 **14**

to

Contract Number **071B0200026**

CONTRACTOR	INFORMATIX INCORPORATED
	2485 Natomas Park Drive , Suite 430
	Sacramento, CA 95833
	Michele Blanc
	916-830-1400
	michele.blanc@informatixinc.com
	CV0066385

STATE	Program Manager	Various	MDHHS
	Contract Administrator	Steve Rigg	DTMB
		(517) 249-0454	
		riggs@michigan.gov	

CONTRACT SUMMARY

STATE DISBURSEMENT UNIT FOR CHILD SUPPORT PAYMENT			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
April 25, 2010	September 30, 2016	3 - 1 Year	September 30, 2020
PAYMENT TERMS		DELIVERY TIMEFRAME	
2% NET 10; 1% NET 20		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS
N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		September 30, 2020
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$69,669,784.24	\$0.00	\$69,669,784.24		

DESCRIPTION

Effective October 1, 2019, this Contract is changed to add \$234,847.71 to the payment schedule. Contractor will include \$19,570.64 to each monthly invoice for service period starting October 1, 2019. All other terms, conditions, specifications, and pricing remain the same, including existing available discounts. Per Contractor and Agency agreement, and DTMB Central Procurement Services approval.

Calculation to determine amount:	Contract Year 19-20	Additional Monthly Payment
CCN amount	\$ 234,847.71	\$ 19,570.64
Less: 0.5% discount for option year	(\$ 1,174.24)	
Invoice amount	\$ 233,673.47	
Less: 2% early payment discount	(\$ 4,673.47)	
Net incremental payment to Informatix	\$ 229,000.00	



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 **071B0200026**

CONTRACTOR	INFORMATIX INCORPORATED
	2485 Natomas Park Drive , Suite 430
	Sacramento, CA 95833
	Michele Blanc
	916-830-1400
	michele.blanc@informatixinc.com
	CV0066385

STATE	Program Manager	Various	MDHHS
	Contract Administrator	Steve Rigg	DTMB
		(517) 249-0454 riggs@michigan.gov	

CONTRACT SUMMARY				
STATE DISBURSEMENT UNIT FOR CHILD SUPPORT PAYMENT PROCESSING FOR DHHS				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
April 25, 2010	September 30, 2016	3 - 1 Year	September 30, 2019	
PAYMENT TERMS		DELIVERY TIMEFRAME		
2% Net 10; 1% Net 20		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input checked="" type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
N/A				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input checked="" type="checkbox"/>	1 year	September 30, 2020
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$69,669,784.24	\$0.00	\$69,669,784.24		
DESCRIPTION				
Effective March 26, 2019, this contract is hereby extended through September 30, 2020. All other terms, conditions, and specifications remain the same. Per Contractor and Agency approval, DTMB Central Procurement Services approval, and State Administrative Board approval on March 26, 2019.				



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 12
 to
 Contract Number 071B0200026

CONTRACTOR	INFORMATIX INCORPORATED
	2485 Natomas Park Dr., Suite 430
	Sacramento, CA 95833
	Michele Blanc
	916-830-1400
	michele.blanc@informatixinc.com
*****4755	

STATE	Program Manager	Multiple - See Attached	MDHHS
	Contract Administrator	Joshua Wilson	DTMB
		(517) 284-7027	
		wilsonj31@michigan.gov	

CONTRACT SUMMARY

STATE DISBURSEMENT UNIT FOR CHILD SUPPORT PAYMENT PROCESSING FOR THE MDHS

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 25, 2010	September 30, 2016	3 - 1 Year	September 30, 2019

PAYMENT TERMS	DELIVERY TIMEFRAME
2% Net 10; 1% Net 20	N/A

ALTERNATE PAYMENT OPTIONS	EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

MINIMUM DELIVERY REQUIREMENTS

N/A

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		

CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE
\$69,669,784.24	\$0.00	\$69,669,784.24

DESCRIPTION

Effective June 26, 2017, the following sections have been amended as follows:

1. Section 1.022A Lockbox, Payment Processing Imaging Mail Services, 6) f) has been deleted and replaced with the following:

f) The Contractor is responsible to mail a NSF letter to payers where NSF checks have been received. The Contractor must track and provide reports on all NSFs, Stop Payment collections, and NSF losses. Contractor's reporting must be both in detail and summary form. The Contractor must escalate NSF to DOT for collection in a time frame agreed upon in writing by the State. The Contractor will be required to track NSF and Stop Pays, identifying any individual or entity that reaches a preset threshold in a report to be presented to OCS (see section 1.042 for time frames)".

2. Section 1.031 Contractor Staff, Roles, and Responsibilities has amended the following Key Personnel positions: Implementation IT manager has been changed to Implementation IT Supervisor; Operational IT manager has been changed to Operational IT Supervisor.

Please note the Contract Administrator has been changed to Joshua Wilson. All other conditions, specifications, and pricing remain the same. Per contractor and agency agreement and DTMB-Procurement approval.

Program Managers

AGENCY	NAME	PHONE	EMAIL
MDHHS	Burton Parsons	(517) 334-7395	parsonsb2@michigan.gov
MDHHS	Pratin Trivedi	(517) 334-6560	trivedip@michigan.gov

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET
 PROCUREMENT

525 W. ALLEGAN STREET
 LANSING, MI 48933

P.O. BOX 30026
 LANSING, MI 48909

CHANGE NOTICE NO. 11
 to
 CONTRACT NO. 071B0200026
 between
 THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR	PRIMARY CONTACT	EMAIL
Informatix Incorporated 2485 Natomas Park Drive, Suite 430 Sacramento, CA 95833	Michele Blanc	michele.blanc@informatixinc.com
	PHONE	CONTRACTOR'S TAX ID NO. (LAST FOUR DIGITS ONLY)
	916-830-1400	*****4755

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
PROGRAM MANAGER / CCI	MDHHS	Parsons, Burton	517-334-7395	parsonsb2@michigan.gov
PROGRAM MANAGER / CCI	MDHHS	Pratin Trivedi	517-334-6560	trivedip@michigan.gov
CONTRACT ADMINISTRATOR	DTMB	Brandon Samuel	517-284-7025	samuelb@michigan.gov

CONTRACT SUMMARY			
DESCRIPTION: State Disbursement Unit for Child Support Payment Processing for the MDHHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 25, 2010	September 30, 2016	3 - 1 Year	September 30, 2016
PAYMENT TERMS		DELIVERY TIMEFRAME	
2% 10 N 1% 20 Days		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			

DESCRIPTION OF CHANGE NOTICE				
EXERCISE OPTION?	LENGTH OF OPTION	EXERCISE EXTENSION?	LENGTH OF EXTENSION	REVISED EXP. DATE
<input checked="" type="checkbox"/>	3 Years	<input type="checkbox"/>		September 30, 2019
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
align="center">\$69,669,784.24		\$ 0.00	align="center">\$69,669,784.24	

DESCRIPTION:

Effective July 1, 2016, the Contract is amended as follows:

- All three option years available on this Contract are hereby exercised. The revised Contract expiration date is September 30, 2019.
- Section 1.022D.12 is revised to incorporate processing services for National Medical Support Notices (NMSN) at a one-time development and start-up cost of \$31,500 and an on-going rate of \$2.73 (includes 22% discount) per transaction. NMSN forms will be received, scanned, researched, processed and tracked for DHHS's Office of Child Support.
- Pricing in Appendix A and all Contract Change Notices is reduced 0.5% discount on invoices except NMSN transactions, banking analysis fees and postage fees (the latter two are pass through cost)

4. Change Buyer/Contract Administrator to Brandon Samuel (Section 2.021).

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

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. 10
 to
CONTRACT NO. 071B0200026
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Informatix, Inc. 2485 Natomas Park Drive, Suite 430 Sacramento, CA 95833	Michele Blanc	Michele.blanc@informatixinc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(916) 830-1400	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DHS	Burton Parsons	(517) 334-7395	parsonsb2@michigan.gov
	DHS	Pratin Trivedi	(517) 334-6560	trivedip@michigan.gov
BUYER	DTMB	Lance Kingsbury	(517) 241-3768	kingsburyl@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: State Disbursement Unit for Child Support Payment Processing for DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 25, 2010	September 30, 2016	3, 1 Yr. Options	September 30, 2016
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:		
\$0.00		\$69,669,784.24		

Effective December 22, 2014, the attached language is hereby added to this contract. All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement and DTMB-Procurement approval.

Exhibit 7 Safeguarding Contract Language
CONTRACT LANGUAGE FOR GENERAL SERVICES

I. PERFORMANCE

In performance of this Contract, the Contractor agrees to comply with and assume responsibility for compliance by his or her employees with the following requirements:

(1) All work will be performed under the supervision of the Contractor or the Contractor's responsible employees.

(2) Any federal tax returns or return information (hereafter referred to as returns or return information) made available shall be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of this Contract.

Inspection by or disclosure to anyone other than an officer or employee of the Contractor is prohibited.

(3) All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output and products will be given the same level of protection as required for the source material.

(4) No work involving returns and return information furnished under this Contract will be subcontracted without prior written approval of the IRS.

(5) The Contractor must maintain a list of employees authorized access. Such list will be provided to the agency and, upon request, to the IRS reviewing office.

(6) The State will have the right to void the Contract if the Contractor fails to provide the safeguards described above.

II. CRIMINAL/CIVIL SANCTIONS

(1) Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000.00 or imprisonment for as long as five years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized future disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000.00 with respect to each instance of unauthorized disclosure. These penalties are prescribed by IRCs 7213 and 7431 and set forth at 26 CFR 301.6103(n)-1.

(2) Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of this contract. Inspection by or disclosure to anyone without an official need-to-know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as \$1,000.00 or imprisonment for as long as one year, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized inspection or disclosure of returns or return information may also result in an award of civil damages against the officer or employee [United States for Federal employees] in an amount equal to the sum of the greater of \$1,000.00 for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of the action. The penalties are prescribed by IRCs 7213A and 7431.

(3) Additionally, it is incumbent upon the Contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(i)(1), which is made applicable to contractors by 5 U.S.C. 552a(m)(1), provides that any officer or employee of a contractor, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is so prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.00.

(4) Granting a contractor access to Federal Tax Information (FTI) must be preceded by certifying that each individual understands the State's security policy and procedures for safeguarding IRS information. Contractors must maintain their authorization to access FTI through annual recertification. The initial certification and recertification must be documented and placed in the agency's files for review. As part of the certification, and at least annually afterwards, contractors must be advised of the provisions of IRCs 7431, 7213, and 7213A. Reference IRS Publication 1075.

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. 9
 to
CONTRACT NO. 071B0200026
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Informatix, Inc. 2485 Natomas Park Drive, Suite 430 Sacramento, CA 95833	Michele Blanc	Michele.blanc@informatixinc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(916) 830-1400	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DHS	Burton Parsons	(517) 334-7395	parsonsb2@michigan.gov
	DHS	Pratin Trivedi	(517) 334-6560	trivedip@michigan.gov
BUYER	DTMB	Lance Kingsbury	(517) 241-3768	kingsburyl@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: State Disbursement Unit for Child Support Payment Processing for DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 25, 2010	September 30, 2016	3, 1 Yr. Options	September 30, 2016
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:		
\$0.00		\$69,669,784.24		

Effective immediately, the address of the contractor has been changed to:

Informatix, Inc.
 2485 Natomas Park Drive, Suite 430
 Sacramento, CA 95833

Additionally, the following language, in these two sections only, is hereby changed to the following:

2.271 Existing Technology Standards

The Contractor must adhere to all existing standards as described by DTBM in the State of Michigan Administrative Guide to State Government, section 1300 - Information Standards and Planning. The guide is currently available at http://www.michigan.gov/dtmb/0,5552,7-150-9131_9347---,00.html

A-II. Research and Resolution Services

Research Expectations (see section 1.022B Further Research and Resolution Services). By the close of the 10th business day, it is expected that this work activity will reduce the amount of the initial day's research transaction volumes. Historical trends indicate that, on average, about 1.5% of the initial day's research transactions remain as unidentified and require posting into MiCSES.

All other terms, conditions, specifications, and pricing remain the same.

Per contractor and agency agreement and DTMB-Procurement approval.

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 7, 2012

CHANGE NOTICE NO. 8
 to
CONTRACT NO. 071B0200026
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Informatix, Inc. 1740 Creekside Oaks Dr., Suite 175 Sacramento, CA 95833	Michele Blanc	Michele.blanc@informatixinc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(916) 830-1400	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DHS	Burton Parsons	(517) 334-7395	parsonsb2@michigan.gov
	DHS	Pratin Trivedi	(517) 334-6560	trivedip@michigan.gov
BUYER	DTMB	Lance Kingsbury	(517) 241-3768	kingsburyl@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: State Disbursement Unit for Child Support Payment Processing for DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 25, 2010	September 30, 2016	3, 1 Yr. Options	September 30, 2016
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:		
\$0.00		\$69,669,784.24		

Effective immediately, the Contract Compliance Inspector has been changed to the following:

Pratin Trivedi
trivedip@michigan.gov
 517-334-6560

All other terms, conditions, specifications, and pricing remain the same.

Per agency request and DTMB Procurement approval.

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. 7
 to
CONTRACT NO. 071B0200026
 between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR:	PRIMARY CONTACT	EMAIL
Informatix, Inc. 1740 Creekside Oaks Dr., Suite 175 Sacramento, CA 95833	Michele Blanc	Michele.blanc@informatixinc.com
	TELEPHONE	CONTRACTOR #, MAIL CODE
	(916) 830-1400	

STATE CONTACTS	AGENCY	NAME	PHONE	EMAIL
CONTRACT COMPLIANCE INSPECTOR	DHS	Burton Parsons Marilyn Stephens	(517) 334-7395 (517) 241-7030	parsonsb2@michigan.gov stephensm3@michigan.gov
BUYER	DTMB	Lance Kingsbury	(517) 241-3768	kingsburyl@michigan.gov

CONTRACT SUMMARY:			
DESCRIPTION: State Disbursement Unit for Child Support Payment Processing for DHS			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
April 25, 2010	September 30, 2016	3, 1 Yr. Options	September 30, 2016
PAYMENT TERMS	F.O.B	SHIPPED	SHIPPED FROM
N/A	N/A	N/A	N/A
ALTERNATE PAYMENT OPTIONS:			AVAILABLE TO MiDEAL PARTICIPANTS
<input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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
<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	<input type="checkbox"/>	<input type="checkbox"/>		
VALUE/COST OF CHANGE NOTICE:		ESTIMATED AGGREGATE CONTRACT VALUE REMAINS:		
\$0.00		\$69,669,784.24		

Effective immediately, the following changes to Section 1.022D.12 Customer Service Special Procedures are hereby incorporated into this Contract:

Current Language:

"There may be times when the State defines a special project involving the likelihood of increased call volumes for specific reasons for a specific time period. The Contractor should note that these special projects may or may not require notes to be placed into MiCSES, and may or may not require validation of the caller's identity per state and federal policy."

Replaced with this New Language:

"There may be times when the State defines a special project based on program needs. Special projects could involve increased call volumes for specific reasons for a specific time period and may or may not require notes to be placed into MiCSES, and may or may not require validation of the caller's identity per state and federal policy. Special Projects

also can include other child support related activities to leverage the contractor's existing capacity and expertise as needed and will be initiated based on a statement of work describing the tasks, timeframes, and costs and as agreed upon by the State and the Contractor."

All other terms, conditions, specifications, and pricing remain the same.

Per agency and vendor agreement and DTMB Procurement approval.

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

April 2, 2012

**CHANGE NOTICE NO. 6
 TO
 CONTRACT NO. 071B0200026**

**between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF CONTRACTOR Informatix, Inc. 1740 Creekside Oaks Dr., Suite 175 Sacramento, CA 95833 Email: michele.blanc@informatixinc.com		TELEPHONE (916) 830-1400 Michele Blanc
		CONTRACTOR NUMBER/MAIL CODE
		BUYER/CA (517) 241-3768 Lance Kingsbury
CONTRACT COMPLIANCE INSPECTOR: Burton Parsons (517) 334-7395; Marilyn Stephen (517) 241-7460 State Disbursement Unit for Child Support Payment Processing for DHS		
CONTRACT PERIOD:		From: April 25, 2010
		To: September 30, 2016
TERMS 2 % Net 10; 1% Net 20	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
ALTERNATE PAYMENT OPTIONS: <input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other		
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately, the following changes are hereby incorporated into this contract:

Current Language:

"The Contractor must provide for Type II SAS-70 audits annually, at a minimum, with scope to be defined by the Contractor and concurred on by the State. There will be only one final audit report annually. The Contractor must have controls evaluated a minimum of three times per year."

Replaced with this New Language:

"The Contractor must provide an SSAE-16 SOC2 audit report annually. The Contractor must have controls evaluated a minimum of three times per year with only one final annual audit report."

Section 1.031 Contractor Staff, Roles, and Responsibilities

Current Language:

For purposes of this Contract, Key Personnel are defined as:

- Implementation manager,
- Implementation training manager,
- Implementation IT manager,

- Implementation disaster recovery manager
- Operational project director,
- Operational deputy director,
- Operational call center manager,
- Operational finance manager,
- Operational IT manager
- Others as defined by the Contractor.

Replaced with this New Language:

For purposes of this Contract, Key Personnel are defined as:

- Implementation manager,
- Implementation training manager,
- Implementation IT manager,
- Implementation disaster recovery manager
- Operational project director,
- Operational deputy director,
- Operational call center manager,
- Operational finance supervisor.
- Operational IT manager
- Others as defined by the Contractor.

Section 1.022A.5.d)

Current Language:

"The validation file is updated weekly by MiCSES".

Replaced with this New Language:

"The validation file is updated by MiCSES".

AUTHORITY/REASON:

Per agency request, Contractor agreement and DTMB-Procurement approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$69,669,784.24

STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET February 24, 2012
 PROCUREMENT

P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 5
 TO
 CONTRACT NO. 071B0200026**

between
THE STATE OF MICHIGAN
 and

NAME & ADDRESS OF CONTRACTOR Informatix, Inc. 1740 Creekside Oaks Dr., Suite 175 Sacramento, CA 95833 Email: michele.blanc@informatixinc.com		TELEPHONE (916) 830-1400 Michele Blanc
		CONTRACTOR NUMBER/MAIL CODE
		BUYER/CA (517) 241-3768 Lance Kingsbury
CONTRACT COMPLIANCE INSPECTOR: Burton Parsons (517) 334-7395; Marilyn Stephen (517) 241-7460 State Disbursement Unit for Child Support Payment Processing for DHS		
CONTRACT PERIOD: From: April 25, 2010 To: September 30, 2016		
TERMS 2 % Net 10; 1% Net 20	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
ALTERNATE PAYMENT OPTIONS: <input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other		
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately, the MiCSES billing coupon must now provide the customer with an "as of" date on their billing coupon for balances owed.

Description of Services:

1. Review the entire MiSDU Coupon Print application to determine the impact of the proposed file modifications made by the State of Michigan;
2. Make modifications according to specifications;
3. Implement and test modules that were modified.

AUTHORITY/REASON:

Per agency request, Contractor agreement and DTMB-Procurement approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$69,669,784.24

Form No. DMB 234A (Rev. 1/96)
 AUTHORITY: Act 431 of 1984
 COMPLETION: Required
 PENALTY: Failure to deliver in accordance with Contract
 terms and conditions and this notice may be considered
 in default of Contract

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

June 14, 2011

CHANGE NOTICE NO. 4
TO
CONTRACT NO. 071B0200026

between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR Informatix, Inc. 1740 Creekside Oaks Dr., Suite 175 Sacramento, CA 95833 Email: michele.blanc@informatixinc.com		TELEPHONE (916) 830-1400 Michele Blanc
		CONTRACTOR NUMBER/MAIL CODE
		BUYER/CA (517) 241-3768 Lance Kingsbury
CONTRACT COMPLIANCE INSPECTOR: Burton Parsons (517) 334-7395; Marilyn Stephen (517) 241-7460 State Disbursement Unit for Child Support Payment Processing for DHS		
CONTRACT PERIOD: From: April 25, 2010 To: September 30, 2016		
TERMS 2 % Net 10; 1% Net 20	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
ALTERNATE PAYMENT OPTIONS: <input type="checkbox"/> P-card <input type="checkbox"/> Direct Voucher (DV) <input type="checkbox"/> Other		
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately, the following will replace the existing language in this Contract:

Section 1.042 Reporting
C. Research
C18 SDU Void-Reissue Check Exceptions

Report Purpose: "Ensure that void and reissue check processes are performed timely. One void and reissue check process is: checks printed but not mailed for bad address per the USPS address verification process are to be voided in MiCSES within three business days and reissued within two business days of the void.

The other process is for all other checks to be voided in two business days and reissued (if necessary) within two business days of the void."

Metric: "Ensure void-reissue check requests are resolved within four or five business days of the date of notification or returned check as described in the report purpose above."

Service Level Agreement:

"The penalty(ies) for failure to meet the *Report Requirement* are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 per bad address check, per USPS address verification process, not voided in MiCSES within Three business days and reissued within two business days of the void.

\$500 per all other checks not voided within two business days and reissue not done within two business days of the void"

Section 1.042 Reporting

H. Quality Assurance

H1. Quality Assurance Reporting

Report Purpose: Ensure the Contractor is performing quality assurance per Contract requirements.

Metric: "QA 100 percent of electronic payment setups in MiCSES and have an accuracy level of electronic payment setups of 99.8 percent, based on errors discovered outside the MiSDU 100 percent QA process (see appendix B Number 16)."

Service Level Agreement:

"The penalty(ies) for failure to meet the *Report Requirement* are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 for failure to maintain the required level of QA in the report requirement metric.

For errors in electronic payment setups discovered outside the MiSDU 100 percent QA process, that drop the accuracy level below 99.8 percent for any single calendar month as a whole, is subject to a penalty of \$1,000 for up to one percent below the required accuracy level, \$5,000 for up to each one percent additionally."

AUTHORITY/REASON:

Per Agency/Contractor agreement and DTMB/Purchasing Operations' approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$69,669,784.24

STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET December 29, 2010
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
 OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 3
TO
CONTRACT NO. 071B0200026
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR		TELEPHONE (916) 830-1400
Informatix, Inc. 1740 Creekside Oaks Dr., Suite 175 Sacramento, CA 95833 Michele.blanc@informatixinc.com		Michele Blanc
		BUYER/CA (517) 241-3768 Lance Kingsbury
Contract Compliance Inspectors: Burton Parsons (517) 334-7395; Marilyn Stephen (517) 241-7460 State Disbursement Unit for Child Support Payment Processing for the Michigan Department of Human Services		
CONTRACT PERIOD:		From: April 25, 2010 To: September 30, 2016
TERMS	<u>2 % Net 10; 1% Net 20</u>	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately:

Section 1.022D – Customer Service:

#7); g); 3. The SLA's will be applied to the lines as the lines are described above in Section 1.022D.

Those lines are defined specifically as:

Custodial Party/Obligor line (called the MiCSES line within the MiSDU)

Employer line

FOC line

Debit Card line.

The SLA's will be applied for each of the above four lines individually. While reporting may provide more detailed information per line, the SLA's apply to the line in total rather than to any individual line breakouts more detailed than these four lines. Therefore, there will be a total of four lines being held to meet the relevant SLA. The SLA's will be monitored with incident reports as necessary based upon this review.

Section 1.022D – Customer Service:

#10); i); 12. The Contractor is responsible for how they control fraud, and will work with the State to determine who pays for fraud.

1.042 E1 Call Center Report(s):

Report the week day, date and the following for each phone line: (phone lines are defined for the purposes of this SLA as: the Custodial Party/Obligor line (MiCSES line), the Employer line, the FOC line and the Debit Card line). Individual reporting may go to more detail, but State staff will

apply the SLA's to each of these lines as individual lines without regard to any further detailed break-outs, and will total any individual line breakouts before comparison to the SLA standard.

Contract Compliance Inspectors:
Burton Parsons (517) 334-7395; Marilyn Stephen (517) 241-7460

All other terms, conditions, specifications and pricing remain unchanged.

AUTHORITY/REASON:

Per Agency/Contractor agreement and DTMB/Purchasing Operations' approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$69,669,784.24

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

April 19, 2010

CHANGE NOTICE NO. 2
TO
CONTRACT NO. 071B0200026
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF CONTRACTOR		TELEPHONE (916) 830-1400 Michele Blanc
Informatix, Inc. 1740 Creekside Oaks Dr., Suite 175 Sacramento, CA 95833 Michele.blanc@informatixinc.com		
		BUYER/CA (517) 241-3768 Lance Kingsbury
Contract Compliance Inspector: Miriam Norris-Elias (517) 373-6478 State Disbursement Unit for Child Support Payment Processing for the Michigan Department of Human Services		
CONTRACT PERIOD:		From: April 25, 2010 To: September 30, 2016
TERMS	2 % Net 10; 1% Net 20	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately,

#1 Section 1.042 C10 SLA says "\$100.00 for each stop payment check request not processed in MiCSES within two (2) business days of request received at the MiSDU from the customer."

Section 1.042 C10 SLA should read: "\$100.00 for each stop payment check request not processed in MiCSES within five (5) business days of request received at the MiSDU from the customer."

#2 Section 1.022C.4 says: "Coupons that are identified as having an address no longer accurate for the given customer are to be printed and not mailed."

Section 1.022C.4 should read: "Coupons that are identified as having an address no longer accurate for the given customer are to be printed and mailed with the new postal service NCOA provided address."

#3 Section cost model A-VI says: "Other Considerations for A-VI: The State is interested in achieving significantly higher levels of electronic (particularly EFT/EDI) use by employers (inbound), interstate agencies (inbound and outbound), obligors (inbound) and custodial parties (outbound), including international receipts and disbursements IAT see section 2.020."

**Contract #071B0200026
Change Notice #2
Page Two**

Section cost model A-VI should read: "Other Considerations for A-VI: The State is interested in achieving significantly higher levels of electronic (particularly EFT/EDI) used by employers (inbound), interstate agencies (inbound and outbound), obligors (inbound) and custodial parties (outbound), including international receipts and disbursements via IAT see section 1.020." (See attachments for revised Cost Model.)

#4 Section 1.022H.13 says: "The Contractor is responsible for preventing duplicate electronic receipt files and resultant data being processed from payers, Subcontractor(s), and from the Contractor to MiCSES. In addition, the Contractor needs to identify instances to the State where an employer submits several checks for the same docket/SSN within a two business day period."

Section 1.022H.13 should read: "Contractor is to prevent duplicate electronic receipt files (and resultant data being processed from payers) by subcontractor(s) and from the Contractor to MiCSES."

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per Agency/Contractor agreement and DTMB/Purchasing Operations' approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$69,669,784.24

A-II. Research and Resolution Services

Transaction Type	Est. Annual Units	Rate/Item	Total Annual Cost
Escheatment Forms	2,500	\$2.2140	\$5,535.00
Forgery Packet Requests	200	\$1.8504	\$370.08
PIN Change Form Requests	3,300	\$1.4976	\$4,942.08
Stop Pay Affidavit Requests	2,500	\$1.9116	\$4,779.00
Direct Deposit Request	50,000	\$1.9116	\$95,580.00
Debit Card Requests	50,000	\$1.9116	\$95,580.00
Address Update Changes	73,000	\$2.2915	\$167,279.50
Address End-Date Changes	113,000	\$2.5939	\$293,110.70
Returned to sender Address Change Forms	4,000	\$2.5920	\$10,368.00
Returned MiSDU Checks	2,000	\$2.2140	\$4,428.00
Returned MiSDU Direct Deposits	12,000	\$2.5939	\$31,126.80
Further Research payments	220,000	\$2.3000	\$506,000.00
DHS-307 Requests-all sources	40,000	\$2.5939	\$103,756.00
Follow up Research in MiCSES	27,000	\$2.5939	\$70,035.30
Refunded to the sender from MiCSES	350	\$2.5939	\$907.87
Other	N/A	N/A	N/A

A-II. Total Annual Estimated Cost \$ 1,393,798.33

Follow-Up Resolution A transaction that may have been posted to MiCSES as unidentified which is later resolved by the Contractor due to delayed response by the payer or additional information received from a FOC, CP or NCP. This is also the area where refunds to a payer are made when the payment is not intended for the MiSDU and needs to be returned to the sender. Refunds to the sender from MiCSES are a billable item for the Contractor at the disbursement rate for that type of disbursement.

Refunds Transactions that were not intended for the MiSDU, but for which the payment was deposited into the MiSDU bank account or other payments that are to be sent back to the payer. These typically are to be refunded to the payer through MiCSES. All refunds are reviewed and approved by the State in MiCSES before being released.

Research Expectations Historically about two point two (2.2) percent of the total daily receipts have been assigned to the Contractor for research. To resolve research payments, the Contractor will initiate telephone contact. If a telephone number can be located, the Contractor will try to contact the payer for three (3) business days and if no phone contact is made, send a letter on the fourth business day. The Contractor is expected to make a minimum of two (2) telephone contact attempts during this three (3) day period subject to any exceptions agreed upon between the Contractor and the State. If no telephone number can be found by the business day after payment receipt, mail contact must occur immediately thereafter with the

payer to obtain identifier information allowing posting to a docket or IVD number. In this event, the Contractor must document what actions they took to find the telephone number. All pre-MiCSES research items (if pre-MiCSES research is chosen by the Contractor) are to be resolved in 10 business days following the date of receipt. Regardless of which option is chosen the Contractor must act upon any information provided such that payments to families are not delayed after research information is discovered. Exception to the phone/letter rule for further research payments are items such as FIDM, Foreign Currency, NSF Recoupments, Bank adjustments and refunds not subject to phone or letter contact (also see section 1.022). By the close of the tenth business day, it is expected that this work activity will reduce the amount with no response to approximately zero point two (0.02) percent (i.e. five (5) transactions), of the initial day's research transaction volume which will remain for posting as unidentified into MiCSES.

- Research Transaction Any receipt that has no more than one (1) identifier that matches to the validation database, or that has conflicting information as defined in the state-approved business rules..*
- Resolution Services A set of services and methodology used by a Contractor to validate transactions using a MiCSES validation database, prior payment records and/or contacts with the payer by telephone, mail or other sources the Bidder may identify. The others will have been posted as identifiable to MiCSES or refunded to the payer.*
- Address End Date Each check or coupon envelope returned to the MiSDU or identified by USPS software as undeliverable without a change of address identified must be considered a MiCSES end date transaction (subject to USPS Enhancements in section 1.022).*
- Address Update Each check or coupon envelope returned, or identified by USPS software as having a new forwarding address, to the MiSDU as undeliverable with a change of address identified must be considered a MiCSES address end date and update transaction (subject to USPS Enhancements in section 1.022 of this RFP).*
- Single County 307 requests Some suspense transactions affect a single county where the party has no cases in other counties. Those suspense transactions may be researched by the county and suspense transactions initiated with the MiSDU. The MiSDU Contractor will not be required to duplicate the county's research efforts, but instead the MiSDU Contractor will enter the transaction to MiCSES as requested by the county. The Contractor will be held harmless for errors that result from the county's research.*
- Multi County 307 Requests The FOC's prepare and most submit requests electronically to the MiSDU. Only the MiSDU staff may affect releases, adjustments or reposting within MiCSES. The suspense codes and actions are identified in this Contract. In taking the appropriate actions within MiCSES, the Contractor will need to confirm the research provided by the FOC for suspense conditions affecting multiple counties, make adjustments to the affected dockets, identify make whole requirements to the State, and establishing recovery accounts, if necessary.*

Stop Pay

Stop Pay requests of MiSDU issued payments will accrue as part of doing business. Timeliness is critical. The requests must be acted upon immediately by the Contractor's bank no later than the start of the next business day. This item refers to the Contractor activities of entering the stop pay request to the financial institution and to MiCSES.

Please note that all transaction types in this table refer to completion of inbound work actions.

A-III. Outputs, Print and Distribution

Transaction Type	Est. Annual Units	Rate/Item	Total Annual Cost
Checks printed and mailed	635,000	\$0.4071	\$258,508.50
Checks printed and not mailed	11,000	\$0.4001	\$4,401.10
Debit Card inserts into checks mailed	68,000	\$0.0800	\$5,440.00
Direct Deposit Payments Outbound	4,000,000	\$0.1393	\$557,200.00
Debit Card Payments Outbound	3,000,000	\$0.1800	\$540,000.00
Coupons printed and mailed	2,300,000	\$0.2196	\$505,080.00
Coupons not mailed	Not available	No charge	No charge
Postage Rates checks printed and mailed	(See numbers above)	\$0.4000	\$254,000.00
Postage Rates coupons printed and mailed	(See numbers above)	\$0.3550	\$816,500.00
Postage Rates for Forms mailed	58,700	\$0.4400 ¹	\$25,828.00

A-III. Total Annual Estimated Cost \$ 2,966,957.60

Checks and coupons

Printed and not mailed The Contractor is expected to utilize and explain methods, processes or information from an accredited source to ensure that addresses as provided by MiCSES comply with then-current USPS address regulations such that maximum postage discounts are available. Further, the Contractor is expected to use methods, processes or information from an accredited source to identify addresses known to have been changed by the customer. Current state procedures do not permit these addresses to be automatically changed in stream. Therefore, checks identified as no longer accurate for a given customer are to be printed, voided, and the address is to be manually (until and unless automatic procedures are accepted by the State MiCSES) updated in MiCSES. Coupons that are identified as having an invalid address for the given customer are not to be mailed. Given that these checks or coupons are not mailed and no postage cost exists, the State includes in the cost model an entry for checks and for coupons printed, but not mailed.

The Contractor will not charge the State for Coupons neither printed nor mailed, but only charge the resulting address end date or update. Required reporting must include an entry for checks printed/not mailed and for coupons neither printed nor mailed. Note: It is possible that either

¹ Or actual rate charged by USPS for specialty items if over standard first class rate (e.g. forgery packets)

both or one (1) of these requirements could be changed by policy or regulation.

- Check Print/Mailing* *The Contractor will provide for check printing and mailing each business day using a MiCSES electronic file. MiCSES will deliver a file to the Contractor through the State data exchange gateway by 9:00 a.m. daily (historically accomplished the midnight before), and the Contractor must print, stuff envelopes, place insert when needed, affix postage and deliver the checks to a regional US Post Office within Michigan for mailing by 5:00 p.m. each business day to assure delivery beginning the next business day. Included with CP and NCP first time checks is a Debit Card insert (listed in table above). There are plans to have this be a flag in the check print file that the Contractor will recognize and place an insert in the identified checks.*
- Coupon Print/Mailing* *The Contractor will provide for coupon printing and mailing using a MiCSES electronic file. The MiCSES file will be delivered to the Contractor through the State data exchange gateway approximately the fifth through the ninth of each month, and the Contractor must print, stuff envelopes, affix postage and mail the coupons by the 21st of each month.*
- Multiple Page Check* *A check that requires multiple pages for the stub because of the volume of information that must be printed on the stub. The stub can on relatively rare occasions exceed 99 pages (limit 999 pages). The Contractor will need to allow for the suppression of the check stubs for parties that request the stub be suppressed. Currently areas of the Treasury and certain Friends of the Court Offices have requested that their check stubs be suppressed. This will reduce the number of pages that need to be printed. A check and two (2) stubs print on suppressed check stubs, on average.*
- Other Outputs/Inputs* *There are variety of other MiCSES outputs provided to the Contractor which are incidental to the primary services being requested. These have not been separately identified in the cost models, but are assumed to be embedded within the Contractor rate structures. These include a weekly MiCSES Validation File, a daily Contractor Generated Check Print Confirmation File, a daily Bank Generated Cleared Checks File, a daily MiCSES generated Positive Pay File, the possibility of a Contractor generated positive pay file (see description within the document), to name a few.*
- Single Page Check* *A check in which both the check and the stub are a single page. These single page checks make up the majority (estimated 80-85 percent) of the checks printed.*
- Postage Rates* *The Contractor is to identify the postage rates for all items to be mailed.*

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

November 12, 2009

**CHANGE NOTICE NO. 1
 TO
 CONTRACT NO. 071B0200026
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF CONTRACTOR		TELEPHONE (916) 830-1400
Informatix, Inc. 1740 Creekside Oaks Dr., Suite 175 Sacramento, CA 95833 Michele.blanc@informatixinc.com		Michele Blanc
		BUYER/CA (517) 241-3768 Lance Kingsbury
Contract Compliance Inspector: Miriam Norris-Elias (517) 373-6478 State Disbursement Unit for Child Support Payment Processing for the Michigan Department of Human Services		
CONTRACT PERIOD:		From: April 25, 2010 To: September 30, 2016
TERMS	2 % Net 10; 1% Net 20	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE(S):

Effective immediately, the following hourly rates are changed:

PROJECT MANAGER	\$160.00
ANALYST	\$145.00

All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per Contractor agreement and DMB/Purchasing Operations' approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$69,669,784.24

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

October 12, 2009

**NOTICE
 TO
 CONTRACT NO. 071B0200026
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF CONTRACTOR		TELEPHONE (916) 830-1400
Informatix, Inc. 1740 Creekside Oaks Dr., Suite 175 Sacramento, CA 95833 Michele.blanc@informatixinc.com		Michele Blanc
		BUYER/CA (517) 241-3768 Lance Kingsbury
Contract Compliance Inspector: Miriam Norris-Elias (517) 373-6478 State Disbursement Unit for Child Support Payment Processing for the Michigan Department of Human Services		
CONTRACT PERIOD:		From: April 25, 2010 To: September 30, 2016
TERMS	2 % Net 10; 1% Net 20	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

The terms and conditions of this Contract are those of RFP #071I9200104, this Contract Agreement and the Contractor's quote dated 3/31/2009. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the Contractor, those of the State take precedence.

Current Authorized Spend Limit: \$69,669,784.24

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

**CONTRACT NO. 071B0200026
 between
 THE STATE OF MICHIGAN
 and**

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Contract Compliance Inspector: Miriam Norris-Elias (517) 373-6478 State Disbursement Unit for Child Support Payment Processing for the Michigan Department of Human Services	
CONTRACT PERIOD: From: April 25, 2010 To: September 30, 2016	
TERMS 2 % Net 10; 1% Net 20	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	
MISCELLANEOUS INFORMATION: <p>The terms and conditions of this Contract are those of RFP #071I9200104, this Contract Agreement and the Contractor's quote dated 3/31/2009. In the event of any conflicts between the specifications, and terms and conditions, indicated by the State and those indicated by the Contractor, those of the State take precedence.</p> <p>Current Authorized Spend Limit: \$69,669,784.24</p>	

THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the RFP #071I9200104. Orders for delivery may be issued directly by the Department of Human Services through the issuance of a Purchase Order Form.

FOR THE CONTRACTOR: Informatix, Inc. Firm Name	FOR THE STATE: Signature Sergio Paneque, Director
Authorized Agent Signature	Name/Title Business Services Administration
Authorized Agent (Print or Type)	Division
Date	Date



STATE OF MICHIGAN
Department of Management and Budget
Purchasing Operations

Contract No. 071B0200026

State Disbursement Unit for Child Support Payment Processing

Buyer Name: Lance Kingsbury
Telephone Number: 517.241.3768
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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/Deliverables within the scope of this Contract, but not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.

“Allocation” is a function within MiCSES: A step in the payment application process immediately after receipting the non-custodial parent’s payment that determines which case, and which debt within a case, to which the payment will be applied.

“AT” means Action Transmittals. OCS has a Policy unit that publishes ATs that guide the MiSDU. Most of these ATs, and the ATs referenced in this Contract are found at www.mfia.state.mi.us/childsupport/policy which is part of the public DHS web site.

“Attorney General Wire Transfers” are monies transferred electronically to the MiSDU by the Michigan Office of the Attorney General, through a financial institution usually under critical timing requirements because the obligor is incarcerated and cannot be released until the MiSDU acknowledges receipt.

“Audit Period” has the meaning given in **Section 2.112**.

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

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

“Business Critical” means any function identified in any Statement of Work as Business Critical.

“Business Day,” whether capitalized or not, will mean any day other than a Saturday, Sunday or State-recognized legal holiday (as identified in the Collective Bargaining Agreement for State employees) from 8:00 a.m. EST through 5:00 p.m. EST unless otherwise stated. Payment receipting services will be available any day the US Post Office provides mail services, i.e. Monday through Saturday except Post Office holidays. Customer Services and Suspense services will be available any day the MiCSES system is scheduled to be available for access. For Service Level Agreement purposes, the day of receipt, is business day zero, the next business day is business day one, the next business day is business day two, and so on (example: Address Change Form comes in on a Saturday, Monday would be business day zero, Tuesday is business day one, Wednesday is business day two).

“Chronic Failure” is defined in any applicable Service Level Agreements.

“Collateral” means the financial instruments that must be posted by the Contractor guaranteeing the security of child support monies on deposit in the MiSDU bank accounts and assuring make-whole to the State in the event of error or mismanagement on the part of the bank.

“CP” means Custodial Party. This is the person or entity having custody of a child governed by a docket and court order.

“Customer” is a MiSDU customer considered the Custodial Party (CP) or Non-Custodial Parent (NCP) in a child support case, or other private or public party, that has a stake or vested interest in the outcome of the child support enforcement service delivery or system implementation, such as employers, or financial institutions, etc.

“Days” means calendar days unless otherwise specified.

“Debt Recovery” is an account that may be established within MiCSES to recover monies that have been disbursed to a custodial party in error.

“DEG” means the Data Exchange Gateway. DEG is a process operated by DIT for facilitating the exchange of electronic files between the State intra-network and entities outside the State network.



“Deleted – N/A (Not Applicable)” 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 commodities as required or identified by a Statement of Work

“DHS” means Michigan Department of Human Services. DHS is an executive state department that is responsible for public assistance and child and family welfare in Michigan.

“Direct Deposit” means disbursement of child support monies into a custodial party’s bank account as authorized by the custodial party.

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

“Distribution” means the application of a payment to reduce the balance owed by a non-custodial parent on the child support case either as current support or as arrears, as well as determining to whom the payment should disburse. Distribution is handled by MiCSES, and includes both primary distribution (reducing the arrears categories under each obligation) and secondary distribution (reducing the amount of unreimbursed grant recorded for current and former public assistance recipients).

“DIT” means Michigan Department of Information Technology. DIT is an executive state department with responsibility for oversight of all information technology projects within state government.

“DELEG” means the Michigan Department of Energy and Labor and Economic Growth.

“DMB” means the Michigan Department of Management and Budget.

“Docket” means a court case for child support.

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

“EFT/EDI” means in-bound Electronic Funds Transfer/Electronic Data Interchange adhering to NACHA standards.

“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 toxins either disposed of or consumed.

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

“Excusable Failure” has the meaning given in **Section 2.244**.

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

“Float Earnings” means the earnings to be derived from monies on deposit in the MiSDU bank accounts while receipts are awaiting completed disbursement to the appropriate parties.

“FOC” means Friend of the Court. FOC is a part of the judicial branch of Michigan government, which represents a division or office within a Michigan Judicial Circuit Court and is the entity responsible for the enforcement of child support payment orders.



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

“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 this Contract).

“Implementation Phase” means that period of this Contract term commencing upon Contract start date and continuing through satisfactory performance of the User Acceptance Test.

“Incident” means any failure to meet service level agreements, or any interruption of services (even if they don’t result in a failure to meet service level agreements, or any positive action or activity of the Contractor that is deserving of note).

“Incident Identification” is in regards to the Service Level Agreement(s) which refers to “Incident Identification” on many of the reports.

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

“Initiating State” means a state that initiates an interstate child support case and requests another state to enforce the collection of child support.

“Interstate Payment” means a payment collected by another state (responding state) and forwarded to the State (initiating state) for distribution and disbursement, or a receipt from Michigan (responding state) transmitted to another state (initiating state).

“ITB” is a generic term used to describe an Invitation to Bid. The ITB serves as the document for transmitting the RFP to potential bidders.

“IV-D Agency” is a federal reference term identifying the state agency or department responsible for statewide child support program administration, established pursuant to Title IV-D of the Social Security Act. In Michigan, this is the OCS.

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

“Key Personnel” means any Personnel designated in **Section 1.031** as Key Personnel.

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

“MAIN” means the Michigan Automated Information Network. MAIN is the State of Michigan’s electronic financial management and accounting system.

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

“Make-whole (Contractor)” means the MiSDU Contractor is required to make-whole on any monies that are disbursed incorrectly due to a Contractor error. This may be due to a data entry error, a further research error, a duplicate file error or any other condition in which the Contractor had received correct information, but failed to exercise due diligence which resulted in monies being disbursed incorrectly or any situation where the Contractor disbursed money incorrectly because the Contractor failed to follow approved business processes.

“MiCSES” means Michigan Child Support Enforcement System. MiCSES is administered by DIT and is the federally required, statewide standardized system developed and maintained by the State for child support enforcement activities.



“Misapplied” means monies that have been disbursed in error because the MiSDU Contractor miss-keyed a transaction, misinterpreted information, or failed to follow predefined business rules.

“Misdirected” means monies that have been disbursed in error because the payer provided incomplete or incorrect information with their payment or an agency other than the MiSDU such as the FOC or other State child support entity made an error in entry to MiCSES; or the Contractor followed established business rules, but an error resulted anyway.

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

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

“New Work” means any Services/Deliverables outside the scope of this Contract and not specifically provided under any Statement of Work, that once added will result in the need to provide the Contractor with additional consideration.

“Non-custodial parent” means the party legally responsible for paying child support pursuant to court order.

“Non-sufficient funds (NSF)” means a payment that has been returned by a bank for non-sufficient funds, closed account, funds unavailable, etc.

“Obligor” means the party legally responsible for paying child support pursuant to court order.

“OCS” means Office of Child Support. OCS is the designated Michigan Title IV-D Agency, and is a program office within the DHS responsible for implementing a child support enforcement program in the State of Michigan.

“OCS Partner” means a governmental agency or other organization outside the executive branch of state government involved in, and with a legal obligation for, the provision of services related to child support in Michigan. This partnership includes, but is not limited to, the Michigan Circuit court – Friend of the Court Offices, Michigan County Prosecuting Attorneys, State Court Administrative Office, the Michigan Attorney General Office, Michigan Employers and also the federal Office of Child Support Enforcement, and various contractors the OCS may engage in the delivery of services to its clients and customers.

“OCS Stakeholder” means a governmental agency or organization or individual outside the executive branch of state government involved in the provision of Title IV-D services, or involved with services related to child support enforcement, or with a vested interest in the process or implementation of, Michigan Title IV-D services (such as MiCSES, etc.).

“OCS-WIT” means OCS Work Improvement Team. OCS-WITs are groups initiated within OCS, and which includes multiple stakeholders and partners to review process improvement strategies and program priorities effecting customers and other end-users. OCS-WIT’s are divided into the following groups: Establishment, Case Management, Financials, and Enforcement. Contractor staff typically participates in WITs on a regular basis.

“OFIR” means Office of Financial and Insurance Regulation. OFIR is an administration within DELEG that provides information regarding financial institutions, insurance, and securities. OFIR is responsible for activities including the regulation of Blue Cross Blue Shield of MI, health maintenance organizations, banks, domestic insurance companies, credit unions, foreign insurance companies, investment advisors, securities broker-dealers, consumer finance lenders, insurance agents, and securities agents.

“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, hydro chlorofluorocarbons.

“Operational phase” means that period of this Contract term commencing upon satisfactory completion of User Acceptance Test during which child support payments are processed as required under this Contract and Contractor is paid for such processing.



“Payer or Payor” means any person or entity that makes child support payments either directly or through a payroll withholding process. The payer may or may not be the obligor.

“Payment” means a generic term applicable to receipts and disbursements.

“Positive pay” means a file created by MiCSES (and/or the Contractor) and used by the MiSDU subcontractor bank at the time a party presents a MiCSES-MiSDU check to verify the check is validly issued and has not been previously cashed, voided, or stop paid. This file is updated daily, generated and transmitted by MiCSES to the Contractor or bank along with voids and stop payments entered through banking software to maintain a comprehensive file that is in agreement with MiCSES regarding valid checks.

“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.

“Posting criteria” means business rules (approved by the State) for posting receipt transactions to MiCSES based on the use of a validation file to verify identifiers, variances in identifiers that are acceptable and research activities for acquiring additional information for the receipt to allow posting.

“Processing” means the workflow and activities involved from the receipt of mail from the US Post Office or electronic transactions from a Financial Institution until the payment is posted to MiCSES or refunded to a payer, and subsequent related activities in support of check and coupon printing, electronic disbursement, address update in MiCSES and suspense release, etc.

“QDRO/EDRO” means Qualified Domestic Relations Order/Eligible Domestic Relations Order - Child support withheld from pension plans and currently receipted by the FOC’s and the MiSDU.

“Receipt” means a payment received from a non-custodial parent, employer, state tax offset, federal tax offset, lottery, FIDM proceeds, Attorney General initiated electronic transfer, inter-state transfer and others. Example: If an employer sends in garnishments on 10 employees, this would be 10 receipts regardless how many cases each employee has.

“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.

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

“Responding state” means a state that agrees to provide enforcement of a child support case initiated by another state.

“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.

“SAS-70” means an auditing standard for conducting periodic audits of an entity to assure adherence to required policies and practices or the identification of areas in which the policies and practices are not being applied.

“Services” means any function performed for the benefit of the State.

“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.



“Special instruction payments” means pursuant to Michigan Court Rule 3.208, these are payments the paying parent specifically identifies to a specific case or to support or non-support debts within a case.

“State fiscal year” means the State FY is from October 1 through September 30. Execution or continuation of any state Contractual agreement, and payment for state contract-service, during any given fiscal year is contingent upon enactment of legislative appropriations.

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

“Stop pay” means inbound Stop Payments are defined as payments that have been returned by a bank for reason of Stop Payment, Refer to Maker, or Unable to locate the account. Outbound stop payments are MiSDU checks that the State has requested be stopped.

“Subcontractor” means a company Contractor delegate’s performance of a portion of the Services to, but does not include independent contractors engaged by Contractor solely in a staff augmentation role. Staff augmentation includes such functions as temporary workers, custodial staff, building and grounds maintenance, security, etc. Please note that anyone with entry access to IV-D areas must pass security review and sign appropriate security forms.

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

“Support order” means a court order determines the requirements for a non-custodial parent/spouse to provide child support or spousal support payments.

“Suspense” means a variety of conditions within MiCSES that prevent the disbursement of monies. Some suspense conditions will result in automatic disbursement at some point in the future as MiCSES applies its systems logic. Other suspense conditions will require research by the FOC’s and/or the MiSDU Contractor and release action by the MiSDU Contractor based upon an FOC request.

“Third parties” means any agency or entity (other than the CP or NCP) that may receive disbursements from MiCSES. This may include fee payments to counties, refunds to employers, refunds to other entities that may have submitted a payment in error to the MiSDU.

“Transactions processed” means a unit of measure for determining performance and defined as each individual unique payment item that may be included on a check or electronically that has been submitted by a payer and receipted for multiple payments.

“UIA” means Unemployment Insurance Agency. This is an agency within the state’s DELEG responsible for disbursing unemployment benefits and withholding child support monies on the basis of having received an Income Withholding Notice (IWN).

“Unauthorized Removal” means the Contractor’s removal of Key Personnel without the prior written consent of the State.

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

“Waste prevention” means source reduction and reuse, but not recycling.

“Waste reduction” or “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 this Contract.



Article 1 – Statement of Work (SOW)

1.010 Project Identification

1.011 Project Request

This is a Contract to obtain banking services for the Department of Human Services (DHS) – Office of Child Support’s – Michigan State Disbursement Unit (MiSDU), including providing a centralized receipt, validation, research and resolution, and posting to the Michigan Child Support Enforcement System (MiCSES); providing other necessary, related banking service activities, including suspense resolution for all money received for support cases in the State of Michigan (approximately \$30,000,000 weekly); providing disbursement activities, including: obligors' coupon print and mailing, check print and mailing for Custodial Parties, Non-Custodial Parties, agencies, and others as necessary, electronic / direct deposit or Debit Card to Custodial Party’s accounts, etc; and providing responses to customers' financial inquiries for custodial parties/non custodial parties/employers/interstate agencies/Friend of the Court (FOC) about those activities.

The Contractor must begin providing services, without interruption, beginning at 12:00 a.m. on April 25, 2010.

At its sole discretion, the State may choose to directly provide any of the services, job functions, or business processes requested within this Contract. Under circumstances where the State chooses to provide a given service itself, the Contractor would be expected to provide access to systems and data in the same manner as they would if those services had been provided by Contractor staff. Costs for this access must be identified. If the State chooses to provide one or more of the services required within this Contract, the Contractor will be expected to provide to the State staff training on the use of any systems or processes necessary to provide these services. The Contractor also will be expected to provide updates to the training if the access methods change or are updated.

1.012 Background

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

Each state must appoint a single agency to administer the Title IV-D program. The agency receives and distributes funds, establishes and maintains the child support program within federal requirements and regulations. The Michigan Department of Human Services, Office of Child Support (DHS-OCS) is the Michigan IV-D agency. Although the DHS-OCS is the designated IV-D agency, Michigan IV-D child support enforcement responsibilities are shared between DHS-OCS, Circuit Court, FOC offices, and county Prosecuting Attorney (PA) offices. The Michigan Child Support Enforcement System (MiCSES) has been implemented through the cooperative efforts of DHS, the Michigan Department of Information Technology (DIT), the Prosecuting Attorneys (PA) and FOC. MiCSES is a comprehensive statewide child support system that meets all federal system requirements and has been installed in all components of the Michigan IV-D program: Office of Child Support central office, Friend of the Court offices, Office of Child Support field offices and Prosecuting Attorney Offices. The system also provides necessary enforcement interfaces with both state and federal agencies. The Michigan Department of Human Services administers the Michigan MiCSES system. The project organization and inter-relationships with the multiple-agency composition of the child support program are reflected as follows:

Department of Human Services (DHS)

DHS is responsible for the administration and strategic oversight of the MiCSES. It coordinates and oversees the Michigan IV-D Child Support program. DHS enters into Cooperative Reimbursement Program (CRP) agreements with county governments for FOC and PA offices to enforce IV-D child support cases. The purpose of this program is to provide local offices with state and federal funding to enhance local efforts for child support enforcement services. In return, the local offices agree to abide by federal and state IV-D policies and regulations. Approximately 66 percent of local offices’ operational expenses are reimbursed through this program.

Office of Child Support (OCS)

The OCS is the designated Michigan IV-D agency and administers the statewide child support program. OCS performs state agency enforcement, administrative, and policy functions. OCS includes the MiSDU which is responsible for the centralized receipt and disbursement of child support payments in Michigan. There is also a unit of child support specialists whose primary functions are the delivery of parent locate and case initiation support throughout the state.

**State Court Administrative Office (SCAO)**

The Michigan SCAO under the Michigan constitution has oversight responsibility for all trial courts throughout the state. They also have a special Friend of the Court Bureau Division (FOCB), which provides assistance to local FOC offices. The SCAO, until 1996, provided primary deployment, operation and facility management for the CSES. This was pursuant to an inter-agency agreement (contract IA85-015) between SCAO and DHS Services.

Department of Information Technology (DIT)

The DIT is responsible for the management of the State's information technology resources. DIT has had inter-agency agreements with DHS to provide data center, network, technical infrastructure services, and software application support for the CSES project. DIT's primary role is responsibility for MiCSES hardware operations, connectivity and MiCSES software maintenance and support.

Friends of The Court (FOC)

The FOC was created by statute in 1919. There are 67 FOC, 83 Prosecutors and 57 Circuit Courts in the state. Approximately 2,011 FOC staff work within Michigan's 70 FOC offices serving 83 counties. The FOC is the child support and operational division of the circuit court and is appointed by the chief judge of that circuit. DHS contracts with local county governments for FOC IV-D child support services through CRP contracts. The FOC's are the primary users of MiCSES and are responsible for processing court orders; investigating and enforcing support custody and visitation orders. There is a single, statewide MiCSES.

Michigan State Disbursement Unit (MiSDU)

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

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

1.020 Scope of Work and Deliverables**1.021 In Scope**

The Contractor is required to assess, plan, provide, and install a seamless set of processes and systems to accomplish receipt and disbursement of child support monies, related banking services, research and resolution of problem payments, review and release of suspense monies within MiCSES, customer services to stakeholders and partners and which must interface with the MiCSES. The Contractor will be responsible for providing staff, equipment, facilities, supplies and management sufficient to meet all the operational needs of the MiSDU. The Contractor is responsible to provide State staff with: work space, operational training, and allow operational observing and quality assurance review. In addition, the Contractor is to provide training of State staff every time software, procedures, hardware, or processes are updated or changed.

The activities in this Contract include, but are not limited to, the following:

- a) Receiving / Receipting of payments (into an interest bearing account), including:
 1. Lock Box
 2. Mail Services (bonded courier delivering from between the Post Office and the MiSDU, utilization of services to gain discounts on postage, to maximize the accuracy of mailings, etc.)
 3. Payment and Document Imaging
 4. Payment Validation
 5. Payment Processing - categorizing and key-entering data from payments
 6. Payment Posting to DIT-MiCSES
- b) Balance, Deposit, and Bank Reconciliation including:
 1. Banking and Account Reconciliation
 2. Depositing to an appropriate financial institution
- c) Research and Resolution Services including:
 1. MiCSES Suspense Resolution & Release
 2. Payment Research and Resolution



- d) Disbursement of funds, including:
 - 1. Actual Disbursement to the correct account, including: Disbursement to Debit Card (stored value card), Check printing and mailing to appropriate party and Disbursement to CP's Bank Account (Direct Deposit)
 - 2. Create, process, send, and receive using the International ACH Transaction (IAT) record set when necessary
 - 3. Coupon Issuance (print and mailing)
- e) Customer Service including, but not limited to:
 - 1. Integrated Voice Response (IVR)
 - 2. An automated source of payment images to the FOCs (incoming payments, outgoing disbursements and cleared checks) within 24 hours of being processed at the SDU or cleared by the bank as appropriate
 - 3. An automated way for FOCs to submit DHS-307 requests
 - 4. An automated WEB based method to update FOCs on the status of their DHS-307 requests
 - 5. Escheats
 - 6. Other forms of communication with various customers, partners, and stakeholders regarding the above-activities.
- f) Out-reach for:
 - 1. Electronic receipt and disbursement of payments
 - 2. Employer Advisory Committee meeting and newsletter
- g) Other System Enhancements, as needed:
 - 1. In order to maintain interface compatibility with MiCSES and its evolution, or
 - 2. In order to automate processes within MiCSES and save the State money, or
 - 3. To maintain compliance with future, additional federal or state requirements to the Child Support program or system.
 - 4. Modifications, as needed, to address auditor's findings.

1.022 Work and Deliverable

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:

1.022A Lockbox, Payment Processing, Imaging Mail Services

The Contractor must provide the following services for lockbox, payment processing, and mail services:

- 1) Post Office Box Ownership and Maintenance – The US Post Office boxes for receipt of payments are to be operated and paid for by the MiSDU Contractor. These Post Office boxes are part of this Contract. The Contractor is responsible for maintenance, support, and payment of the fees of these Post Office boxes. The Contractor will be responsible for mail pick-up and delivery to/from the US Post Office and to/from the MiSDU. Mail pick up must be a minimum of three times daily. There may also be periodic pick-ups of mail erroneously directed to the DHS Grand Tower offices daily. The Contractor must provide proof that all couriers utilized by the Contractor for this Contract are bonded in the amount of \$500,000.00.
- 2) Based on the Contractor's systems and processes, all mail must be opened, categorized, and prepared for appropriate and correct processing of paper payments, following each mail delivery.
 - a) Security and controls must be in place and periodically assessed to assure all mail received is accounted for. Payments may not be left in source documents, scanning machines, shred bins, trash cans, or any place other than being processed. This Quality Assurance (QA) is to be re-evaluated on a yearly basis.
 - b) The Contractor must provide electronic and physical monitoring of the MiSDU mailroom operation to assure mail contents such as checks, money orders, cash and other documents are properly processed and not at risk of theft, disposal, being left in source documents or loss.



- c) Receipt and return logs must be maintained for all mail containing checks and/or mail clearly not intended for the MiSDU to include:
 1. Day of receipt;
 2. Items returned to payers or items forwarded to FOC's identifying the sender/payer, check number, check amount, reason for return, and where sent;
 3. A count of items received with each mail delivery;
 4. A count of non-payment items forwarded; and
 5. Returned or forwarded items with check(s) must be sent by the next business day.
 - d) The Contractor must allow review of the logs and operations periodically by the State to assure support payments are not inappropriately returned or forwarded.
- 3) Receipt electronic payments from employers, interstate, international, and tax offset using methods and formats prescribed by the Bankers EDI (Electronic Data Interchange) Council and NACHA (National Automated Clearing House Association) using either NACHA CCD+ or CTX formats through the banking system. Other electronic methods supported by Michigan which must be supported by the Contractor include:
- Receives, processes, and creates electronic payments. The Contractor is responsible for:
 - Assuring correct and complete addendum's for proper identification of case numbers associated with electronic payments.
 - Preparing, creating, processing, sending, and receiving using the International ACH Transaction (IAT) record set when necessary.
- a) A non-standard electronic payment method is used for the State of Michigan payroll where electronic withholding data files are provided separately from money included in the EFT file.
 - b) All current employers and interstate payment providers that have been previously certified prior to initiating electronic payments.
 - c) The Contractor must provide a web-based employer debit authorization process for withholdings, which also allows the employer to maintain a database of withholdings that can be easily changed each payroll cycle by the employer as withholdings or employer-employee conditions change and are validated. The Contractor must accomplish this migration with tight security preventing fraud.
 - d) Receive electronic bank transfers of monies receipted by the FOC's and balance the money with the data loaded by the county on the county receipt screen in MiCSES (the PBAT Screen). These require reconciliation by the Contactor with MiCSES prior to release for processing and contact with the FOC to prompt resolution of any balancing problems prior to release or rejection.
 - e) Federal tax offset may require identification of need for supplementary state transfers for negative tax offsets and fees. The State will retain this responsibility for oversight of State funds to make whole in a timely manner.
 - f) All payment options offered by the Contractor must minimize risk to the state of bad debt.
 - g) The Contractor must provide credit and debit/credit combo card payments from both obligors and employers. The Contractor's system must control the risk of fraudulent credit/debit card payments.
 - h) The Contractor must provide the Western Union payment option.
 - i) Contactor processing must include an ability to properly post to MiCSES interstate payments received from cost-recovery states.



- j) In the event that the DHS-OCS elects to proceed with implementation of web-based obligor debit processes, the risk of fraudulent ACH payments will be mitigated through the implementation of new payer authentication as outlined in Section 1.022A.3.f. In addition to the payer authentication process, the Contractor will expand the credit card monitoring unit's scope to include obligor ACH debit payments. The Contractor will work with the DHS-OCS to establish the criteria and business processes surrounding the monitoring of ACH debit payments. The monitoring unit is discussed in greater detail in Section 1.022A.3.f. If the DHS-OCS deems payment activity identified by the monitoring unit to be suspicious, the Contractor will take the appropriate measures to prevent recurring ACH debit or credit card payments via the MiSDU website or the IVR and will require the payer(s) in question to remit their obligations via check or money order.
- 4) The Contractor must establish and maintain an image database for use by OCS staff and FOC's through controlled and secured web access, which includes the following:
- a) Captures images the same day of all checks accepted for processing.
 - b) Captures images of all payment contents, including, but not limited to: check, check stub, source documents, invoices, pieces of paper, the envelope, and any other items accompanying the payment, unless the State approves otherwise. Images must be available no later than the business day following day of receipt.
 - c) All related imaged contents of a receipt item should be linked to the payment within the image database.
 - d) The index created for the imaged documents must contain the date, batch number, and sequence number (known as the SDU ID) for the documents to facilitate retrieval.
 - e) Search access must be available by amount, check number, member ID, bank account & routing numbers, IV-D number, check date, SDU ID number, docket number, social security number, obligor name, employer name and/or FEIN, and date of receipt.
 - f) Images must be available for use immediately in processing and posting the transactions by Contractor staff (Payment Processors, CSRs, Research, etc) the same day of receipt.
 - g) For a period of current fiscal year plus six years after the completion of this Contract, the Contractor must maintain resultant electronic image files in the event the State needs to retrieve such images. There is a DIT ticket (Number: 1784289) open to have the State store these electronic image files. This may or may not happen before or during this Contract. Should this happen, the Contractor can deliver images via a physical Network Attached Storage (NAS) device, which is an appliance that contains hard drives along with a network interface. The Contractor would be able to move large quantities of data across that network interface and onto the hard drives. Given the dramatic cost reductions among larger hard drives, this would be the most efficient and effective means of turning over such a large quantity of data to the State.
 - h) In the event that the Contractor does not retain this Contract in the future, the web payer information must be transferred to the State and/or a new Contractor selected by the State, prior to transition.
 - i) Any data that cannot be captured electronically must then be key entered by Contractor staff.
 - j) Original imaged documents must be retained by batch identity for 90 calendar days and disposed of according to DHS document retention guidelines. Original documents must be free of any live payments before disposal.
- 5) Capture data – check amount, bank account and routing number, check number, docket number(s) or IV-D number(s), social security number(s), obligor name, Federal Employer Identification Number (FEIN), employer name, receipt date, check date must be captured electronically.



- a) The Contractor must monitor check dates to ensure that checks older than 180 business days in the past or dated more than two business days in the future are not processed. Federal checks are allowed a date of five business days in the future. This is per the Federal Certification of the MiSDU which says: Any checks sent to the MiSDU dated two business days or less in the future, from the date received in the mailroom, will be processed on the date received; any checks sent to the MiSDU dated between three and five business days in the future, from the date received in the mailroom, will be held in the safe until they meet the requirements of rule number one. Any non-federal checks sent to the MiSDU dated more than five business days in the future, from the date received in the mailroom, will be returned to the sender; any Federal checks dated more than five business days in the future, from the date received in the mailroom, will be reviewed by Contractor and the State.

Note: The Contractor may accept checks dated more than two business days in the future if all banking parties involved in the process will accept these checks and the Contractor will make whole on any returned checks. The intent is not to hold checks in the SDU safe. This meets the spirit of the Federal Certification.

- b) Money Orders may be an exception to the acceptable date range as prescribed by the Financial Institution holding the MiSDU accounts. Any fees or charges resulting from accepting a money order or check, based on date, is the responsibility of the Contractor.
- c) The Contractor must provide a means to include special instruction payments (see definitions) and identify impacts of this requirement on the State system (Note: Special steps may need to be proposed to control the allocation of payments to specific cases or to support or non-support debts within a specific case.)
1. There is the potential for the State to require of the Contractor, other receipt types to be added to the receipting responsibilities that are currently the responsibility of the FOC's or may result from future requirements due to federal or State determinations (examples are: Insurance Liens, *QDRO*, *EDRO*, *Special Instruction*, etc.).
 2. Convert foreign currency payments the day of receipt to the current US dollar exchange rate and posts using the US dollar equivalency.
- d) The Contractor must provide an interactive interface with the State provided validation file to validate using two identifiers for paper and electronic payments, i.e. name or social security and docket number or IV-D number, Docket and IV-D Number is also an acceptable combination. The validation file is updated weekly by MiCSES.
- e) The Contractor will provide the receipt file to MiCSES daily by 6:00 p.m EST. Although Contractual provisions require only 99.9 percent of the day's receipts be processed each day the State expects, that the Contractor will post 100 percent of each day's receipts with proper identifiers into MiCSES the day of receipt. Exceptions are expected to consist of items withheld for further research (unless MiCSES is used for further research) due to incorrect or incomplete identifiers supplied by the payer, or other approved payment types that need to be held for special handling.
- f) The Contractor may place unidentified receipts ("further research") into MiCSES (or Contractor developed pre-MiCSES research database) to be worked and resolved.
- g) Attorney General initiated ad hoc electronic transfers for collections on arrears must be processed within 24 hours of being received. The Attorney General must be notified within eight hours of arrival. Reports must be available showing amounts received from the Attorney General transfers. It is the Contractor's responsibility to monitor the AG Wire mailbox daily for payment information.
- 6) Balance, deposit, and reconcile. The Contractor:
- a) May elect to either use the existing MiSDU bank accounts owned by the DHS-OCS or may propose its own banking partner to establish MiSDU bank accounts to be owned by the State, but paid for and maintained by the Contractor.



- b) Will reconcile bank accounts daily to Contractor activity and resolve any discrepancies within 24 hours.
- c) Will perform, on the Contractor's system, reconciliation of Online and Direct Deposit receipts. The Contractor will provide to the State a summary report of the reconciliation.
- d) Will work and bring all bank actions, discrepancies, NSF, lost/stolen, rejected check, stop-pay issues to closure in a timely manner.
- e) Will also need to work with the State to develop their or the Contractor's bank systems to interface with the enhancements within MiCSES. There is the potential for the State of Michigan to add enhancements to the MiCSES to process all or part(s) of inbound or outbound electronic payments. Electronic Payment automation within MiCSES may include, but is not limited to: Debit Card enrollment, rejection of electronic outbound payments, processing of electronic inbound payments, etc. These enhancements would reduce the State's payment to the Contractor by reducing the Contractor's involvement in processing electronic payment activities. The Contractor would also need to work with the State to develop their or the Contractor's bank systems to interface with the enhancements within MiCSES.
- f) Must mail a letter to payers with NSF greater than, or equal to, a dollar amount (currently \$500) on which stop payments have been issued, tracks and reports on NSF, Stop Payment collections and losses, both in detail and summary. The Contractor must escalate to DOT for collection after six months. The Contractor will be required to track NSF and Stop Pays, identifying any individual or entity that reaches a preset threshold in a report to be presented to OCS (see section 1.042 for time frames).
- g) Resolves issues where other banks reject MiSDU checks and reports results to the State.
- h) Verifies against MiCSES controls to assure correct disbursement files are being used and transmits to subcontractors if a subcontractor is used to meet required deadlines.

NOTE: The State will retain earnings on account float, as required by State Law, and apply to charges it deems appropriate (see Section 1.061).

- 7) Interacts with banks to establish stop-pays, report stolen checks, and identify fraudulent use of MiSDU checks and documents. Maintains positive pay file, reconciles file to MiCSES and tracks and resolves differences between cleared checks and dollars removed by the bank. The Contractor will provide State with aged accounts payable report on a daily basis. Reports must be available at detail, exception, and summary levels.
- 8) Provides a seamless financial operation allowing the State to provide oversight and periodic sampling to assure the existence of audit trails, internal controls, accuracy and reliability. Provides summarized and detailed financial information to the State to substantiate figures in the Comprehensive Annual Financial Report. The State will retain the MiCSES bank reconciliation function. This will provide the State oversight to verify financials efficiently.
- 9) Escalates requests for State make whole where the Contractor is not the cause of the error using a defined procedure and criteria. The Contractor is responsible for paying for any State recovery adjustments created without state approval.
- 10) Resultant recovery accounts established for the Contractor make-wholes to be closed at the completion of this Contract with no future payouts to the Contractor on residual amounts owed from those recovery accounts after Contract termination.
- 11) The Contractor must develop a State Make Whole process to insure that payers making whole are accounted for and processed to the State make whole account instead of current support. These costs must be included in base rate.



- 12) FIDM Module needed:
 - a) The Contractor will be required to support a process for the receipt of FIDM payments. These will originate from financial institutions as a result of a lien and will generally be accompanied by a coupon, but may not be. The coupon, if sent by the payer, will identify the type of payments and limited posting identifiers. If no coupon is sent or if the payment is electronic, the Contractor will make reasonable efforts to identify the payment as FIDM by type of check and dollar amount.
 - b) Paper check monies and electronic monies are required to be held. Posting will be upon the direction of the CEU. The CEU will provide the disbursement information for the monies that are released for posting from FIDM collections.
 - c) There will be interaction between the CEU and the MiSDU in which the MiSDU will inform CEU of the arrival of the money. CEU will provide the disbursement information for the monies that are to be released for posting.

1.022B Further Research and Resolution Services

The Contractor must provide the following research and resolution services. The Contractor:

- 1) Must maintain a staff to further research and resolve the posting of receipts that have incorrect, incomplete, or contradicting information. If the level exceeds two point two percent (on average), over the course of one month, the State and the Contractor will review the problem and determine if targeted outreach services to improve the quality of payment submissions are appropriate. In addition, the Contractor will provide a report to the State identifying the issue(s) that caused research to exceed two point two percent.
- 2) Is to work the further research transactions cost-effectively either through:
 - a) Posting to MiCSES unidentified (UNID) and working within MiCSES, and/or
 - b) Using a Contractor provided payment pre-MiCSES research system and processes.
 - If the Contractor is using its own software and processes, there must be ability for MiSDU customer services representatives to access the resultant database and search for payments in process in response to customer (employer, NCP, FOC, etc) inquiries same day.
- 3) The Contractor may use the MiCSES database, the data warehouse and other Contractor research sources.
 - a) Records research contacts in the customer services tracking database and MiCSES.
 - b) With formal approval by State SDU staff, the Contractor may apply additional posting business rules to further research items in order to post payments and prevent payment delays.
 - c) As part of the research effort, the Contractor will provide information to payers that submit incorrect information to assist them in future payment submissions.
 - d) To resolve research payments, the Contractor will initiate telephone contact. If a telephone number can be located, the Contractor will try to contact the payer for three business days and if no phone contact is made, send a letter on the fourth business day. The Contractor is expected to make a minimum of two telephone contact attempts during this three day period subject to any exceptions agreed upon between the Contractor and the State. If no telephone number can be found by the business day after payment receipt, mail contact must occur immediately thereafter with the payer to obtain identifier information allowing posting to a docket or IVD number. All pre-MiCSES research items (if pre-MiCSES research is chosen by the Contractor) are to be resolved in 10 business days following the date of receipt. Regardless of which option is chosen, the Contractor must act upon any information provided such that payments to families are not delayed after research information is discovered. Exception to the phone/letter rule for further research payments are items such as FIDM, Foreign Currency, NSF Recoupment, Bank adjustments, and refunds not subject to phone or letter contact.
 - e) The Contractor may also contact the FOC for information, especially related to those orders that are not yet on the system, but only as a last resort.



- f) If no responses are received within 10 business days of receipt, Contractor must post to MiCSES applying the appropriate hold codes or if using MiCSES for further research move to appropriate hold codes. Alternatively, the Contractor may refund through MiCSES for payments that should have not been received by the MiSDU.
 - g) The FOC's or State may view MiCSES unidentified entries, obtain images of the related documents, and provide assistance to the Contractor in the correct posting of these unidentified transactions.
 - h) Refunds or returns of payments incorrectly receipted, but not intended for the MiSDU to be done by Contractor through use of MiCSES third party function. State to approve or sign checks.
- 4) All such research transactions must be tracked and aged with reporting to the State on the status and closure of each day's research transactions. Reporting must be at detail, exception, and summary levels (see 1.042).
 - 5) The Contractor must capture and link correction documents received from payers to original payment images.
 - 6) The Contractor must provide notice of correct information by mail to employers or obligors that submitted incorrect or incomplete information to be used in the future.
 - 7) The Contractor must coordinate with the OCS Special Initiatives Unit (SIU), Central Functions Unit (CFU) and FOC on customer services functions. MiSDU will provide information on items in research pursuant to search requests from SIU and CFU.

1.022C Outputs, Print and Disbursement

- 1) The Contractor will transmit a receipts file daily by 6:00 p.m. EST, six days per week to MiCSES Monday through Saturday, excluding postal holidays (however, if electronic receipts are available to be processed on a holiday, the Contractor will process them and transmit a receipt file to MiCSES by 6:00 p.m. EST).
- 2) The Contractor will provide for check printing and mailing each business day using a MiCSES electronic file. MiCSES must deliver a file to the Contractor through the State data exchange gateway by 9:00 a.m. daily (historically accomplished prior to midnight before), and the Contractor must print, stuff envelopes, insert electronic disbursement notices to recipients receiving checks and/or insert when needed, affix postage, and deliver the checks to a regional US Post Office within Michigan for mailing by 5:00 p.m. each business day to assure delivery beginning the next business day. Technology should be used to expedite mail handling. In the event the United States Postal Service (USPS) raises the postal rates during the Effective Period of the Contract, the Contractor must be entitled to an equitable adjustment to revise its unit rates accordingly. Rate calculations are to be provided to, and approved by, the State prior to any rate adjustment.
- 3) The Contractor will provide United States Post Office technology (examples are Address Change Service or National Change of Address or other) used to reduce the amount of undeliverable mail returned from the USPS.
- 4) The Contractor is expected to utilize methods, processes, or information from an accredited source to ensure that addresses, as provided by MiCSES, comply with then-current USPS address regulations such that maximum postage discounts are available. Further, the Contractor is expected to use methods, processes, or information from an accredited source to identify addresses known to have been changed by the customer. Current state procedures do not permit these addresses to be automatically changed in stream. Therefore, checks identified as no longer accurate for a given customer are to be printed, voided, and the address is to be manually (until and unless automatic procedures are accepted by the State MiCSES) updated in MiCSES. Coupons that are identified as having an address no longer accurate for the given customer are to be printed and not mailed. Given that these checks or coupons are not mailed and no postage cost exists, the State includes in the cost model an entry for checks or coupons printed, but not mailed. Required Contractor reporting also includes a heading for checks falling into this category.



- 5) The Contractor is expected to disburse payments as cost effectively as possible as checks, debit card, and most preferably, direct deposit. The following items provide more detail:
- a) The Contractor's bank Subcontractor must accept an electronic direct deposit transaction file for application through the banking network
 - b) The Contractor must verify the successful receipt and processing of the EFT file daily with the bank.
 - c) The Contractor must provide complete Debit Card services to include: transition services from the previous Contractor, possible transition services to the State and/or a new Contractor selected by the State upon Contract termination, insertion of electronic disbursement notices to recipients receiving checks, debit card exception tracking, removing CP from exception process, issuing debit cards, quarterly reporting of not activated and returned cards to the counties, and all other services defined by the State or required to operate a successful debit card program.
 1. The Contractor must use a process for issuing debit card disbursements using an electronic disbursement output file from MiCSES that may or may not distinguish between direct deposit and debit card disbursements.
 2. The Contractor's Debit Card must use the existing Debit Card format. A single routing number and account number that starts with a prefix, that is alpha numeric, and seven digits in length; and the prefix is the same for all account numbers.
 3. The Contactor must maintain a file of debit card customers who have requested, and been granted, exceptions as defined under the State law (note: this service may move to the State system prior to, or shortly after, this Contract start date). The Contractor will need to maintain the exception list by adding and removing people from the list as requested by the recipients.
 4. The Contractor must place electronic disbursement notices in appropriate disbursement checks that qualify to inform the recipient of the State law mandating electronic disbursement (note: the State may or may not provide a flag in the State check print file to identify checks needing the insert notice).
 5. The Contractor must propose a plan to transition from one debit card Contractor to another without customers moving to checks in the interim. These services include, but are not limited to, providing demographic files of all debit card recipients to include name, address, SSN, dollar balance, and other information needed for transition.
 6. The Contractor will need to identify what information will be needed from the State six months prior to the transition.
 7. The Contractor will issue debit cards to recipients that qualify for electronic disbursements, have not requested direct deposit, and are not an exception under State law.
 8. The Contractor must provide a quarterly report of not activated debit cards and debit cards returned to the Contractor as undeliverable. The reporting should be of both a cumulative listing as well as just the cards in the last quarter. The report must include: the CP's name, address, SSN, card dollar ranges, and card open date. This information will be forwarded to MiCSES under DIT ticket number: 238860 to have the following additional information added: docket county, member ID, and last payment date. Once complete, this report will need to be sent to all Michigan counties, either by MiCSES (DIT ticket number: 238860) or Contractor solution.
 - d) Custodial party requests for direct deposit or debit card disbursements are to be received and updated to MiCSES by the Contractor, followed up upon if possible, or returned if the information is either incorrect or required information is missing.
 - e) Interest from a debit card account goes to support additional services for customers of the debit card and/or are to be paid to the customer.



- f) The Contractor's Debit Card solution must include that the Debit Card will be accepted anywhere the issuing financial institution's debit/credit cards are accepted.
- g) Direct deposit and debit card authorizations will be entered timely to MiCSES by the Contractor (see section 1.042, report C14).
- 6) The Contractor will provide for coupon printing and mailing using a MiCSES electronic file. The MiCSES file must be delivered to the Contractor through the State data exchange gateway approximately the fifth through the ninth of each month, and the Contractor must print, stuff envelopes, affix postage and mail the coupons by the 21st of each month. A coupon package consists of a statement, monthly coupon, and four weekly coupons (two pages).
- 7) The Contractor will generate a check print confirmation file for transmission to MiCSES through the State data exchange gateway no later than 6:00 p.m. EST each business day following check printing.
- 8) The Contractor will suppress the Social Security Number on all Type 1 checks (Participant checks).
- 9) The Contractor will have the ability to suppress check stubs on selected checks as requested from partners or the State.
- 10) MiCSES transmits a check positive pay file through the data exchange gateway each business day by approximately 8 p.m. EST, the Contractor must transmit this file daily to its Subcontractor bank or provide for direct, secured transmission by MiCSES to the Contractor's Subcontractor bank nightly in time for the Subcontractor bank to have it in use by start of business the next business day. If this timing is not sufficient for the financial institution, the Contractor will need to transfer a preliminary file to the financial institution after check printing. Then reconcile with the MiCSES file and send any additions or corrections the next business day. All exceptions except voids are to be detailed in an incident report and brought to the State's attention immediately.
- 11) The Contractor will transmit a Cleared Check file to MiCSES through the State data exchange gateway each business day following close of business by 6 p.m. EST.
- 12) Returned MiCSES Checks and Coupon Packages. The Contractor:
 - a) Receives, from the US Post Office, undelivered checks and coupons issued by MiSDU;
 - b) Void all checks;
 - c) Updates end dates of the address in MiCSES, if no new address is identified by US Post Office;
 - d) Enters and updates to MiCSES following OCS policy, if US Post Office has identified address change;
 - e) Enters action to MiCSES case notes;
 - f) Notifies affected FOC for Interstate corrections;
 - g) Notifies the Unemployment Agency (UA), if applicable, of address changes where the UA has been incorrectly sending the payments to the FOC;
 - h) Retains returned mail for 90 calendar days, and then disposes of according to State destruction guidelines; and
 - i) Reissues a check if a correct address exists, but if no correct address is found, they are not reissued until a correct address is entered into MiCSES.
- 13) The Contractor may be required to generate coupons for employers if MiCSES is enhanced at some later date.

1.022D Customer Services

Customer services will be provided as follows:

- 1) OCS Supplementary Customer Services Organizations will provide the following services and will not be provided by the Contractor:



- a) The Special Initiatives Unit (SIU) assists clients and FOC's address case related problems preventing monies from being disbursed or the correction of related case conditions. SIU works interactively with the FOC's and draws upon support from the MiSDU customer services in researching and resolving payment-posting problems. The MiSDU Contactor can expect to provide information and forms to support some or all of these activities. The SIU provides the following services:
1. Customer Service (Partner);
 2. Manual Member Merge (around 40 a month involve the MiSDU);
 3. Bonus Reporting;
 4. OTHP Table Maintenance;
 5. FIPS Change Requests;
 6. General Notices (FEN200);
 7. Employer address updates (around 10 a month involve the MiSDU: see DHS-2011 for further details); and
 8. Other
- b) The Central Functions Unit (CFU) serves as the primary focal point for inquiries from the Governor's Office, Legislative staffs, news media, and the State Court Administrative Office for the resolution of payment issues. The MiSDU does receive occasional direct request for assistance that may require Contractor research. Answers to all such request require State approval and State staff will be the responding party. For the requests that go directly to CFU, the CFU works interactively with the FOC's and only draws upon support from the MiSDU customer services in determining payment-posting problems. The CFU provides the following services:
1. Locate Services;
 2. Tax offset, including negative tax offset, centralized data and federal office of child support enforcement (OCSE) file maintenance;
 3. Passport releases;
 4. Receive bankruptcy notices from the Department of Treasury and sends copies of the notices to the FOC bankruptcy contact;
 5. Central Financials, Reconciliation of central print errors from MiCSES;
 6. Payment inquiries from DHS;
 7. Case initiation from non-public assistance applicants and those who receive child day care or food assistance (IV-D Child Support Services Application/Referral [DHS-1201]);
 8. Customer Service call center, handling the inquiries that are not resolved by the SDU and SIU;
 9. Research and reply to correspondence, including complaints to the legislature, OCS and DHS management and the DHS Web site; and
 10. Outreach and training of DHS field staff
- 2) Custodial Parties and Obligors
- a) Customer service calls are critical to the success of the MiSDU and are important to the State. No calls will be unreasonably limited to three minutes simply to comply with the three minute estimation tool. When extended research is required off-line, all necessary information must be obtained from the caller in the initial call and follow-up with the caller for closure of an extended research call must be within two business days. Certain requests may take longer and State approval is needed.
- b) The Contractor will install and maintain an automated system for the tracking, management, and reporting on inquiries that cannot be satisfied with basic financial information within three minutes and which require further action or research. Using the system, the Contractor must:
1. Assure follow-up and closure on inquiries.
 2. Record and transfer notes on discussions with the parties into MiCSES.
 3. Provide metrics on total call volumes, categorized by call type, closure times and results (for details on the requirement see section 1.042).
 4. Escalation of calls that require management intervention or reporting of emergency conditions.
- c) The Contractor's protocols must assure the calls are handled efficiently and effectively with the greatest cost-benefit to the State.
- d) The Contractor will safe guard IV-D information by verifying caller's identities; refer to AT 2004-022 and FAQ 1090.



- e) The Contractor has call responsibilities for responding to a variety of inquiries.
 - f) The Contractor must provide:
 - 1. Telephone inquiries response;
 - 2. Responding in writing to mail inquiries within 10 business days of receipt;
 - 3. Ability to record calls;
 - 4. The potential for voice mail or other options if situations arise where call wait times and volumes escalate, and the State determines wait times are becoming excessive. Any expenses to the state must be explained and itemized within the applicable cost matrix; and
 - 5. Internet inquiries response (if accepted by the State).
 - g) At a minimum, language services must be offered for Spanish and Arabic. Others may be made available as deemed appropriate by the Contractor.
 - h) Accommodations must be made for the hearing impaired.
 - i) The Contractor must not unnecessarily contact the FOC's without first exhausting internal MiSDU and MiCSES information resources.
 - j) The Contractor provides for financial forms, sample coupons, and other explanatory printed materials distribution in response to inquiries.
 - k) The Contractor follows OCS Policy by providing for a client escalation process in those instances where the party believes their inquiries have not been adequately addressed or they have not been provided service appropriately. Customers must be able to escalate their calls to a supervisor upon request.
 - l) The Contractor must follow State developed procedures for threats.
 - m) The Contractor will reset IVR PIN's on the parties' access to the IVR's. It is possible that State development could cause IVR PIN resets to drop.
 - n) PIN change forms take less work effort than other forms and are expected to be charged at a lower per item rate.
 - o) The Contractor is to invoice based upon resolved services (completely processed forms for example).
- 3) Employers
- a) As a practice, employers will be encouraged to use electronic methods whenever there is employer contact for transaction correction or informational purposes.
 - b) The Contractor responds to employer inquiries within two business days on:
 - 1. Research to find transactions that may have been delayed in the mail, assigned to research due to incorrect/incomplete information, or misdirected.
 - 2. Employer requests for information on mailings or other communications that may originate from the OCS or MiCSES.
 - 3. Respond to employer inquiries on employer NSF or employer initiated Stop Pay actions and to prompt employer payment.
 - 4. Provide for employers (who request) coupons for use in submitting withholding payments.
 - 5. Employer contact information changes or updates - in order to update their contact information (FEIN, address, phone) with MISDU, employers must submit a dated request in writing to the MiSDU via fax to 517-318-4697 (this number may or may not be available, if the number is not available the form will require a change at State expense), or by mail to P.O. Box 30350, Lansing MI 48909-7850. Include the Company name, FEIN, contact name, phone and fax number. Contractor staff also must complete and submit to SDU a DHS-2011 REQUEST FOR NEW ENTRY, MERGE OR MODIFICATION OF OTHER PARTY INFORMATION (OTHP).



- 4) Friends of the Court
The Contractor will respond to FOC inquiries within two business days that may require:
 - a) Research on the status of a receipt;
 - b) Information on prior contacts between a party on a docket and the MiSDU;
 - c) Clarification of notes entered to MiCSES by the MiSDU;
 - d) Escalation of unsatisfied customer inquiries;
 - e) Information on MiSDU policies and practices;
 - f) Image requests in the event the FOC is not able to gain access to the MiSDU web based images;
 - g) Education on MiSDU processes.

- 5) Interstate
 - a) The Contractor must provide outreach and certification to assure other SDU's adopt and maintain EFT/EDI in the transmission of interstate payments to the MiSDU as well as the receipt of EFT/EDI from Michigan.

 - b) The Contractor may be required to redirect those other states not submitting their payments to the MiSDU through follow-up communications.

 - c) The Contractor will serve as the contact point for other state SDU's having problems in the receipting of MiCSES generated payments to other state SDU's and information on the use of EFT/EDI by other states in submitting payments to the MiSDU or the resolution of related problems.

 - d) Inquiries may include:
 1. Other states reporting MiCSES payments as not postable.
 2. Interstate payments receipted by MiSDU posted incorrectly.
 3. Notification to FOC's of information updates regarding other states' SDU's.

 - e) The Contractor provides for research, correction of MiCSES where possible, or notification to the FOC's for corrections required of the FOC's within their MiCSES roles.

- 6) Work Tools and Interfaces for Customer Services
 - a) A robust call management and ticket tracking software package must be provided as part of the customer services function. Features must include abilities to:
 1. Initiate an entry with a text description of the discussion with the internal or external customer for calls. Notes must be entered into the MiCSES when the call references a specific case or docket.
 2. Time spent on documentation will be outside the three minute targeted time for resolving customer inquiries without extended research.
 3. Use identifiers within the notes that are common to those used in MiCSES such as social security, docket, IV-D case numbers, name, SDU ID Number and other identifiers found in MiCSES.
 4. Categorize the calls by type to provide metrics. As the types of calls change due to the questions being identified by callers, the call types for metrics capture may also change (for details on the requirement see section 1.042).
 6. Easily access and add to the ticket as additional contacts are made with the customer.
 7. Integrate between Customer Services, further research, and all other MiSDU entities responsible for customer services related activities for the recording of contacts to assure complete information is available to staff on contacts with a customer same day.
 8. Escalate to Contractor management and identify to the State calls that have not had the required follow-up or closure that have aged beyond two business days (see reporting in section 1.402).
 9. Automated update to MiCSES case notes to occur at such time as MiCSES can be modified to accommodate.

 - b) There must be an ability to capture and retain customer call audio to allow for further actions in the event of threats or other problematic discussions, and to assist in QA and improving service.



- 7) IVR Services
- a) An IVR must be provided by the Contractor that is to be integrated with the MiCSES distributed IVR system, which was installed and is supported by another State contractor.
 - b) The MiCSES IVR system operates using premise based units in 26 counties and the remaining counties use a shared IVR.
 - c) The MiCSES IVR's access stored procedures from MiCSES to provide standard responses to customer financial inquiries in order to reduce the number of callers that require contact with a customer services representative. Approximately 90 to 95 percent of all calls to the MiCSES IVR's will not reach the MiSDU due to standardized responses and information on the IVR's.
 - d) The MiCSES IVR's offer options to the customers whereby they may transfer to the MiSDU IVR in order to:
 1. Speak with a customer services representative about a financial issue regarding their case.
 2. Request specified forms or update actions in MiCSES.
 3. Inquire about a delayed receipt or disbursement.
 4. Request that their IVR PIN be reset.
 5. The MiSDU currently receives approximately 1,800 calls daily. This estimate can be as high as 3,000 calls if problems occur or on the first business day of the month. Call volume has averaged as high as 20,000 calls per week in the past. The MiSDU IVR receives customer calls transferred from the MiCSES IVR's, and direct toll-free calls from employers, Debit Card, FOC's, interstate, and other agencies.
 - e) Employers, FOC's, and Debit Card customers each have separate toll free telephone lines (dependent on State needs, the State may or may not discontinue the debit card line by the time of or during this Contract). Outside agencies use the FOC telephone line. The Contractor is to maintain the existing toll free telephone numbers unless a change is approved by the State.
 - f) All customer calls must be authenticated using OCS guidelines before confidential information is provided. This generally includes docket number, social security number, address, date of birth, name, and possibly other identifiers if there is inadequate information (see AT 2004-022 and FAQ 1090).
 - g) Daily metrics must be provided weekly on incoming call volume, abandon rate, wait time, talk time, and Contract exceptions. Specific metrics are contained in section 1.042 as a general statement, the State expects:
 1. The abandon rate must not exceed five percent (see SLAs).
 2. Average wait time must be kept to no more than two minutes.
- 8) Escheatment; Public Act 29 of 1995, Uniform Unclaimed Property Act, Michigan Compliance Law (MCL), 567.221, MCL 567.224, MCL 567.238, AT2007-033.
- a) Annually, there will be automated mailings from MiCSES as due diligence to make a final contact before the escheatment of unclaimed monies.
 - b) The Contractor must be prepared to receive client inquiries resulting from those mailings.
 - c) There may be a resultant demand on previously disbursed checks for Stop Pays as well as research and address changes.
 - d) The Contractor must be prepared to make the necessary transfers of monies to the Michigan Department of Treasury, resulting from the MiCSES identification of monies qualified for escheatment.
 - e) The Contractor will request the Due Diligence Letters on CD from MiCSES to be used by the CSRs in assisting customers.



- f) The Contractor will review quarterly, stale dated checks in an effort to find instances where payments may be reissued. The Contractor will obtain prior approval from the State for the processes to be used.
- 9) Conferences, Workgroups, Meetings, and Partner Education
- a) The Contractor participates in FOCA (Friend of the Court Association), Family Support Council conferences, and others, as required, to advance the cause of child support at the request of the State.
 - b) Makes status and system/process change presentations to partners.
 - c) Collaboratively develops requirements for changes impacting partners through workgroups (example: MiCSES Joint Action Development (JADs)) and meetings. Includes OCS Workgroups and Work Improvement Teams, Employer Advisory Committee and other related employer groups and activities, Family Support Council, MiCSES and NACHA/The Payments Authority related activities.
 - d) Participates in FOC user group monthly meetings upon invitation.
 - e) Conducts periodic tours of the MiSDU upon request of the State.
 - f) The Contractor will work with the State on the Employer Advisory Committee bi-annual meetings to possibly include: preparation of materials, scheduling, conducting the meeting, providing a meeting location, agenda, and follow up.
 - g) The Contractor should plan to lead the MiSDU User Group conference call also known as the MiSDU Berg call. All mediation, action items, and note taking to be the responsibility of the Contractor.
 - h) The Contractor also leads the Debit Card Team meetings (currently held quarterly, but this frequency could increase, particularly at, and for some time after, transition or for other reasons).
- 10) Web Page Development and Maintenance
- a) All changes require prior approval by the State and will be processed through the State.
 - b) The State of Michigan, through DIT, will provide the MiSDU Contractor with two ISP's, with three MB of bandwidth as a baseline.
 - c) The transition plan must include the steps, the timeframes, and the responsible party for each step to transition the web domain name "MiSDU.com" from the current Contractor so as to not interrupt payment flow.
 - d) The Contractor is to pay for the SSL Certificate required for "MiSDU.com" and any other SSL Certificates required by the State or this Contract. In addition, "MiSDU.net" should be registered to prevent usage by someone other than MiSDU.
 - e) Provide a map to facilitate page navigation.
 - f) The Contractor is to continuously review the web site for obsolete or incorrect information, and propose to the State monthly updates of the web site to maintain current and accurate information to customers.
 - g) Provide a means for special "as-needed" updates outside the monthly web site updates.
 - h) Develop a process to be used and managed by the State to place emergency ad hoc messages onto the web page without the need for Contractor intervention.



- i) Establish secured areas of the web site applying State standards assuring confidentiality of the information and security for exclusive use of the various customers:
 1. Any user should be able to view frequently asked questions (FAQ's).
 2. Password protected access to allow credit card payment, one-time debit authorization, or recurring authorized withholding by payers (Contractor must explain how such payment processes will minimize or eliminate fraudulent payments and/or NSF's).
 3. Password protected access for employers to establish a withholding database; updateable by the employer periodically to reflect employee turnover and IWN changes; and authorize account debits from each payroll cycle (express how the processes minimize or eliminate fraudulent or NSF payments that risk state dollars).
 4. Password protected access for the FOC's to view payment images and initiate, view, and respond to research or suspense adjustment requests to/from the MiSDU.
 5. Public access for general customer, interstate, agencies or employer information and forms.
 6. Links to other DHS – OCS, Mi-Support, CSES Hotline, SCAO, OCSE and other State child support web sites through the appropriate secured page areas.
 7. Information on telephone contact with the MiSDU.
 8. Offers the use of credit and debit cards as an alternative to employers and obligors using the Internet site for making payments.
 9. Receive and process credit card payments generated via Interactive Voice Response (IVR) and the Internet.
 10. Credit card payments must be processed through the Contractor's merchant credit card vendor.
 11. The payer would be responsible for all related debit/credit card fees. All such fees must be available to payers before they make a payment.
 12. The Contractor is responsible for how they control fraud, and who pays for fraud.
 13. The Contractor to be Payment Card Industry Data Security (PCI DSS) compliant.
 - j) Include business rules and operating practices of the MiSDU as needed.
 - k) Before going live, the Contractor must certify the web site is ADA compliant.
 - l) All updates to the MiSDU web site require prior OCS review and approval.
 - m) The Contractor maintains a documentation library of Contractor policies, business rules, and practices. Each such document must be dated with version identified. The library must be accessible by a secured area of the web site that the State can access on a daily and hourly basis or other equal/superior solution approved by the State. All items in the documentation library must be approved by the appropriate State SDU staff prior to use and prior to appearing in the documentation library.
 - n) Security breach plan to be included and times for notification. In the event of a breach of IV-D information, the Contractor needs to contact all parties impacted via letter and follow other aspects of state or federal law or regulation.
- 11) Training and Escalation Processes
- The Contractor must assure staff is trained adequately to perform their functions in accordance and with business practices necessary to the SDU. The State will assume that the Contractor will utilize a "train the trainer" approach wherein the State will provide training for only a limited number of staff, and will review and approve any planned training packages, outlines, etc. prior to use by the Contractor for training staff. The Contractor must provide for staff training on all aspects of SDU operations. The training must assure:
- a) Knowledge of content and ability to navigate between screens within MiCSES.
 - b) Knowledge of PRWORA and State guidelines and policies on child support financials.
 - c) Knowledge of content and ability to navigate within Contractor provided systems.
 - d) Use of any call tracking and management software provided by the Contractor.
 - e) Knowledge of Michigan security and confidentiality requirements.
 - f) Effective, efficient interaction with customers, stakeholders, and partners with consistent and accurate responses.



- g) MiSDU Security, IV-D information security, Location security, PC Security, Laptop Security, flash drive (thumb drive or jump drive) and all other data and physical security topics relating to the MiSDU.
 - h) Obtain information from customers on the effectiveness and responsiveness of the customer services representatives to allow identification for improved training and reinforcement.
 - i) Provide for supervisory participation in a call to provide training through example where there is conflict that needs resolution.
- 12) Customer Service Special Projects
There may be times when the State defines a special project involving the likelihood of increased call volumes for specific reasons for a specific time period. The Contractor should note that these special projects may or may not require notes to be placed into MiCSES, and may or may not require validation of the caller's identity per state and federal policy.
- 13) Unless an event in accordance with excusable failure or other period of impaired processing capability as defined in the Contractor's disaster recovery plan has been declared by the State, section 1.042 defines the necessary levels of service Contractors must provide.

1.022E Suspense Resolution Services

- 1) Misapplied Payments – MiSDU Contractor Errors
 - a) These may be identified by an FOC, custodial party, non-custodial party, employer, State, Contractor, or other person or entity;
 - b) The Contractor will be responsible for researching and affirmation;
 - c) The Contractor initiates and completes MiCSES transactions to correct the error;
 - d) Makes whole from Contractor account and transfers into the appropriate MiSDU account;
 - e) Reports occurrence levels and amounts made whole to the State;
 - f) Establishes recovery account in MiCSES;
 - g) 307 activity and above at Contractor's expense;
 - h) The Contractor's reporting will verify this separation of charges;
 - i) All Contractor posting or other Contractor and subcontractor errors resulting in incorrect or inappropriate disbursements must be made whole by the Contractor.
- 2) Misdirected Payments – FOC or State Error
 - a) These may be identified by an FOC, custodial party, non-custodial party, employer, State, Contractor, or other person or entity;
 - b) The Contractor will be responsible for researching and affirmation;
 - c) The Contractor escalates findings to State for decision and make whole, if approved;
 - d) The Contractor initiates and completes MiCSES transactions to correct;
 - e) Requests make whole from State account;
 - f) Reports occurrence levels, source of error and amounts made whole by the State. Amounts reported should be reduced by items reapplied to the debt types as part of the back out process;
 - g) Establishes recovery account in MiCSES;
 - h) 307 activity and above at State's expense.
- 3) Misdirected Payments – Payer Provided Incorrect Information
 - a) These may be identified by an FOC, custodial party, non-custodial party, employer, State, Contractor, or other person or entity;
 - b) The Contractor will escalate findings to the State;
 - c) The Contractor will be responsible for researching and affirmation;
 - d) Neither the Contractor nor State will make whole. Make whole activities will be governed by applicable OCS policy;
 - e) The initiator of the request will be advised of the findings;
 - f) Reports occurrence levels, source of error, and amounts.



- 4) Unidentified payments from any source.
 - a) As last resort, posts payments with invalid identifiers to MiCSES Unidentified. The State may authorize the return of payments that were not intended for the MiSDU, payments where the payer has not provided adequate information and has not responded to documented telephone and mail contacts, or where a return address is available with no other identifiers. The Contractor will work the payment out of MiCSES unidentified if FOC or other entity provides more information and the Contractor needs to plan to continue to work as more data is received or found in MiCSES.
 - b) If FOC identifies unidentified payments, the Contractor will process the MiCSES Suspense Adjustment Request from the FOC (DHS-307 process below). The processing of the 307 is reimbursable, but since the Contractor did not resolve the unidentified payment, the Contractor does not get paid for resolution of the unidentified payment.
- 5) FOC Requests for Adjustment, Release and Reposting DHS-307 Process.
 - a) Researches and verifies requests received from FOC's (DHS-307 form).
 - b) FOC's must be provided the ability to make requests electronically and there must be a process for electronic notification to the FOC of current status of request (electronic DHS-307).
 - c) The Contractor will apply OCS and federal (PRWORA) policy guidelines in resolution of requests (Note: for non-standard requests involving a court order, the Contractor will obtain the court order from the FOC and escalate to the State for resolution).
 - d) The Contractor will enter necessary transactions into MiCSES to complete the request.
 - e) The Contractor will report to the State items being backed out and reposted back to a debt type so no funding is required.
- 6) Updates MiCSES Notes for Suspense and Adjustment Actions
Any note or action entered into the Contractor's call management and tracking system must also be entered into the appropriate docket case notes within MiCSES.

1.022F Banking and Account Reconciliation

- 1) The Contractor must transition existing state bank accounts with Fifth Third Bank, currently owned by the State, to the financial institution chosen by the Contractor (if applicable).
 - a) The State owns and is responsible for the current MiSDU bank accounts at Fifth Third Bank being maintained by the MiSDU Contractor on behalf of the MiSDU.
 - b) The Contractor must establish a make whole account for Contractor errors with Fifth Third Bank, or a different bank it may select as a subcontractor.
 - c) The State will accept the continued use of Fifth Third Bank as a subcontractor providing the existing services and a seamless transition and highly responsive operation.
 - d) The Contractor may use a different bank as a subcontractor. All logistics for seamless transition would be the full responsibility of the Contractor.
 - e) If Fifth Third Bank is retained, existing rate structures and fees charged by Fifth Third Bank must be renegotiated between Fifth Third Bank and the Contractor to minimize fees and to maximize return on account float.
 - f) Services and Fee Considerations:
 1. No fees are to be charged for client redemption of MiSDU checks at the Contractor's partner bank. A positive pay file generated by MiCSES for use by the bank eliminates risk to the bank.
 2. Fees for Stop Pay, image requests and any other fees that will affect the State or a customer must be separately and specifically identified in the appropriate cost table, must be competitive and are subject to negotiation in the event they are later found to not be competitive.
 3. There must be connectivity to the bank for on-line review of bank statements, current day activity and the status of the accounts in the course of a business day. All MiSDU accounts regardless of size must have this capability.



4. There must be connectivity with adequate security to allow daily transmission of electronic positive pay files to the bank and the transmission of cleared check redemption files to MiCSES directly or to MiCSES through the Contractor.
 5. Electronic disbursements must not be disbursed prior to the issue date. They must be released on the date of issue contained in the MiCSES file.
 6. Under Michigan law, MCL 400.238(2), interest that accrues on a payment after its receipt and before its disbursement is payable to the state general fund to offset program costs. Contractors must show how any interest that accrues above the Earnings Credit Rate discussed in Section 1.061B will be identified on the invoice as an offset to program expenses.
 7. The State retains the option of sweeping its accounts of uncommitted funds daily for purposes of obtaining a better earnings return. Float not necessary to cover the account analysis charges is to earn interest at the Contractor's proposed prevailing rate. This interest is to be used as required by Michigan law (Public Act 161 of 1999) to reduce program expenses or increase customer services as determined by the state.
- g) The Contractor will put a complete debit block on MiSDU accounts that will not allow any electronic transaction reversals to be made without specific written state permission.
- 2) Contractor provides for daily and monthly reconciliation and resolution of all banking transactions and activity. The Contractor will provide the State with daily financial reports. The reports will include information from the previous day and will include the following:
- a) System balance report that shows that all remit data received was transmitted to MiCSES or sent for further research.
 - b) Receipts reconciliation showing the receipts received at the MiSDU reconcile to the receipts received per the bank statement for the ACH Credits and Cash Deposits Accounts. Outstanding items must be reported to the State on a daily basis using an aged account payable report at the detailed level.
 - c) The Bank reconciliation must be prepared daily for the further research account showing the balance per the Bank Statements reconciles to the balance per an Aged Account Payable Report.
 - d) If the Contractor utilizes Electronic Communication Language (ECL also known as check 21) depositing, the State will require appropriate report tracking. If another form of deposit is used, the Contractor still must deposit all child and spousal support monies to a State MiSDU account the day of receipt.
 - e) Disbursement reconciliation showing that electronic disbursements reconcile to the ACH Disbursement Account. Outstanding items must be reported to the State on a daily basis using an aged account payable report at the detailed level.
 - f) Receipts and Disbursements in the Cash Concentration Account (excluding ZBA transfers) must be tracked and resolved by the Contractor. An aged report showing outstanding items must be provided to the State on a daily basis. This report must be available in both a summary and detail level.
 - g) The Contractor will work and resolve with the bank all bank adjustments. An aged report showing Bank Adjustments outstanding must be provided to the State on a daily basis. This report must be available on both the summary and detailed levels.
 - h) Any mail items opened and not deposited at the end of each day must be reported to the State in a detailed level report and verified that it has been reconciled to the items being held on site. Mail not opened and carried over to the following day must be reported showing the number of unopened items. A report must be filed the following day showing the dollar amount and number of checks/transaction not processed the previous day. The State expects that all mail and all electronic files will be processed every day without any form of carryover.
 - i) Provide ad hoc reports upon request for financial information.



- j) The Contractor must have a system to track all payment type details by day and provide summary and detail reporting to the State MiSDU Finance department. The Contractor would not be given access to the State systems for this activity.
- 3) Contractor-banking seamless services requirements:
- a) Identify and resolve out-of-balance conditions related to any banking or system activities.
 - b) Notify the bank of stop-pay requests to be established by the bank and enters corresponding actions into MiCSES. Stop payment will be submitted to the financial institution within two business days of the receipt of the request from the customer and the stop payments will be entered in MiCSES within five business days of the receipt of the request from the customer. Note that the submission to MiCSES must follow verification that the check did not clear the financial institution prior to submission of the stop pay.
 - c) Stolen Check Reporting: recovery of monies from the bank and disbursement to the appropriate party. Reissue check within two business days of receipt of money/approval letter from the financial institution.
 - d) Present NSF checks twice and stage NSF representations to increase probability of clearance based on payer deposit cycles.
 - e) Research and resolution of instances where MiSDU checks are rejected by Fifth Third or another bank.
 - f) Request from the bank and respond to image requests from the FOC's or law enforcement agencies.
 - g) Reconcile and address instances where the cleared check file and the positive pay file do not agree.
 - h) Any checks not completely cleared, but still in some type of pending condition within the bank, must not be applied against the account nor appear on the statements.
 - i) Reconciling and maintaining positive pay files.
 - j) The Contractor is responsible for requesting make-wholes from the State for the first NSF check presented by a payer as well as other activities as follows:
 - 1. The Contractor is responsible for the make-whole of all NSF subsequent checks after the first. The Contractor must return all future personal or business checks received from the obligor or Employer unless the State approves removal of flags in the Contractor system and MiCSES or after the current NSF(s) are paid.
 - 2. The Contractor must send a letter to the payer with notification of NSF condition and requests payer make-whole. The Contractor must explain how they will ensure that if the payer makes whole, the monies are applied to the debt recovery and not applied as current support. The process to assure that this occurs is to be described in the Contractor's response.
 - 3. Refers NSF's to the Michigan Department of Treasury, Collection Division, for collections after six months.
 - 4. Responds to information requests from Michigan Treasury Department - Collections Unit, and if adjustment request, submits to the State for approval.
 - 5. Makes whole on any checks identified as replacement that were processed.
 - 6. Receipts payer and Treasury collections make-whole and applies against State or Contractor recovery accounts in MiCSES to avoid payer receiving credit for additional support payments or applies against employer accounts receivable.
 - 7. Backs out receipts in MiCSES for NSF and Stop Payment Checks.
 - 8. Maintains NSF indicators for payers in Contractor provided systems and MiCSES.
 - k) The Contractor tracks in a data base NSF and Stop Pay checks and must be able to report outstanding amounts at the detail and summary levels.

**1.022G EFT/EDI Outreach and Certification**

- 1) The Contractor will provide for EFT outreach and certification support. The objective is to increase employers' use of EFT/EDI or other approved electronic methods for submitting support-withholding payments. The Contractor must ensure that the MiSDU continues to receive electronic payments from employers currently submitting electronic payments. Other media strategies may include publication of news articles and advertisements in trade and professional media, with approval from the State. Reporting on activities and progress is to be, at a minimum, per the requirements in section 1.042.
- 2) The Contractor is expected to monitor incoming paper receipts in such a manner as to identify the top 100 payers. This report would then be used to help the Contractor target their outreach efforts.
- 3) Maintains the existing payers using EFT/EDI without interruption.
- 4) The Contractor must not charge employers for any paper or electronic payments, except debit/credit card fee if applicable. Any intent to charge other payers is to be explained in detail and will require State approval.
- 5) Provides outreach to both employers and other state disbursement units in the use of submitting EFT/EDI payments to the MiSDU or receiving EFT/EDI payments from the MiSDU with objectives to:
 - a) Continuous increase in employers submitting EFT/EDI payments. The Contractor to develop an increasing EFT/EDI payments plan, providing milestones, for State approval.
 - b) Maintain EFT/EDI inbound and outbound transactions from the MiSDU and other State SDU's to achieve 100 percent of the States in the United States, as other State SDU's are functionally able to support EFT/EDI.
- 6) Require certification of any new employer or other SDU EFT/EDI submissions to the MiSDU.
 - a) The Contractor will be responsible for making initial employer and other SDU contacts to prompt transition to EFT/EDI.
 - b) The Contractor is responsible for developing the certification process.
 - c) The Contractor will be responsible for receiving and editing test transmissions.
 - d) The Contractor will be responsible for making contact with the employers regarding results of test transmissions.
 - e) The Contractor will assist the other states and employers in the data cleansing of information as part of the certification process.
 - f) The Contractor will work with the State to update the OTHP Table as needed.
 - g) The Contractor will develop a process to reject non-certified EFT/EDI transmissions.
 - h) The Contractor will be responsible for notifying employers that they have met the SDU information requirements and are properly certified to submit EFT/EDI to the SDU electronically.
 - i) The Contractor will identify the toll-free MiSDU Employer Assistance Line as the point of contact for resolution of any payment issues.
- 7) Provides outreach to encourage the use of electronic methods of disbursement to customers, including agencies.
- 8) The Contractor is responsible for communications with all affected employers.
- 9) The Contractor will work with the State to keep the Michigan Employer Job Aid updated.

1.022H Methods and Procedures

- 1) The Contractor is to maintain all documentation to verify all reporting claims as addressed section 1.042. The State reserves the right to audit any of the Contractor's reporting and Metric claims. The Contractor will need to produce documentation to back up any Metric or Reporting claim.
- 2) All new forms, coupons, and billing statements must be submitted to the OCS for review prior to implementation.
- 3) All business rule changes must have the prior approval of the State.



- 4) All system, process and business rule changes will be preceded by Contractor development and deployment plans including identification of dates, participants (MiCSES, OCS, FOC and MiSDU), contingency plans, benchmarks, systems and user acceptance testing, training and quality assurance.
- 5) The Contractor must assure the ability for audit and verification of all processes, work methods, transactions, and information systems.
- 6) The Contractor must provide for Type II SAS-70 audits annually, at a minimum, with scope to be defined by the Contractor and concurred on by the State. There will be only one final audit report annually. The Contractor must have controls evaluated a minimum of three times per year.
- 7) Have in place continuation of business and hard disaster recovery procedures, daily system software and file storage off-site; test plans and test frequencies at DR location not less than once every two years, with on site tests in the intervening year. (See 1.022M, MiSDU Disaster Recovery System). Contractor must provide their final draft DR/BC plan not less than 60 calendar days prior to implementation. The Contractor is required to address all State comments and have a final plan that can be approved by, and delivered to, the State not less than 20 calendar days prior to planned implementation.
- 8) In the event of an electrical power failure, a back-up generator(s) is required to keep the MiSDU fully functional, without the loss of data until power is restored.
- 9) Ensure separation of employee duties. The Contractor must evaluate the potential for employee fraud through access to different MiSDU areas, MiSDU systems, and the MiCSES. The Contractor must prevent the fraud potential by restricting physical access to areas, system user access to certain systems, and fraud that may be caused by who an employee reports to or what roles they can perform at any given time.
- 10) Provide to the State for review/approval, background check procedures and internal forms to meet all security requirements of this Contract.
- 11) Contractor Policies and practices must be in place controlling access to any operational or information systems and networks.
 - a) The Contractor must adopt and adhere to all State security policies for access to and use of the MiCSES and the related e-mail, Intranet, and network policies.
 - b) The Contractor must have equivalent capabilities, policies, and practices for Contractor infrastructure.
- 12) Electronic facilities security capabilities, policies, and practices must be in place controlling access into the MiSDU facility, restricting access within and between critical areas to assure financial and operational integrity, video monitoring, review and storage of video for oversight of access and critical operations areas.
- 13) The Contractor is responsible for preventing duplicate electronic receipt files and resultant data being processed from payers, Subcontractor(s), and from the Contractor to MiCSES. In addition, the Contractor needs to identify instances to the State where an employer submits several checks for the same docket/SSN within a two business day period.
- 14) The Contractor will be responsible for duplicate files, resultant correction, and make whole when created in error by the Contractor or Subcontractor(s). This includes duplicate full or partial bank transfers. The Contractor is responsible for all penalties, recovery, and reimbursement costs.
- 15) The Contractor must process and image all correspondence received. Correspondence intended for FOCs or PAs is to be express mailed daily to the appropriate party within two business days. Mail intended for any State of Michigan agencies may be sent by ID mail if available (within two business days). Correspondence intended for the MiSDU State Staff will be delivered daily (expected same day as receipt). If there is a questionable piece of correspondence, the Contractor should confirm with the State on how to proceed.



- 16) Monitor and report quarterly, hours of staff access to MiSDU areas. The State Project Director is to have 24/7 access, all others to be defined.
- 17) Incoming Mail directed to the Project Director is an exception to mail opening and must not be opened by the Contractor.

1.022I Quality Assurance (QA) Practices

Quality assurance practices must be implemented and maintained which will include, but not limited to:

- 1) The Contractor will perform quality assurance practices that ensure items being returned are to the correct sender.
- 2) The Contractor must have in place QA practices to assure consistent, complete, and accurate responses to customers, which is to include the ability of the State to periodically monitor customer calls directly from their State phones. If the use of State phones is not feasible, it is the Contractor's responsibility to permit State staff to monitor calls directly. Call center CSRs will be QAed at a level of no less than two calls monitored from each CSR each day.
- 3) The Contractor will develop and apply QA methods and practices for the continuing improvement of posted payment information accuracy and completeness and the actions taken by Contractor staff in the use of that information.
- 4) The Contractor is to perform QA on payments being sent for further research to insure that these payments were appropriately sent for further research per approved business rules. A payment may be sent for further research that will increase accuracy in payment processing outside the business rules with State approval.
- 5) Any duplicate receipts reviewed by the Contractor during the quality assurance process may not be counted as reviewed samples within the required 98 percent confidence level.
- 6) Security and controls must be in place and periodically assessed to assure all mail received is accounted for. Payments may not be left in source documents, scanning machines, shred bins, trash cans, or any place other than being processed. This QA is to be re-evaluated on a yearly basis.
- 7) The Contractor will review the Contractor's resultant note entries to MiCSES and the Contractor's call recording, tracking and management system for completeness and accuracy.
- 8) Any employee of the MiSDU is prohibited from viewing a case in which the employee has a personal interest. Please see AT 2006-004 or its successor for details.
- 9) The Contractor to perform QA of forms processed, set up of electronic receipts and disbursements, processing of electronic payments, and all other services provided by the Contractor.
- 10) The Contractor is to perform QA of all edits made on the EFTR screen. There is an FPRO report within MiCSES that can be ran daily showing all edits made on the EFTR screen and who made them.

1.022J Financial Institution Considerations

Requirements in order to qualify as a bank for state deposits in Michigan:

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



Collateral

The Contractor will be required to provide collateral to cover all MiSDU monies in the bank accounts at the end of every day. The pledged collateral must be held at the Federal Reserve in the name of the Michigan Department of Treasury. It is estimated that the maximum amount of collateral will be \$85 million. The amount of collateral required will be reviewed quarterly. The Contractor must provide an initial list of the par amount, type, cusp number, and current market value of the collateral to the State Treasurer Administrator of Short Term Investments. Updates must be sent when collateral is added, the Michigan Department of Treasury reserves the right to reject any collateral deemed unsatisfactory. Upon rejection, the Contractor must provide approved substitute collateral within one business day. The Department of Treasury also retains the right to set the amount of collateral needed to cover the bank account. The Department of Treasury will only accept US Treasury Bonds, Notes and Bills as approved collateral for this Contract (see Michigan Treasury Department Requirements, Bulletin BT-10001 and schedule Deposits of State Funds and Collateral Requirements). The Department of Treasury will not release collateral until this Contract is completed in its entirety.

THE CONTRACTOR MUST NOT SWITCH COLLATERAL AT ANY TIME WITHOUT APPROVAL FROM THE STATE TREASURER ADMINISTRATOR OF SHORT TERM INVESTMENTS. SWITCHING COLLATERAL AT ANY TIME WITHOUT APPROVAL FROM THE DEPARTMENT OF TREASURY MAY TERMINATE THIS CONTRACT AND DISQUALIFY THE CONTRACTOR FROM RECEIVING FUTURE CONTRACTS WITH THE STATE.

1.022K Transition Planning and Execution

- 1) Contractor responsibility at the end of this Contract:
 1. Prepare for the possibility of extending the current debit card expiration dates at least six months past the date of transition with State approval.
 2. Prepare for the possibility of extending the debit card portion of this Contract up to six months beyond the end of the rest of this Contract.
 3. Prepare for the possibility of stopping then current debit card bank enrollments some reasonable time period before the date of transition.
 4. Prepare to stop debit card inserts some time period before the date of transition.
- 2) Customer Services Telephone Numbers
All telephone carrier costs related to the MiSDU operations including customer services and the use of toll-free lines, IVR connectivity, internet connectivity, MiCSES connectivity, access to the State data exchange gateway, MiSDU administrative functions, and State e-mail use will be the State's direct cost and will be through the use of designated State carriers and backups. All hardware and all Contractor activities necessary to plan, test, and implement the various carrier services must be the responsibility of the Contractor to be embedded within the unit rates. Any Contractor communications outside SDU functions are the responsibility of the Contractor and are not a cost to the State.
- 3) FOC and Payer Impacts
Transition communications with partners are the responsibility of the Contractor. This should include plans, dates, PO Boxes, electronic submissions, electronic disbursements, and any other facet of operations affecting how the customers, partners, and stakeholders must interact with the MiSDU.
- 4) Equipment Being Used
The Contractor must provide equipment and software to assure complete operation of the MiSDU.
 - a) The Contractor is responsible for assuring configuration capabilities adequate to support normal workloads as well as spikes in workload that can at least double following a holiday or weekend. The Contractor is responsible for monitoring capabilities and system limitations to anticipate if and when growth or changes in process cause the MiSDU to approach system limitations. The intent is to adjust the limitation before it impacts MiSDU functions.
 - b) All hardware and connectivity must be provided by the Contractor to accomplish MiSDU Contractual responsibilities with a seamless operation with sufficient capacity to accomplish daily transaction volume for the duration of this Contract.
 - c) Any disruption due to hardware or software failure is to be resolved and production brought current within the next business day. Such failures are to result in immediate notice to the State with detailed incident report to follow as required.



- d) Repetitive failures of hardware and software over a one week period resulting in failure to meet applicable performance levels set forth in section 1.042, will result in a review of maintenance records, identification of the problem and a plan of correction. Continued failure is to be determined by the performance factors not having been accomplished and may result in penalties based on Service Level Agreements as provided in 1.042
- e) The Contractor will be responsible for upgrade and replacement of any equipment or software that is deemed by the State or Contractor to not be performing adequately during the life of this Contract.
- f) The State will access Contractor fax and copy machines for use as needed.
- g) Any equipment, software or MiSDU facilities may be used for Contractor support of its other SDU sites, such as in the event of a disaster at another site, after all Michigan workload is and remains current. Plans, expected capacity requirements, workload priorities, testing, benchmarks and deployment strategies must receive prior approval by the State.
- h) The State may retract the use of the MiSDU as a disaster recovery site with 30 calendar days notice at any time plans appear to be a potential interference with Michigan production workloads and the Contractor, in the sole opinion of the State, has not taken adequate precautions to mitigate the adverse impacts.
- i) If the use of the MiSDU facilities for disaster recovery interferes with the accomplishment of State workloads, penalties for Service Level Agreements may be applied by the State reflecting the performance factors impacted in 1.042.

Any intended temporary usage of the MiSDU site requires prior approval by the State.

- 5) Transition Plan and Future Enhancements
 - a) The Contractor's Final Transition Plan is due five business days after this Contract start date. Any significant deviations from the draft plan, particularly involving dates or State staff resources must be explained in detail and approved by the State.
 - b) At the time of transition, the Contractor should understand that the State may elect to delay processing receipts, coupons, and disbursements for a limited time period in order to perform a quality assurance review of the receipts before entering them into MiCSES. The length and breadth of this QA process will be determined by the State based upon the progress of testing and the results of initial review. The Contractor should plan to incorporate this process into their transition plan.
 - c) All transition, enhancement activities, work improvements, and testing will be preceded by the transition plan, to be prepared by the Contractor and concurred in by the State assuring the identification of the participants, timelines, tasks and responsibilities.
 - d) The Contractor must, at a minimum, provide an overall transition plan for critical events and deliverable dates as follows. The State will seek to have an independent facilitator present, but the Contractor should not assume that this will occur.
 - 1. State MiSDU staff, MiSDU Contractor, OCS, MiCSES, bank and FOC participation requirements are to be identified.
 - 2. Contractor interaction with any workgroups or organizations are to be identified.
 - 3. Project reporting, milestones, risk mitigation strategies, decision points and deliverables are to be identified.
 - 4. Deliverables acceptance, lead times and acceptance periods are to be identified.
 - 5. Plan to attend State project director weekly meetings.
 - 6. A partial list of tentative milestones and dates are as follows:



1. Deliver transition plan	5 business days after Contract signing
2. Affirm detail requirements	30 calendar days after contract signing
3. Acquire site for operations	To be identified in transition plan
4. Complete site renovations	To be identified in transition plan
5. Acquire hardware and software	To be identified in transition plan
6. Obtain occupancy permit	To be identified in transition plan
7. Present plan for installing hardware	To be identified in transition plan
8. Establish test environment	To be identified in transition plan
9. Testing acceptance	To be identified in transition plan
10. Establish processing environment	To be identified in transition plan
11. State Initial User Acceptance Testing	To be identified in transition plan
12. State Final User Acceptance Testing	To be identified in transition plan
13. Start-Up of MiSDU	To be identified in transition plan

- e) The transition plan must show tasks, staffing, hours, milestones, decision points, bar and critical path charts demonstrating understanding on the part of the Contractor with regard to the scope, complexity and time criticality of the project.
- f) The plan must identify when and for what purposes the Contractor requires participation by the Subcontractors, critical task dependencies and mitigation efforts to assure timely transition.
- g) The plan must identify activities that require State staff or organization participation (MiSDU, MiCSES, OCS, or other).
- h) The Contractor may be required to pay costs for any State provided training above and beyond train the trainer.
- i) The plan is to identify critical decision points (any needed), risk factors associated with these decision points, and risk mitigation strategies.
- j) The Contractor is required to actively participate and provide required information to facilitate any future transition to another Contractor that may be selected for future continued operations of the MiSDU when this Contract expires or is terminated. Assistance will address all areas of this Contract including: transition of the Web site, electronic payers, ongoing bank account info to clear checks, etc.
- k) The Contractor's transition plan must describe:
 - 1. Transition of inbound electronic payments.
 - 2. Outreach, notices, and other communications.
 - 3. The transition of outbound electronic payments.
 - 4. All factors, communications, timelines, milestones, etc involved with the transition.
- 6) Hire/Transfer of employees between Contractors – Deleted – N/A
- 7) The transition plan must include steps for connecting to MiCSES, DEG, GroupWise (may change to Outlook in the future), and MI-Support. The Contractor must provide for connectivity to the State communications infrastructure to include access to:
 - a) MiCSES for customer services, suspense and payment research works.
 - b) Data Exchange Gateway for exchange of electronic files between MiCSES and the MiSDU.
 - c) GroupWise (or Outlook) which is the State standard for e-mail and for which DHS will absorb the costs of licenses. It is possible that counties may not use GroupWise (or Outlook) and may manage their own e-mail systems. Any confidential IV-D information transmitted by e-mail to counties must be done within confidentiality requirements expressed in Action Transmittals.
 - d) MI-Support, which is on the State's Intranet and contains OCS and MiCSES information on policies, guidelines, operations schedules and other operations related information.



- e) IVR's in use by MiCSES.
 - f) Existing voice and data communications lines, excluding voice or data communications used for the Contractor's administrative functions.
- 8) Site location and Preparation
- a) The MiSDU must be located within the greater Lansing, Michigan area, which is defined as within a 15 mile radius of the Grand Tower Building (235 S. Grand Avenue) in downtown Lansing.
 - b) The MiSDU site location must be kept undisclosed for security concerns. The Contractor must not allow public knowledge of the MiSDU location and must work with the building landlord to emphasize security.
- 9) Implementation Project Control
- a) While DMB Purchasing Operations remains the sole authority for overseeing this Contract, the Contractor will carry out this project, on a daily basis, under the direction and control of the Department of Human Services, Office of Child Support (DHS – OCS) State SDU Project Director.
 - b) Although there will be a liaison as needed between the entire Contractor's team and DMB Purchasing Operations, the State SDU Project Director will meet weekly, at a minimum, during initial implementation or subsequent implementation of new systems functionality, with the Contractor's project manager for the purpose of reviewing progress and providing necessary guidance to the Contractor in solving problems which arise.
 - c) The Contractor will submit to the State SDU Project Director brief, written weekly summaries of progress during implementation, which outlines the work accomplished during the reporting period, and work to be accomplished during the subsequent reporting period. Problems, issues, constraints, or opportunities, real or anticipated, should be brought to the attention of the State SDU Project Director, with Contractor notification of any significant deviation from previously agreed-upon work plans to all agency contacts as well as the State SDU Project Director.
- 10) Implementation Period Reports
- Weekly reporting must specifically identify information and status as follows:
- a) Overall Project Status
 - b) Project Activities
 - c) Accomplishments
 - d) In Progress
 - e) Late
 - f) Planned for Next Period
 - g) Planned Tasks/Hours
 - h) Hours Budgeted
 - i) Hours Expended
 - j) Variances
 - k) Estimates to Completion
 - l) Milestone Status
 - m) Issues for Resolution
 - n) New/Open
 - o) Project Changes
 - 1) Approved/Rejected
 - 2) New/Pending

Quarterly, a summarized report with the aforementioned information must be provided by the Contractor to the Contract Compliance Inspector, with copies to the State SDU Project Director.

**1.022L Administrative Practices and Considerations**

- 1) **State On-Site Work Space**

The Contractor must provide at least 3,500 square feet within the SDU site to accommodate a minimum of eight State MiSDU staff with offices, a 15x24 conference room (with a white board, phone, and network connections), a 10x12 separate kitchen area for State staff only (with counter space, cupboard storage, and running water), (refrigerator and microwave is not the Contractor's responsibility), and adjustable office furniture. Supplies, PC's, printers, voice and data connectivity for the assigned State staff will continue to be the State's responsibility.
- 2) **Days of Operation unless in writing by the State:**
 - a) **Customer Services – Any day MiCSES PRD is available and/or the State determines Customer Service will be needed. Hours from 7:30 a.m. to 6:00 p.m. EST. In general, Customer Services is closed most State holidays.**
 - b) **Receipting, validating and transmission to MiCSES for posting – Monday through Saturday except on days the US Post Office is closed and mail is not available, or potentially days that MiCSES PRD is not available. Electronic receipts will be processed on all days that the banks and/or the ACH make electronic files available, and that MiCSES PRD is available. For reporting purposes, Saturday is to be reported separately. Saturday is not considered a business day for purposes of most performance requirements, but files must be transmitted to MiCSES, accuracy must be maintained, quality assurance requirements must be met and documented, and all other services of a standard receipting process are to be followed.**
 - c) **Further research and suspense management - any day operations are processing payments, except when MiCSES PRD is not available.**
 - d) **As required, additional staff time may be scheduled by the Contractor to assure the workloads are completed daily and within Contract requirements. Need for off-hours access to MiCSES must be coordinated with the MiCSES recognizing the current MiCSES commitments to evening and weekend batch production.**
- 3) **Billing Methods and Timeliness**

Services billings must be received no later than 15 calendar days following the close of each month and must offer an early payment discount.
- 4) **Operations Incident Report**

Any event influencing the functioning of the MiSDU (positive or negative) and the accomplishment of its performance requirements must be reported to the State within five business days after discovery. Negative reports may include, but not be limited to, mail delivery delays, loss of voice or data connectivity, hardware or software failure, staffing issues, etc. The incident report must indicate the cause, impacts and expected time for restoration of the services if a negative incident. Similarly if there are positive developments (example: record inbound electronic receipts or paper receipts processed, record call volumes addressed, excellent customer service provided, etc...), an incident report should be made to assure State awareness of positive accomplishments. Updates to incident reports are allowed as more facts surface. Verbal reporting of any issues that affect customers, partners, stakeholders, etc. must be completed as soon as the issue is identified to facilitate a collaborative effort to assess and resolve the problem.
- 5) **Problem Tracking and Resolution:**

The Contractor will be required to establish and maintain a MiSDU Activity Log and Resolution system. The objective is to ensure there is a single point, to which all MiSDU problems, activities, assignments, and action items can be identified, logged, managed and status reported until closure. Contractor, FOC and State staff (MiSDU, OCS and MiCSES) will initiate the identification of such activities for tracking. The Contractor will be responsible for providing, operating and maintaining this MiSDU Activity Log and Resolution system, and for regular status meetings with State staff.



- 6) Escalation of Issues
Early identification and review of problem conditions is essential to the mutually acceptable resolution of those problems. Recognizing the high volume, levels of accuracy required and critical timeliness of performance, early resolution avoids compounding of a problem. It is considered vital that the Contractor maintain a process for notifying State staff as soon as issues are identified.
- 7) Software Used by Contractor in Operation of the MiSDU escrowed with Third Party and to be made available to the State.
 - a) All software and any changes to the software being used for the accomplishment of the MiSDU functions must be escrowed timely with an independent third party.
 - b) Pursuant to an escrow agreement, the State must have access to use the software solely to operate the MiSDU, but only in the event the Contractor operations are aborted due to work stoppage, bankruptcy, ceases to support the software and does not make adequate provision for continued support of the software, Contract cancellation for cause or other event. The State would be offered the opportunity to assume the building lease, equipment leases, and other activities required to continue processing payments if the Contractor should be incapable of doing the work. Under those conditions, the State may occupy and staff the MiSDU facility using the existing hardware, software, connectivity, and may retain existing maintenance agreements and staff who wish to stay. The State would need to contact the staff and would require information regarding pay rates and benefits.
- 8) MiSDU Bi-annual Security Walk Through
During the course of this Contract, there will be State review of data integrity, facility security, and Contractor's security policies and procedures. The MiSDU Security Walk Through will happen twice a year (every six months). Participants in this process would include, but not be limited to: Office of Enterprise Security (OES is an office within DIT), Office of Child Support, DMB Internal Audit, MiSDU State Staff, and DIT. Sample topics reviewed include:
 - a) Data Integrity
 1. Security Banners on routers and switches
 2. System backup
 3. Separation of roles
 4. Employee case disclosure
 5. Access to IV-D information
 6. Methods of data security, protection and encryption (to include, but not be limited to, laptops and flash drives)
 7. Others as defined by participants
 - b) Physical Environment
 1. Security Access
 2. Security Logs
 3. Personnel access
 4. Human Resources Background Checks of employees
 5. Others as defined by participants
- 9) Large employers delaying payments
The State is interested in processes that could identify if an employer (especially an employer with 50 or more remits) missed their usual payment date. If this becomes required for the MiSDU, then a Contract Change will be made to address this.

1.022M Disaster Recovery Plan for Resumption of Operations

This Contract is required to have a Disaster Recovery/Business Continuity (DR/BC) Plan. The final draft plan will be due not less than 60 calendar days prior to implementation for State review and comment. The Contractor will be required to address all State comments and have a final plan that can be approved by the State, delivered to the State not less than 20 calendar days prior to planned implementation.



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

1. Back-up files of databases and image files are to be stored off-site at least daily.
2. Plans must be in place for retrieval, installation and reinitiating of full operations within one hour following restoration of power or occupancy of building is allowed.

Hard Disaster – Site Not Usable – Requires Relocation of Operations

1. Contractor must have designated an off-site location with hardware and software that emulates MiSDU operations and to be available within required time frames listed under Off-site operations (1-7) and the chart below.
2. The Contractor should try to retain trained staff if feasible. This may mean keeping as many services as possible close to the original SDU site, but outside the disaster area.
3. The Contractor must have a plan for reinitiating operations within 24 hours at this off-site location in the event of a decision to initiate hard disaster activities.

Off-site operations will need to be initiated by the Contractor as follows:

1. Off-site facility must be available 24 hours a day, seven days a week, and 365 days a year.
2. Customer Services must be operational at the chosen backup site within 24 hours from the date and time the existing facility is determined unusable, with MiCSES and voice connectivity ported to the new location. The decision that the original facility is unavailable will be made by the disaster recovery executive management team. Members to be proposed in the draft and will include State and Contractor staff.
3. Receipting Operations will be operational within 48 hours from the date and time the existing facility is determined unusable, with ability to transmit receipt files to DEG.
4. Research and Suspense Operations will be operational within 72 hours from the date and time the existing facility is determined unusable, with MiCSES and voice connectivity ported to the new location.
5. Check Print Operations will be operational within 24 hours from the date and time the existing facility is determined unusable, with the ability to receive from and transmit electronic files to the DEG.
6. Coupon Print Operations will be operational within 120 hours from the date and time the existing facility is determined unusable, with ability to receive electronic files from the DEG.
7. All banking functions will need to continue uninterrupted.

Term	Definition
Continuation of Business	Deemed any situation, in which communication, data/software, or units of equipment are lost, but can quickly be restored or replaced. This situation should take no more than 48 hours to remedy (subject to OCS management, MiSDU management, or proper authority discretion). The Contractor must have a back up power supply to address continuation of business. Also, refer to section 1.022H.8 on back up power supply.
Hard Disaster	Deemed any interruption in the functions of the MiSDU anticipated to take at least 72 hours to resolve (subject to OCS management, MiSDU management, or proper authority discretion).
Local Disaster	Service interruption will exceed 72 hours but the causes are limited to the SDU or the area immediately surrounding the SDU.
Regional Disaster	Service interruption will exceed 72 hours and the causes extend over such a wide geographical area that it is not feasible to maintain operations near to the SDU.

In the event of a local disaster, the MiSDU needs to address many issues. Items below are to be considered and addressed:

1. State staff must be relocated at State's expense and discretion. The Contractor will plan to provide office space and work surfaces for State staff as required for regular operations.



2. Customer services will be included in the relocation plan. Since a Subcontractor may handle customer services, a need for separate plans from the Contractor and the Subcontractor will be required. These plans must adhere to the standards set forth in this Contract and State standards.
3. Disaster provisions will be initiated within 24 hours of a disaster being declared by the Executive Management Team.
4. E-mail and voice/fax communication between Customer Service (or similar research unit) and the counties needs to be maintained. The check print and coupon contractors also need to receive their routine files so that the continuation of business is seamless.
5. Contractor must have designated an off-site location with hardware and software that emulates MiSDU operations and is available within required time frames.
6. All necessary equipment for production and customer services needs to be provided for at the DR site in the event of a disaster.
7. Electronic inbound and outbound transactions are to continue to be processed within required time frames.
8. The DR site will successfully gain connection to the State of Michigan systems, including connectivity to MiCSES IVR's, MiCSES, and Contractor tools necessary to support customer services, MiSDU research, and any other necessary services. Connectivity to State infrastructure to include data exchange gateway and e-mail. Data connections to the DR site for all necessary incoming/outgoing files and processes (coupon & check print, gateway, banking, MiCSES, etc.) will need to be established and tested.
9. Relocation of the Contractor's accounting operations will occur as necessary.
10. Relocation of Employer Outreach will occur as necessary.
11. The MiSDU will be required to deposit checks during a disaster as it would on any normal processing day.
12. Daily backup files will be stored offsite in fire safe facilities to help aid in the recovery of data if necessary.
13. Uninterruptible power supplies (UPS) and back up generators will be utilized to avoid Continuation of Business and other types of disasters.
14. The Contractor must have in place continuation of business and hard disaster recovery procedures, daily system software and file storage off-site; test plans and test frequencies at DR location not less than once every two years, with SDU-site tests in the intervening year. (See 1.022M, MiSDU Disaster Recovery System).
15. If Subcontractor(s) provide any aspect of service to this Contract, separate plans for Contractor and Subcontractor must be developed and submitted to the State for approval. Any changes to plan must also be submitted for review and approval by the State.

The Contractor must identify disaster recovery precautions and processes in use, regarding critical components of the system that are vulnerable and essential to daily operations, and also provide remote diagnostics on hardware and software to facilitate identification and resolution of problems.



1.030 Roles and Responsibilities

1.031 Contractor Staff, Roles, and Responsibilities

For purposes of this Contract, Key Personnel are defined as:

- Implementation manager,
- Implementation training manager,
- Implementation IT manager,
- Implementation disaster recovery manager
- Operational project director,
- Operational deputy director,
- Operational call center manager,
- Operational finance manager,
- Operational IT manager
- Others as defined by the Contractor.

1.040 Project Plan

1.041 Project Plan Management – Deleted – N/A

1.042 Reports

The Contractor will be required to provide all reports identified in this section. The Contractor must meet the Service Level Agreement for each report as defined below. Failure to meet the identified requirement for each report will result in the enforcement of penalties as detailed below (also see section 2.242).

On all reports with day counts the day of receipt is considered to be business day zero.

A. Mailroom:

A1. Mailroom Report

Report Purpose

This report tracks the work volumes of the MiSDU Mailroom and monitors any instances when our mail is not opened and scanned or when returns are not processed timely.

Report Requirement:

Report the week day, date, the number of checks returned to the sender, number of envelopes received per mail pickup, total picked up that day, yes or no that 100 percent of mail was opened and imaged and the completion time of this process. Add a column indicating that returned mail was logged and returned by the next business day (yes or no). It is expected that all mail will be opened every day, but it is possible that under exceptional circumstances some mail could carry over. An incident report would be required to document the circumstances if all mail was not opened. It is expected that all mail to be returned will be logged and returned by next business day, except under exceptional circumstances. Failure to log or return mail when appropriate must be explained by incident report.

Metric:

To insure that 100 percent of mail envelopes intended for the MiSDU are opened and the contents are imaged each day of operation and that mail not intended for the MiSDU is logged and returned day of receipt or next business day.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 for up to five percent of envelopes not opened and contents not imaged, that is intended for the MiSDU.

\$1,000 for up to the next five percent of envelopes not opened and contents not imaged, that is intended for the MiSDU.

\$10,000 for when more than 10 percent of envelopes intended for the MiSDU not opened and contents not imaged, that is intended for the MiSDU, over 10 percent.

Incident Report:

Yes, required each time one of the requirements of this report are not met.

Exception:

If the exception is caused by failure of a State system directly related to this service, or as approved in advance by the State, or if not pre-approved by the State, an incident report provides adequate justification, including remedial plans to prevent recurrence, for State approval.

Report Frequency:

Calculated daily and reported weekly and monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

B. Payment Processing:**B1. Payment Processing Report**Report Purpose:

This report tracks the volumes of payments processed by method of receipt.

Report Requirement:

Report the week day, date, type of receipt (paper and each type of electronic transaction), transaction count and dollar amounts, and the percentage of the total for each. In addition, the report needs to include verification that 100 percent of the payments were processed to MiCSES or Pre-MiCSES Research (this can be a yes/no). The Contractor is required to provide an incident report for any instances where the total does not equal 100 percent.

Metric:

Workflow report and to confirm 100 percent of payments processed and sent for further research (two point two percent past experience) or sent to MiCSES in a daily receipt file, no payments left unaccounted for.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 For failure to provide the report within three business days of the end of the reporting week.

\$500 for up to the first five percent of payments not sent to MiCSES by 6 p.m. same day or further research,

\$1,000 for up to the next five percent of payments not sent to MiCSES by 6 p.m. same day or further research,

and \$20,000 for payments not sent to MiCSES by 6 p.m. same day or further research above 10 percent (see glossary for definition of payments).

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

If the exception is caused by failure of a State system directly related to this service, or as approved in advance by the State, or if not pre-approved by the State, an incident report provides adequate justification, including remedial plans to prevent recurrence, for State approval.

Report Frequency:

Calculated daily and reported weekly and monthly

Report Medium:

Electronic: PDF, Word, or other State accepted format.

B2. Receipt Source ReportReport Purpose:

This report tracks the volumes of payments by type of payment.

**Report Requirement:**

Report the week day, date, payment sources (employer, FIDM, interstate, obligor, unemployment, or other to be defined), transaction counts, dollar amounts, total payment count, percentages, dollar amount, and total included in the receipt file to MiCSES.

Metric:

The report information here is to provide information and totals that must balance with report in B1.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

If the exception is caused by failure of a State system directly related to this service, or as approved in advance by the State, or if not pre-approved by the State, an incident report provides adequate justification, including remedial plans to prevent recurrence, for State approval.

Report Frequency:

Calculated daily and reported weekly and monthly

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C. Research:**C1. Extended Research Exceptions****Report Purpose**

This report is to document those instances where a customer contact could not be answered on the phone. Additional, possibly lengthy research would be needed, and the Contractor would complete that research generally within two business days, then respond to the customer. Exceptions, as described below, might include documented instances where message left were not returned within the two business days, or research outside the control of the Contractor delayed the response. The contact would be tracked until resolved.

Report Requirement:

Report provides date received, time received, a count of the number of calls which must be forwarded to extended research for completion, calls that are exceptions more than two business days old, a count of the number of calls which are in compliance with the two business days metric, identification of each call, number of business days to resolve for each call, the resolved date and time of each call, and a note explaining the call. The Contractor is to indicate what caused calls to be out of compliance with the two day metric.

Metric:

All calls pending to extended research must be resolved within two business days.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 for each extended research call not completed within two business days except as described below.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Exceptions include failure of a State system directly related to this service, or as approved in advance by the State, or if not pre-approved by the State, an incident report provides adequate justification. Remedial plans to prevent recurrence are to be explained where appropriate. The State understands that some items may not be closed within two business days because a non-Contractor entity has not yet responded. The Contractor is to list this as an exception to the compliance count and include in the exception a note of the status of the incident and the reason for the failure to resolve in two business days.

Report Frequency:

Calculated daily and reported weekly and monthly

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C2. Address Change Form and Payment Coupon Address Change ExceptionsReport Purpose:

Ensure that address change forms and coupons address changes are processed timely and completely and that exceptions are tracked and addressed.

Report Requirement:

This report tracks the number and timeliness of Contractor responses to SDU address change forms or payment coupons requiring address changes. Report the date, time, incident identification, member ID, number of business days to resolve, resolved date, total count of address changes, number of address change exceptions to metric, summary reasons for exceptions, number of address changes within compliance with metric, and identification of each address change action.

Metric:

The Contractor has two business days to process address change form requests.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 for each item that extends beyond two business days.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C3. Direct Deposit Application with Address Change ExceptionsReport Purpose:

This report measures the number and timeliness of Contractor responses to SDU direct deposit applications with address changes.

Report Requirement:

Report the date, time, incident identification, member ID, number of business days to resolve, resolved date, total count of address changes, number of address change exceptions to metric, summary reasons for exceptions, number of address changes within compliance with metric, and identification of each address change action.

Metric:

The Contractor has two business days to process Direct Deposit applications with address changes.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 for each response beyond two business days.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval.

Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C4. PIN Change ExceptionsReport Purpose:

Ensure that all PIN change requests are processed and timely, and that exceptions are identified and corrected.

Report Requirement:

Report the date received, time received, incident identification, Member ID, number of business days to resolve, resolved date, number of PIN Change requests, number of exceptions to metric, summary reason for exception, number in compliance with metric.

Metric:

The Contractor has two business days to resolve PIN change requests.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 for each item that extends beyond two business days.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C5. Returned Checks ReportReport Purpose:

Ensure that checks returned are voided and processed timely.

Report Requirement:

Report date, total checks returned, checks voided and reissued, checks voided and not reissued, bad address checks voided and reissued, bad address checks voided and not reissued, stale dated checks voided and reissued, other checks voided and not reissued, and escheatment forms voided and reissued. Add to this report a column indicating checks were processed within two business days (yes or no).

Metric:

Accomplish check void and reissue and Escheatment form void and reissue requests within two business days.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$100 per check or Escheatment form not processed in two business days.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C6. 307 Aging ReportReport Purpose:

Ensure that county DHS-307s are processed in a timely manner.

Report Requirement:

Report 307 form aging business days, date item was received, 307 resolved count, 307 resolved percentage of total 307s, 307 outstanding count, 307 outstanding percentage of total 307s, and total outstanding balance.

Metric:

Ensure that all 307 requests to adjust receipts or release suspense items are completed (process, reject appropriately, etc) within seven business days.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$100 per 307 not resolved in seven business days without State approval.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

**C7. 307 Received by Requested Action**Report Purpose:

Track number of 307s by requested action.

Report Requirement:

Report 307 request type, daily total for each day of the week, totals for each day, and total for the week.

Metric:

Workflow of 307s by requested action.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C8. 307s Received by Suspense Hold CodeReport Purpose:

Track number of 307s by MiCSES hold code.

Report Requirement:

Report shows 307 requests based on MiCSES hold code, daily volumes by day of the week, total by day, and total by hold code.

Metric:

Workflow of 307s by hold code.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

**C9. 307 Exception Detail Report**Report Purpose:

Ensure that county DHS-307 exceptions are tracked and justified.

Report Requirement:

Report shows 307 requests seven business day exceptions.

Metric:

Ensure that all requests to adjust receipts or release suspense items not completed within seven business days are tracked with the appropriate reason.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 per 307 not resolved in seven business days without State approval.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly and monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C10. Stop Payment RequestsReport Purpose:

Ensure that stop payment requests are received and processed timely.

Report Requirement:

For workflow purposes report requests for stop payment checks by work date, stop payment requests received, stop payment requests resolved, stop payment returned to sender, number of stop pays performed in MiCSES, number of stale dated checks, checks cleared forgery packets sent to customers. The following tasks within this report (stop payment forwarded to the financial institution, stop payments activities to MiCSES, and re-issued checks upon approval from the financial institution, forgery packets sent to the customer) must be completed within two business days of the respective triggering event. A "Y" (for yes) or "N" (for no) is adequate for this report. All "no" responses require explanation and an incident report.

Metric:

Workflow tracking of customer requested for stop payment, stop payment requests resolved, returned to sender, performed in MiCSES, stale dated checks, and forgery packets sent to the customer.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$100 for each stop payment check request not forwarded to the financial institution within two business days of receipt.

\$100 for each check not reissued within two business days upon receipt of the approval letter from the financial institution.

\$100 for each stop payment check request not processed in MiCSES within two business days of request received at the MiSDU from the customer.

\$100 for each forgery packet not sent to the customer within two business days of request received at the MiSDU from the customer.

\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C11. Lost-Stolen Checks ExceptionsReport Purpose:

Ensure that lost and stolen check requests are processed in a timely manner.

Report Requirement:

Report lost and stolen check incidents by date and time received, tracking incident ID, docket ID, member ID, number of business days to resolve, result of request, action notes, summary reason for exceptions, total number for the week, number of exceptions outside the five business days, and number in compliance.

Metric:

Ensure lost and stolen check requests are resolved within five business days of the date that a lost check affidavit is returned by the customer.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 for each item that extends beyond five business days.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C12. Forgery PacketsReport Purpose:

Ensure that forgery packets and checks reissued are processed in a timely manner.

Report Requirement:

Report work date, forgery packets received, forgery packets returned to sender, forgery packet sent to bank within two business days (yes or no), check was reissued within two business days of bank approval letter and funds received (yes or no), and number of checks reissued.

Metric:

Forgery packets should be forwarded to the bank within two business days and checks should be reissued within two business days of receiving both the approval letter and funds from the bank.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 per forgery packet not forwarded to the bank within two business days or check not reissued within two business days of receiving the approval letter from the bank.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C13. UNID Payment ReportReport Purpose:

Ensure detail tracking of unidentified payments received.

Report Requirement:

- Report unidentified payments by source including: week day, date, employer count and dollar amount, FIDM count and dollar amount, Interstate count and dollar amount, Obligor count and dollar amount, Unemployment count and dollar amount, Lottery count and dollar amount, total unidentified remits count and dollar amount, Total count and dollar amount by source, and percentage of source by total unidentified remits.
- Report unidentified payment by type including: week day, date, paper count and dollar amount, EFT count and dollar amount, cash count and dollar amount, wire count and dollar amount, credit card count and dollar amount, ACH count and dollar amount, total unidentified payment count and dollar amount, total by type, and percentage of type by total unidentified payments.
- Report unidentified payment summary including: week day, date, unidentifieds created count and dollar amount, unidentifieds resolved count and dollar amount, unidentifieds outstanding balance count and dollar amount, oldest unidentified outstanding by date, FIDM unidentifieds balance count and dollar amount, and total count and dollar amounts of created and resolved.

Metric:

Reports One and Two are workflow. Report Three is workflow and ensures all pre-MiCSES research items (if pre-MiCSES research is chosen by the Contractor) are to be resolved in 10 business days following the date of receipt. Regardless of which option is chosen, the Contractor must act upon any information provided such that payments to families are not delayed after research information is discovered.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 per item for all pre-MiCSES research items (if pre-MiCSES research is chosen by the Contractor) not resolved in 10 business days following the date of receipt. Regardless of which option is chosen, the Contractor must act upon any information provided such that payments to families are not delayed after research information is discovered.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly and monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C14. Forms Workflow ReportReport Purpose:

Monthly tracking of direct deposit, debit card, and PIN reset requests.

Report Requirement:

Report week day, date, direct deposit form (beginning balance, inflows, outflows, ending balance), debit card direct deposit form (beginning balance, inflows, outflows, ending balance), debit card form (beginning balance, inflows, outflows, ending balance), debit card form and direct deposit form QA (beginning balance, inflows, outflows, ending balance), PIN request form (beginning balance, inflows, outflows, ending balance), and total inflows and outflows.

Metric:

Workflow.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C15. Monthly UNID Source ReportReport Purpose:

Monthly tracking of source of unidentified payments received.

Report Requirement:

Report shows week day, date, the source (employer, FIDM, Interstate, Obligor, Unemployment, Lottery), count, and dollar amount of items going into further research by day, percentage of each source as compared to total remits going into further research, and this is a monthly report.

Metric:

Workflow and all items by source going into further research.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported Monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C16. Monthly Unidentified Payment Aging Report Further Research – Excluding FIDMReport Purpose:

This report tracks that the volume of unidentified payments excluding FIDM going for further (or MiCSES if used) research and the aging of these payments.

Report Requirement:

Report shows week day, date, the count of items added and resolved in further research, dollar amount, average days to resolve, items resolved to MiCSES Research, dollar amount of those resolved to MiCSES Research, average days to MiCSES Research, items, amount, and average age of outstanding items in pre-MiCSES Research by day for the month (if Contractor uses pre-MiCSES research).

Metric:

Workflow and all items going into pre-MiCSES and/or MiCSES Research (“further research”).

Service Level Agreement:

The penalty(ies) for failure to meet the “Report Requirement” are as follows:
\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C17. Monthly Unidentified Payment Workflow Report MiCSES ResearchReport Purpose:

This is a workflow report of unidentified payments being addressed by the MiSDU within the MiCSES application.

Report Requirement:

Report shows week day, date, UIRE Transactions (beginning, inflow, outflow, ending), UIRE in progress (beginning, inflow, outflow, ending), UNID transactions (beginning, inflow, outflow, ending), UNID in progress (beginning, inflow, outflow, ending), UNID to UNDF (beginning, inflow, outflow, ending), and totals for each inflow and outflow.

Metric:

Workflow and all items going into MiCSES Hold.

Service Level Agreement:

The penalty(ies) for failure to meet the “Report Requirement” are as follows:
\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C18. SDU Void-Reissue Check ExceptionsReport Purpose:

Ensure that the void and reissue check process is performed timely.

Report Requirement:

Report void-reissue check incidents by date and time received, tracking incident ID, check number, number of business days to resolve, result of request, action notes, total number for the week, number of exceptions outside the two business days, summary reason for exceptions, and number in compliance.

Metric:

Ensure void-reissue check requests are resolved within two business days of the date of notification or returned check.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$500 per void and reissue not done within two business days.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

C19. SDU Escheatment Forms with Address Changes ExceptionsReport Purpose:

Ensure that escheatment forms with address change are processed timely.

Report Requirement:

Report Escheatment Forms with Address Change incidents by date and time received, tracking incident ID, check number, number of business days to resolve, member ID, result of request, action notes, total number for the week, number of exceptions outside the two business days, summary reason for exceptions, and number in compliance.

Metric:

Ensure Escheatment Forms with Address Change requests are resolved within two business days of the date of notification or returned check.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:
\$500 for failure to provide the report within three business days of the end of the reporting week.
\$500 per Escheatment Form with Address Change not done within two business days.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

D. Disbursements:**D1. Disbursement Report**Report Purpose:

Detail of electronic disbursements and comparison of all disbursements.

Report Requirement:

Report the week day, date, type of electronic disbursement (including transaction count and dollar amount), total disbursements (including paper), percentage of disbursements by transactions and dollar amount.

Metric:

Workflow of disbursements.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:
\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly and monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

D2. Paper Disbursement Activity ReportReport Purpose:

Detail of paper check disbursements.

**Report Requirement:**

Report the week day, date, each type of check (including check count and dollar amount), total checks (including check count and dollar amount), auto and manually inserted check count, checks printed count, checks not mailed count (checks not mailed should not be included in the transaction count and dollar amount of checks disbursed, track checks not mailed separately), checks mailed count, check confirmation file check count, all checks (in the check print file provided by MiCSES) are printed. The State would like added to this report a count of any special inserts added to disbursement envelopes (example: the debit card insert) and a yes/no to confirm all checks were mailed.

Metric:

100 percent of MiCSES checks are printed and mailed by the next Post Office mailing cut off time.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$1,000 for up to five percent of checks not printed and mailed by the next Post Office mailing cut off time.

\$5,000 for up to the next five percent of checks not printed and mailed by the next Post Office mailing cut off time.

\$10,000 if over 10 percent of checks are not printed and mailed by the next Post Office mailing cut off time.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly and monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

D3. Correspondence Report**Report Purpose:**

Ensure that daily correspondence is processed timely.

Report Requirement:

Report the week day, date, county correspondence count, yes or no county correspondence was forwarded by express mail in two business days of receipt, SDU forms mailed by count, and any comments. Add a yes or no field that shows customer service SDU forms were sent in two business days of request. Add a yes or no field that shows all written responses to mail inquiries were sent within 10 business days of receipt.

Metric:

Ensures 100 percent of each day's correspondence is mailed within two business days, both county correspondence by express mail and customer service requested SDU forms.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$100 per correspondence item not mailed in two business days

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly and monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

E. Customer Service:**E1. Call Center Report(s)**Report Purpose:

Ensure that customer calls are being addressed as required.

Report Requirement:

Report the week day, date, and report the following for each phone line.

Report count of: calls presented to be answered, calls dropped in 30 seconds, calls that should be answered per Contract, calls actually answered, percent answered by Contractor, calls abandoned by Contractor after 30 seconds.

Report average time of: abandon calls, talk time, after call work time, average wait to answer, number of calls by day waiting over five minutes and maximum wait to answer time.

Report the created call center incidents, resolved call center incidents, resolved with provided information, resolved with referred to FOC, pending to extended research, other, percentage of calls resolved internally, and percentage of calls referred to the FOC.

Metric:

There may be significant call volume changes within a given month and outside influences may generate a need for customers to call at a different rate.

Calls abandoned within 30 seconds are deemed not intended for the SDU.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$5,000 per percent above five percent abandoned for the month

Note: calls not accepted by Contractor process due to Contractor decision or errors are to be treated like abandoned calls over 30 seconds. If no metrics are available on calls not accepted when Contractor system is not accepting calls, State will use the average daily volume for the most recent complete month.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly and monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

E2. Top Six Communication Types ReportReport Purpose:

Ensure that all customer inquiries are being processed and the volumes of each.

Report Requirement:

Report each week on all incident types, top five incidents per type, percent of incident type compared to total calls, total number created, total percent, and percent in decreasing order.

Include phone calls, Web inquiries, Mail inquiries, E-mail inquiries, Voice mail (if used), and Fax inquiries.

Metric:

Top communication types.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly and monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

F. Customer Outreach:**F1. Outreach Marketing Report**Report Purpose:

Monitor outreach efforts to increase electronics.

Report Requirement:

Report date of initial contact with employer, is this one of the top 100 employers left to convert to EFT in Michigan (yes or no), was the EFT payment option refused (yes or no), date of refusal, employer names in alphabetical order, and reason for refusal.

Metric:

Outreach marketing efforts.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

F2. Outreach New Certification ReportReport Purpose:

Ensure outreach efforts to increase electronics.

Report Requirement:

Report certification date of new employers on EFT, initial contact date, number of withholdings the employer has, remitter type, and entity converted (name).

Metric:

Outreach marketing efforts.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

F3. Employer Marketing SummaryReport Purpose:

Ensure outreach efforts to increase electronics.

Report Requirement:

Report employer certified count and percentage, certifications in progress count and percentage, EFT refused count and percentage, top 100 employer (yes or no).

Metric:

Outreach marketing efforts summary.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

F4. Employer EFT Certification and WEB ActivityReport Purpose:

Ensure outreach efforts to increase electronics.

Report Requirement:

Report shows week day, date, EFT in progress, Employers certified, number of withholdings, Obligor Registrations, number of WEB users, number of WEB visitors, and number of page views. Page views are defined as: a person looking at eight pages equals eight pages viewed.

Metric:

Outreach marketing efforts.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:
\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

G. MiSDU Finance:**G1. Finance Report**Report Purpose:

Ensure Contractor finance department addresses reconciliation, misapplied funding, and misapplied recovered timely.

Report Requirement:

Report week day, date, receipts and disbursements reconciled by day (yes or no), receipt date reconciled, misapplies funded within two business days (yes or no), date misapplied funded, amount of misapplied recovered, total of misapplied funding, total of misapplied recovered, percent of misapplied funded amount to payment dollars received, and finance comments.

Metric:

Ensure all bank accounts are reconciled in one business day. Ensure Contractor make wholes are done within two business days of the report or identification of the error.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:
\$500 for failure to provide the report within three business days of the end of the reporting week.
\$1,000 per Contractor make whole not performed within two business days of the report or identification of the error.
\$10,000 per incident that the bank accounts are not reconciled within one business day.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly and monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

G2. Bank Deposit ReportReport Purpose:

Ensure bank deposit is made timely.

Report Requirement:

Report the week day, date, daily deposit check count and dollar amount, yes or no daily deposit was sent to the bank, State account deposit dollar amount, Contractor make whole deposit dollar amount, other types of deposits, and total deposit to the bank.

Metric:

One hundred percent of each day's checks and cash are deposited with the bank before close of bank's posting business day.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$5,000 for the first day deposits are not made to the bank for that days processing, same day. \$10,000 for each additional day's deposit not made to the bank for that days processing, same day.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly and monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

H. Quality Assurance:**H1. Quality Assurance Reporting**Report Purpose:

Ensure the Contractor is performing quality assurance per Contract requirements.

Report Requirement:

Report QA of Payment Processing by: week day, date, total payments, payments sampled, percent sampled, misapplied errors found, misapplied errors corrected, and accuracy percentage.

Report QA of Disbursements by: week day, date, checks printed, checks sampled, address errors, amount errors, and name errors.

Report QA of Call Center by: week day, date, CSR's available, CSR's monitored, calls monitored, highest score, lowest score, and average score.

Add to Report: QA of electronic disbursement setups on MiCSES by: week day, date, total setups, setups sampled, percent sampled, errors found, errors corrected, accuracy percentage.

Metric:

- Show that Payments were processed at a 99.8 percent accuracy level. Payment Processing QA at a 98 percent confidence level sampling (see appendix B Number 16). $100 \text{ percent} - ((\text{error} / \text{the sample size}) \times 100) = \text{Accuracy Rate Percentage}$.
- Show that checks were printed at a 99.8 percent accuracy level. QA of checks will follow this same 98 percent confidence level sampling (see appendix B Number 16). $100 \text{ percent} - ((\text{error} / \text{the sample size}) \times 100) = \text{Accuracy Rate Percentage}$.
- Call Center CSR QA will be at a level of no less than two calls monitored from each CSR per day.
- QA of electronic payment setups on MiCSES using a 99.8 percent accuracy level and QA at a 98 percent confidence level (see appendix B Number 16).

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

Failure to maintain the required accuracy level for any single calendar month as a whole is subject to a penalty of \$1,000 for up to 1 percent below 99.8 percent accuracy, \$5,000 for up to each one percent additionally.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval. Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly and monthly

Report Medium:

Electronic: PDF, Word, or other State accepted format.

I. Systems:**11. IT Operational Report**Report Purpose:

Ensure all required files are moved timely and completely.

Report Requirement:

Report the week day, date, receipt file was sent (time & record count), check confirmation file was sent (time & record count), positive pay file was sent (time & record count), electronic disbursement file was sent (time & record count), other operational files were sent (time & record count), and verification that payment files were processed 100 percent (including EFT, ACH, Credit Card, and any others). Report identifies any system outages that affect any of the required file schedules in a comment field at bottom of report.

Metric:

Ensures that receipt file is transmitted to the States gateway by 6 p.m. Monday through Saturday.

Ensures that the check print, check confirmation and the positive pay processes occur such that Financial Institution (bank) obtains the positive pay file in sufficient time to approve checks presented by customers the next banking day.

Ensures that electronic disbursement files are received from the State Gateway and sent to the Financial Institution. One hundred percent of each day's files are processed successfully.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

\$10,000 per file not transmitted successfully, on required day.

\$20,000 per payment file not processed 100 percent (including EFT, ACH, Credit Card, and any others).

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval.

Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported weekly and monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

J. Other:**J1. Incident Listing Report**Report Purpose:

Ensure tracking of Contractor incident reports.

Report Requirement:

Tracks all Contractor incident reports by: tracking number, incident date, description, and date delivered to the State. Sorted in incident date order.

Metric:

Workflow.

Service Level Agreement:

The penalty(ies) for failure to meet the "Report Requirement" are as follows:

\$500 for failure to provide the report within three business days of the end of the reporting week.

Incident Report:

Yes, required each time one of the requirements of this report is not met.

Exception:

Include failure of a State system directly related to this service, or as approved in advance by the State and if not pre-approved by the State, an incident report will provide adequate justification for State approval or disapproval.

Remedial plans are to be explained where appropriate.

Report Frequency:

Calculated daily and reported monthly.

Report Medium:

Electronic: PDF, Word, or other State accepted format.

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 Contract:



This Contract will consist of two phases: "Implementation Phase" and "Operational Phase."

The Implementation Phase will consist of all Contractor processes and necessary state approvals leading to the point in time (on or before April 24, 2010) when the Contractor asserts that they are ready to begin complete operation of the MiSDU. The Contractor must plan time for state approval of all business processes, milestones, and critical steps in the contractor project plan. The Contractor will need to complete all steps to ensure that the MiSDU is ready to operate on April 25, 2010, including all necessary state approvals. Activities include, at a minimum, set up of equipment and testing that it is operational, the establishment of all hardware, software, occupancy requirements, and office furniture. All licenses and insurances must be in place. The Contractor must be able to demonstrate to the State that they have successfully completed unit, string, and system testing. The final step of the Implementation Phase will be User Acceptance Testing. During this phase, the Contractor must take staff through a complete test of all aspects of MiSDU processing. State approval of this test will complete the Implementation Phase.

The Operational Phase begins upon state approval of the User Acceptance Test (no later than two weeks prior to April 24, 2010). It will continue for the remainder of this Contract period.

The Contractor must provide to the State unit testing, system testing and acceptance test dates that ensure all components will operate as required by this Contract throughout the duration of this Contract and any optional renewal periods. All system and process changes throughout this Contract must include, at a minimum, acceptance test dates to the State demonstrating that the revisions will work as required by this Contract.

1.052 Final Acceptance – Deleted – N/A

1.060 Proposal Pricing

1.061 Proposal Pricing

A. Invoices / Billings

- 1) The schedule should show payment amount and should reflect actual work done by the payment dates, less any earned income credit, interest, other credits, etc., less any penalty cost charges accrued by those dates. Services billings must be received no later than 15 calendar days following the close of each month and must offer an early payment discount.
- 2) The business day the invoice is delivery to the MiSDU State staff, by the Contractor, will be considered business day "0". The Contractor will deliver the invoice on business day "0" by 12:00 p.m. EST, if delivered after 12:00 p.m. EST the invoice will be dated as being received on the next business day's date.
- 3) As a general policy, statements must be forwarded to the designated State representative by the 15th day of the following month in which the work was completed.
- 4) Emphasis is on Contractor responsibility for successful deliverable completion on schedule and with payment based on a rate per unit of service payment method.
- 5) The State retains the option of withholding payment in the event of an uncured material breach. At such time, an evaluation would be undertaken immediately with the Contractor to assess the remedial actions necessary to recover and return to the planned schedule. Under such circumstances, either a mutually acceptable plan for recovery will be developed by the Contractor or the State may exercise the options available under this Contract in Article 2.
- 6) Payments for banking costs will be made using a combination of available State funds appropriated for the SDU and a compensating balance resulting from earnings on the float, i.e. earnings credit. The Contractor must provide an Account Analysis Statement with the invoice. The monthly Account Analysis Statement must reflect actual earned income, credit funding, other interest, and actual expenses.



- 7) The monthly invoice from the Contractor will include all costs for the month identified. The earned income credit will offset (also explicitly on the invoice) the costs. If the available bank balance exceeds what is needed for banking costs, the difference is expected to earn interest at the Contractor's specified interest rate model, with the interest going directly to the appropriate state specified account. If the EIC is less than the banking costs, the State will pay the difference using state-appropriate funds.
- 8) 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 expense at the State's current travel reimbursement rates. See www.michigan.gov/dmb for current rates.

B. Earnings Credit Rate

- 1) For each month of this Contract, the Contractor must calculate the Earning Credit Rate as follows:
 - a) Determine the average discount rate on 13-week T-Bills for the weekly auctions that have taken place during the month. This data can be obtained from the Treasury Direct Web site.
 - b) Add any additional basis points the Contractor may propose to the average discount rate calculated in the previous step.
Example:
 1. Suppose that the Contractor follows step 1a above and for a specific week and determines the average discount rate to be three percent, and elects to bid an additional 50 basis points on top of that calculated rate.
 2. In this example, the Contractor would add 50 basis points to the calculated ECR to arrive at the final ECR of three point five percent.
- 2) The Earnings Credit Rate calculation will be calculated monthly by the Contractor and verified with the appropriate State staff before the account analysis statement is prepared. Errors discovered after invoice approval will be corrected by the appropriate party. A subsequent invoice will reflect the payment correction.
- 3) Float not necessary to cover the account analysis charges is to earn interest at the Contractor's proposed prevailing rate. This interest is to be used as required by Michigan law (Public Act 161 of 1999) to reduce program expenses or increase customer services as determined by the state.

1.062 Price Term

Prices quoted for on-going services are the maximum for the entire effective period of this Contract. Nonetheless, revisions to the rates per unit of service may be requested by either party for either increases or decreases.

The Contractor may request that the unit-rate-prices be revised at the end of the initial 1, 095 day period (end of the first three years) and each subsequent 365 day period (yearly):

- Such requested revision to the unit-rate prices must be based on general industry changes and must be supported by adequate detail to document same.
- Requests for price changes or revisions must be received in writing at least 90 days prior to their effective date and are subject to written approval and acceptance by the State.
- The prices quoted are approved for each 365 day (yearly) period must be firm for that fiscal period.

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 this 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 Holdback – Deleted – N/A



1.070 Additional Requirements

1.071 Additional Terms and Conditions specific to this Contract

It is further in the interest of the State and the federal government to deploy a cost-effective regional approach to the collection and disbursement of child and spousal support. If this becomes required for the MiSDU, then a Contract Change will be made to address this.



Article 2, Terms and Conditions

2.000 Contract Structure and Term

2.001 Contract Term

This Contract is for a period of six years, five months, and five days beginning April 25, 2010 through September 30, 2016. All outstanding Purchase Orders must also expire upon the termination (cancellation for any of the reasons listed in **Section 2.150**) of this Contract, unless otherwise extended under this Contract. Absent an early termination for any reason, Purchase Orders issued but not expired, by the end of this 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

This Contract may be renewed in writing by mutual agreement of the parties not less than 90 days before its expiration. This Contract may be renewed for up to three additional one year periods.

2.003 Legal Effect

Contractor must show acceptance of this Contract by signing two copies of this Contract and returning them to the Contract Administrator. The Contractor must not proceed with the performance of the work to be done under this Contract, including the purchase of necessary materials, until both parties have signed this 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 this Contract, until Contractor is notified in writing that this 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 this Contract has been issued.

2.004 Attachments & Exhibits

All Attachments and Exhibits affixed to any and all Statement(s) of Work, or appended to or referencing this Contract, are incorporated in their entirety and form part of this 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 this Contract. All orders are subject to the terms and conditions of this 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 will be required to furnish all such materials and services as may be ordered during this 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) This Contract, including any Statements of Work and Exhibits, to the extent not contrary to this 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 this 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 this Contract, which may be modified or amended only by a formal Contract amendment.

2.007 Headings

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

**2.008 Form, Function & Utility**

If this Contract is for use of more than one State agency and if the Deliverable/Service does not 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 this Contract is severable from all other provisions of this Contract and, if one or more of the provisions of this Contract is declared invalid, the remaining provisions of this Contract remain in full force and effect.

2.010 Consents and Approvals

Except as expressly provided otherwise in this Contract, if either party requires the consent or approval of the other party for the taking of any action under this 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 this Contract then the party has not waived the right to later insist upon strict adherence to that term, or any other term, of this Contract.

2.012 Survival

Any provisions of this 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 this Contract for any reason. Specific references to survival in this 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**

This Contract is issued by the Department of Management and Budget, Purchasing Operations and the Department of Human Services (collectively, including all other relevant State of Michigan departments and agencies, the "State"). Purchasing Operations is the sole point of contact in the State with regard to all procurement and contractual matters relating to this Contract. Purchasing Operations **is the only State office authorized to change, modify, amend, alter or clarify the prices, specifications, terms and conditions of this Contract.** The Contractor Administrator within Purchasing Operations for this Contract is:

Lance Kingsbury
Purchasing Operations
Department of Management and Budget
Mason Bldg, 2nd Floor
PO Box 30026
Lansing, MI 48909
E-mail: kingsburyL@michigan.gov
Phone: 517.241.3768

2.022 Contract Compliance Inspector (CCI)

After DMB-Purchasing Operations receives this properly executed Contract, it is anticipated that the Director of Purchasing Operations, in consultation with DHS, will direct the person named below, or any other person so designated, to monitor and coordinate the activities for this Contract on a day-to-day basis during its term. However, monitoring of this Contract implies **no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions and specifications of this Contract as that authority is retained by DMB Purchasing Operations.** The Contract Compliance Inspector for this Contract is:

Miriam Norris-Elias
Department of Human Services
Grand Tower Building, Suite #1205
P.O. Box 30037
Lansing, MI 48909
E-mail: elias-norrism@michigan.gov
Phone: 517.373.6478

**2.023 Project Manager**

The following individual will oversee the project:

David Mork, Director
Michigan State Disbursement Unit
P.O. Box 30037
Lansing, MI 48909
E-mail: MorkD@michigan.gov
Phone: 517.334.8646

2.024 Change Requests

The State reserves the right to request from time to time any changes to the requirements and specifications of this Contract and the work to be performed by the Contractor under this 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 this Contract, describing the Change and its effects on the Services and any affected components of this 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 Department of Management and Budget, Purchasing Operations.
- (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 this 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 this Contract.

2.025 Notices

Any notice given to a party under this Contract must be deemed effective, if addressed to the party as noted in Section 2.021 and/or the cover page of this 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 this 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 not be or must be deemed to be an employee, agent or servant of the State for any reason. Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and Subcontractors during the performance of this Contract.

**2.028 Covenant of Good Faith**

Each party must act reasonably and in good faith. Unless stated otherwise in this Contract, the parties will 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 this Contract.

2.029 Assignments

(a) Neither party may assign this Contract, or assign or delegate any of its duties or obligations under this Contract, to any other party (whether by operation of law or otherwise), without the prior written consent of the other party; provided, however, that the State may assign this Contract to any other State agency, department, division or department without the prior consent of Contractor and Contractor may assign this Contract to an affiliate so long as the affiliate is adequately capitalized and can provide adequate assurances that the affiliate can perform this 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 this 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 this 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 this Contract that all payments must be made to one entity continues.

(c) If the Contractor intends to assign this Contract or any of the Contractor's rights or duties under this 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 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 this Contract are to be released without prior written approval of the State and then only to persons designated.

2.032 Contract Distribution

Purchasing Operations retains the sole right of this Contract distribution to all State agencies and local units of government unless other arrangements are authorized by Purchasing Operations.

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 this 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 this Contract is subject to the provisions of the Michigan Freedom of Information Act, 1976 Public Act No. 442, as amended, 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 this Contract will 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 this 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.

2.042 Adjustments for Reductions in Scope of Services/Deliverables

If the scope of the Services/Deliverables under any Statement of Work issued under this 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 this Contract, the State will not be obligated to pay any amounts in addition to the charges specified in this Contract.

2.044 Invoicing and Payment – In General

(a) Each Statement of Work issued under this Contract must list (or indicate by reference to the appropriate Contract Exhibit) the prices for all Services/Deliverables to be provided, and the associated payment milestones and payment amounts.

(b) Each Contractor invoice will 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 will 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 Public Act No. 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 Contract Administrator and the Contractor after this Contract has been signed and accepted by both the Contractor and the Director of Purchasing Operations, Department of Management & Budget. This activity will occur only upon the specific written direction from Purchasing Operations.

The specific payment schedule for this Contract, as the State and the Contractor will be mutually agreed upon. The schedule should show payment amount and should reflect actual work done by the payment dates, less any penalty cost charges accrued by those dates. As a general policy statements must be forwarded to the designated representative by the 15th day of the following month.

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 this 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 this 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 this 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 this Contract will constitute a waiver of all claims by Contractor against the State for payment under this 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. Contractors are required to register with the State electronically at <http://www.cpexpress.state.mi.us>. As stated in Public Act 431 of 1984, 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, including the 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 this 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 this 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 this 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 will have 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 will notify the State of the proposed assignment, will introduce the individual to the appropriate State representatives, and will 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 will 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 or this 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, 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 will be established. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to exercise its termination and cancellation rights.

(e) The Contractor must notify the CCI 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 this Contract will perform their duties either primarily at Contractor's offices and facilities or at State facilities. Without limiting the generality of the foregoing, Key Personnel will, at a minimum, spend at least the amount of time on-site at the MiSDU facility as indicated in the applicable Statement of Work.

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 agrees to 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 will 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 this 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 this Contract is very specific and agrees not to unnecessarily or unreasonably interfere with, delay or otherwise impeded Contractor's performance under this 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 this Contract in the same condition as when provided by the State, reasonable wear and tear excepted.

2.068 Contract Management Responsibilities

The Contractor will be required to assume responsibility for all contractual activities, whether or not that Contractor performs them. Further, the State will consider the Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from this Contract. If any part of the work is to be subcontracted, this 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 may not remove a subcontractor and replace them or assume their duties without State approval for the replacement, with such approval to be at the sole discretion of the State. The Contractor is totally responsible for adherence by the Subcontractor to all provisions of this 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 will have 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 this 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 this Contract to a Subcontractor unless the Department of Management and Budget, Purchasing Operations has given written consent to such delegation. The State will have 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 reasonably 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 this Contract and to assume toward Contractor all of the obligations and responsibilities that Contractor, by this 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 will be 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 this Contract will not relieve Contractor of any obligations or performance required under this 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 this Contract.

2.080 State Responsibilities – Deleted/Not Applicable

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 will also be expected to 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 will be expected to 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. It is expected the Contractor will present these documents to the prospective employee before the Contractor presents the individual to the State as a proposed resource. Contractor staff will be expected to 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 this 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 will contact the DHS immediately to advise them of any breaches in security where card data has been compromised. In the event of a security intrusion, the Contractor agrees the Payment Card Industry representative, or a Payment Card Industry approved third party, will be provided with full cooperation and access to conduct a thorough security review. The review will 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 will continue to treat cardholder data as confidential upon Contract termination. The Contractor will provide the DHS documentation showing PCI Data Security certification has been achieved. The Contractor will advise the DHS 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 will 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 and policies) or which, in the case of tangible materials provided to Contractor by the State under its performance under this Contract, is marked as confidential, proprietary or with a similar designation by the State. "Confidential Information" excludes any information (including this Contract) that is publicly available under the Michigan FOIA.

2.102 Protection and Destruction of Confidential Information

The State and Contractor will 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 this 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 will limit disclosure of the other party's Confidential Information to employees and Subcontractors who must have access to fulfill the purposes of this Contract. Disclosure to, and use by, a Subcontractor is permissible where (A) use of a Subcontractor is authorized under this 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 this 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 this Contract for any reason.

2.110 Records and Inspections

2.111 Inspection of Work Performed

The State's and/or Federal government's authorized representatives, must at all reasonable times and with 5 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 5 Days prior written notice and at all reasonable times, the State's and/or Federal government'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 this Contract (the "Audit Period"), the State and/or Federal government, or their authorized representatives, may audit, examine and copy any of Contractor's books, records, documents, papers, electronic records and media pertinent to establishing Contractor's compliance with this Contract and with applicable laws and rules. Such audits may include financial, performance, and information systems audits. For information systems audits, the Contractor must make available documentation supporting the implementation, configuration, security, and maintenance of commercial or proprietary information systems the Contractor uses in conducting business related to the services provided. The Contractor must provide any reasonable assistance requested by the auditing party or their designee in conducting any such audit, including installing and operating audit software. The State must notify the Contractor 10 days before examining the Contractor's books and records. 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 this 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, and information pertaining to this Contract and to the Services, equipment, and commodities provided under this Contract) pertaining to this 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 will 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 this Contract, whichever is earlier.

(b) In addition to other available remedies, if 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 this Contract. The performance of all obligations under this Contract must be provided in a timely, professional, and workman-like manner and must meet the performance and operational standards required under this Contract.

(b) These 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 these 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 this 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 this 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 this 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 this 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) This Contract signatory has the power and authority, including any necessary corporate authorizations, necessary to enter into this 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 this 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) Neither Contractor nor any Affiliates, nor any employee of either has accepted or must accept anything of value based on an understanding that the actions of the Contractor or Affiliates or employee on behalf of the State would be influenced. Contractor must not attempt to influence any State employee by the direct or indirect offer of anything of value.
- (i) Neither Contractor nor any Affiliates, nor any employee of either has paid or agreed to pay any person, other than bona fide employees and consultants working solely for Contractor or the Affiliate, any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
- (j) The prices proposed by Contractor were arrived at independently, without consultation, communication, or agreement with any other bidder for the purpose of restricting competition; the prices quoted were not knowingly disclosed by Contractor to any other Bidder; and no attempt was made by Contractor to induce any other person to submit or not submit a proposal for the purpose of restricting competition.
- (k) All financial statements, reports, and other information furnished by Contractor to the State as part of its response to the RFP or otherwise in connection with the award or fulfillment of this Contract fairly and accurately represent the business, properties, financial condition, and results of operations of Contractor as of the respective dates, or for the respective periods, covered by the financial statements, reports, other information. Since the respective dates or periods covered by the financial statements, reports, or other information, there have been no material adverse change in the business, properties, financial condition, or results of operations of Contractor.
- (l) All written information furnished to the State by or for the Contractor in connection with this Contract, including its bid, is true, accurate, and complete, and contains no untrue statement of material fact or omits any material fact necessary to make the information not misleading.
- (m) It is not in material default or breach of any other contract or agreement that it may have with the State or any of its departments, commissions, boards, or agencies. Contractor further represents and warrants that it has not been a party to any contract with the State or any of its departments that was terminated by the State or the department within the previous five years for the reason that Contractor failed to perform or otherwise breached an obligation of this Contract.
- (n) If any of the certifications, representations, or disclosures made in the Contractor's original bid response change after this Contract award, the Contractor is required to report those changes immediately to the Department of Management and Budget, Purchasing Operations.

2.122 Warranty of Merchantability

Goods provided by Contractor under this agreement must be merchantable. All goods provided under this Contract must be of good quality within the description given by the State, must be fit for their ordinary purpose, must be adequately contained and packaged within the description given by the State, must conform to the agreed upon specifications, and must conform to the affirmations of fact made by the Contractor or on the container or label.

2.123 Warranty of Fitness for a Particular Purpose

When the Contractor has reason to know or knows any particular purpose for which the goods are required, and the State is relying on the Contractor's skill or judgment to select or furnish suitable goods, there is a warranty that the goods are fit for such purpose.

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 will 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 this Contract, must be delivered free of any rightful claim of any third person by or infringement or the like.

2.125 Equipment Warranty – Deleted – N/A

**2.126 Equipment to be New – Deleted – N/A****2.127 Prohibited Products – Deleted – N/A****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 this 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 this Contract, whether the services are performed by the Contractor, or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable.

The Contractor waives all rights against the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents for recovery of damages to the extent these damages are covered by the insurance policies the Contractor is required to maintain under this Contract.

All insurance coverage's provided relative to this 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 this 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 this Contract must be issued by companies that have been approved to do business in the State.

See www.michigan.gov/dleg.

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 General Aggregate Limit other than Products/Completed Operations
 - \$2,000,000 Products/Completed Operations Aggregate Limit
 - \$1,000,000 Personal & Advertising Injury Limit
 - \$1,000,000 Each Occurrence Limit

The Contractor must list the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees and agents as ADDITIONAL INSUREDS on the Commercial General Liability certificate. The Contractor also agrees to provide evidence 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 this Contract, the Contractor must have vehicle liability insurance on any auto including owned, hired and non-owned vehicles used in Contractor's business for bodily injury and property damage as required by law.

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

Any certificates of insurance received must also provide a list of states where the coverage is applicable.

The Contractor also agrees to provide evidence 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 each accident
\$100,000 each employee by disease
\$500,000 aggregate disease

5. Employee Fidelity, including Computer Crimes, insurance naming the State as a loss payee, 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 or its Subcontractors, acting alone or in collusion with others, in a minimum amount of \$3,000,000.00 with a maximum deductible of \$50,000.00.

6. Umbrella or Excess Liability Insurance in a minimum amount of \$15,000,000.00, which must apply, at a minimum, to the insurance required in Subsection 1 (Commercial General Liability) above.

7. Professional Liability (Errors and Omissions) Insurance with the following minimum coverage: \$3,000,000.00 each occurrence and \$3,000,000.00 annual aggregate.

8. Fire and Personal Property Insurance covering against any loss or damage to the office space used by Contractor for any reason under this Contract, and the equipment, software and other contents of the office space, including without limitation, those contents used by Contractor to provide the Services to the State, up to its replacement value, where the office space and its contents are under the care, custody and control of Contractor. The policy must cover all risks of direct physical loss or damage, including without limitation, flood and earthquake coverage and coverage for computer hardware and software. The State must be endorsed on the policy as a loss payee as its interests appear.

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 this 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. Alternatively, Contractor may include any Subcontractors under Contractor's insurance on the coverage required in this Section. Subcontractor(s) must fully comply with the insurance coverage required in this Section. Failure of Subcontractor(s) 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 DMB-Purchasing Operations, 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. **THIS 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. All Certificate(s) must contain a provision indicating that coverage's afforded under the policies WILL 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 Purchasing Operations, Department of Management and Budget. The notice must include this Contract or Purchase Order number affected. Before this Contract is signed, and not less than 20 days before the insurance expiration date every year thereafter, the Contractor must provide evidence that the State and its 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 this Contract and any extensions and, in the case of claims-made Commercial General Liability policies, must secure tail coverage for at least three years following the expiration or termination for any reason of this 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 this 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 this Contract, or if any insurer cancels or significantly reduces any required insurance as specified in this Contract without the State's written consent, 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. 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 this 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.

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 this 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 this 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 this 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 this 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 receives 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 this 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 this Contract, and the State in its sole discretion determines that the breach is curable, then the State will 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 this Contract, for cause, by notifying the Contractor in writing, if the Contractor (i) breaches any of its material duties or obligations under this 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 this Contract is terminated for cause, the Contractor must pay all costs incurred by the State in terminating this 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 this 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 this Contract, provided the costs are not in excess of 50% more than the prices for the Service/Deliverables provided under this Contract.

(c) If the State chooses to partially terminate this Contract for cause, charges payable under this 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 this Contract that are terminated for cause must cease on the effective date of the termination.

(d) If the State terminates this Contract for cause under this Section, and it is determined, for any reason, that Contractor was not in breach of this 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 this Contract for a termination for convenience.

2.153 Termination for Convenience

The State may terminate this 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 this 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 this Contract in part, the charges payable under this Contract must be equitably adjusted to reflect those Services/Deliverables that are terminated. Services and related provisions of this 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 this Contract extends for several fiscal years, continuation of this Contract is subject to appropriation or availability of funds for this Contract. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State must terminate this 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 this 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 this Contract will be equitably adjusted to reflect any equipment, services or commodities not provided by reason of the reduction.

(c) If the State terminates this 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 this 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 this 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 will pay the Contractor for only the work completed to that point under this 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 this 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 this 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 this Contract and which are resulting from this 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 this 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 this 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 this 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 this Contract, and may further pursue completion of the Services/Deliverables under this Contract by replacement contract or otherwise as the State may in its sole judgment deem expedient.

2.158 Reservation of Rights

Any termination of this 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 this 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 this Contract if the State (i) materially breaches its obligation to pay the Contractor undisputed amounts due and owing under this Contract, (ii) breaches its other obligations under this 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 this Contract.



2.170 Transition Responsibilities

2.171 Contractor Transition Responsibilities

If the State terminates this Contract, for convenience or cause, or if this 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 this 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 365 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 this 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 will 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 this Contract. The Contractor will provide the State with asset management data generated from the inception of this Contract through the date on which this Contractor is terminated in a comma-delineated format unless otherwise requested by the State. The Contractor will 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 this Contract. This must include any documentation being used by the Contractor to perform the Services under this Contract. If the State transfers any software licenses to the Contractor, those licenses must, upon expiration of this 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 this 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 will prepare an accurate accounting from which the State and Contractor may reconcile all outstanding accounts.

2.176 State Transition Responsibilities

In the event that this 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 this 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, this Contract price, or both, and this 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 this 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 this Contract. Any adjustment will 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 to be 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 this 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 this 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 this Contract. If the parties are unable to resolve any disputes after compliance with the processes, the parties must meet with the Director of Purchasing Operations, DMB, 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 this Contract will 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 Purchasing Operations, DMB, 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 will 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 this 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 this Contract by the other party is 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 this 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 this 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 this 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, physical or mental disability. Contractor further agrees that every subcontract entered into for the performance of this Contract or any purchase order resulting from this Contract will 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 this 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 this 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 this Contract if, after award of this 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>.

2.210 Governing Law**2.211 Governing Law**

This 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 this 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. This 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 this 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 this Contract.

The State's liability for damages to the Contractor is limited to the value of this 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 this 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 this Contract would cause a reasonable party to be concerned about:

- (i) the ability of Contractor (or a Subcontractor) to continue to perform this 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 this 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 will be able to continue to perform this 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 DMB Purchasing Operations.
- (2) Contractor must also notify DMB Purchasing Operations 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 DMB Purchasing Operations within 30 days whenever changes to company affiliations occur.

2.232 Call Center Disclosure – Deleted – N/A

2.233 Bankruptcy

The State may, without prejudice to any other right or remedy, terminate this 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 this 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 these 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 this 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)

The State will use the following process for invoking penalties on SLAs:

Inadequate Contractor performance will be presented to the Contractor, by the State or identified by the Contractor. Upon consultation with the Contractor, if the State concludes that these incidents were the result of excusable circumstances; this incident will not be held against the Contractor. Excusable circumstances may be, but are not limited to State system outages, inclement weather, or any other instance in which the outcome would be beyond the Contractor's control. Failure to perform by any Subcontractor is not considered an excusable failure.

Areas of operations that will be monitored for performance include:

- a) Performance Criteria as defined by this contract.
- b) Performance, Metrics, and Reporting section.
- c) Tasks to be performed as outlined in the Contractor's proposal.
- d) Any other factors that the State identifies as necessary to completing the mission of the program.

An Incident would include but is not limited to the following:

- a) Performance indicator did not meet the level required by this Contract.
- b) Task was not performed as required by the Performance, Metrics, and Reporting section.
- c) Task was not performed as proposed by the Contractor's proposal.

Multiple Inadequate Incidents

Some incidents will influence more than one contractual requirement. For example: A major system failure could cause the Contractor to not only fail to process all receipts same day, but also not allow them to prepare and submit a receipt file to MiCSES by 6PM same day. In this situation one event is directly related to the other. If an SLA were directly related to another, the penalty assessed would be the highest penalty assessable for any of the performance indicators, once the SLA penalty level is reached.

For unrelated inadequate incidents, all applicable penalties would be assessed.



Repeated Inadequate Incidents

Repeated incidents for the same Contract requirement will start the assessment scale at level 2 and the State will determine if the incident needs to be escalated to level 3. Repeated incidents are defined as the same Contract requirement exceeded more than once in the past six months and/or an incident that is not corrected in one business day.

Service Level Agreement Assessment Scale

Level 1	The first time a Contract requirement is exceeded, the Contractor will provide an incident report and a general corrective action plan to the State showing how they are going to address the failure. The State will review the incident to determine if the incident requires escalation to the next assessment level.
Level 2	The second time a Contract requirement is exceeded, the Contractor will be asked to provide an incident report and a corrective action plan, with milestones and dates, to the State showing how they are going to address the failure. The State will then review this corrective action plan and determine if the incident requires escalation to the next assessment level. The State will respond to the Contractor's corrective action plan.
Level 3	The third time a Contract requirement is exceeded, the Contractor will be asked to provide an incident report, a corrective action plan to the State showing how they are going to address the incident, and pay the related liquidated damage. The State will respond to the Contractor's corrective action plan. The Contract Administrator within the DMB will be the final authority to determine the assessment level and imposing the liquidated damage.

2.243 Liquidated Damages – Deleted – N/A

2.244 Excusable Failure

Neither party will be liable for any default, damage or delay in the performance of its obligations under this Contract to the extent the default, damage or delay is caused by government regulations or requirements (executive, legislative, judicial, military or otherwise), 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 by the time frames indicated in the Disaster Recovery section (DR), 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 be liable for payment for the unperformed Services/ Deliverables not provided under this Contract for so long as the delay in performance continues; (b) the State may terminate any portion of this 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 this 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 – Deleted – N/A****2.252 Delivery of Deliverables – Deleted – N/A****2.253 Testing**

(a) Before delivering any of the of the required Statement of Work Physical Deliverables or Services to the State, Contractor will first perform all required quality assurance activities to verify that the Physical Deliverable or Service is complete and conforms to 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 deemed necessary, 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 will 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 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 this 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 these Contract prices plus an additional sum equal to 10 percent 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 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 will 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 will be made at no additional charge. Upon receipt of a corrected Deliverable from Contractor, the State will 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 Process for Approval of Services

The State Review Period for approval of Services 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 Business Days for Services). The State agrees to notify the Contractor in writing by the end of the State Review Period either stating that the Service is approved in the form delivered by the Contractor or describing any deficiencies that must be corrected before approval of the Services (or at the State's election, after approval of the Service). If the State delivers to the Contractor a notice of deficiencies, the Contractor will correct the described deficiencies and within 30 Business Days resubmit the Service in a form that shows all revisions made to the original version delivered to the State. The Contractor's correction efforts will be made at no additional charge. Upon implementation of a corrected Service from Contractor, the State will have a reasonable additional period of time, not to exceed the length of the original State Review Period, to review the corrected Service for conformity and that the identified deficiencies have been corrected.

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 will 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 will be made at no additional charge. Upon receipt of a corrected Deliverable from the Contractor, the State will 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 this Contract. The Contractor will 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 will 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 this Contract. The State may use the data provided by the Contractor for any purpose. The State will 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 this 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.

2.270 State Standards**2.271 Existing Technology Standards**

The Contractor will adhere to all existing standards as described within the comprehensive listing of the State's existing technology standards at <http://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 – 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 the 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.

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.



Appendix A – Pricing

A-I. Lock Box, Payment Processing, Imaging, Mail Services

Transaction Type	Est. Annual Units	Rate/Item	Total Annual Cost
Check Transactions	5,500,000	\$0.6500	\$3,575,000.00
Checks with Coupons	300,000	\$0.3862	\$115,860.00
Electronic Transactions	3,900,000	\$0.1080	\$421,200.00
Employer multiple payment submittal	Not Available	\$2.8800	As Needed
(Other – Cash Payments)	Not Available	\$0.6500	As Needed

A-I. Total Annual Estimated Cost: **\$4,112,060.00**

More specific definitions for Pricing Section A-I are as follows:

Debit/Credit Card Payment	Another type of electronic payment wherein each separate payment is an electronic transaction through a debit/credit card process. It should be noted the State will not pay any debit/credit card company charges either directly or indirectly.
Direct Debit	A type of electronic payment authorized by a payer. A MiSDU Contractor provided web presence would allow authorization of debits against a payer's bank account, if it can be implemented without risk of state funds. Each separate item will be considered a transaction.
Diskette Payments	This is another type of electronic payment. A single check may be accompanied by a diskette with multiple individual payments. This service has not been in use at the MiSDU since 2005.
Electronic Transaction	Each individual payment within an electronic file is a separate electronic transaction.
Electronic Transfers	Hybrid electronic payments limited to two employers where EFT is not used, but the supporting data is separately transmitted electronically to the MiSDU. Each separate payment within the electronic file is treated for cost purposes as an Electronic Transaction. The MiSDU does not encourage the further deployment of this capability.
Payment Submittal	Identify instances to the State where a payer submits several payments for the same docket/SSN within a two business day period. The Contractor may embed in one of the other existing models, but detail where and how much cost is being embedded.
Item	A single check possibly containing payments on multiple dockets.
Recurring Authorized	
Withdrawal	A process whereby a payer authorizes the MiSDU to automatically debit their bank account for support payments. This can be a one-time or continuing authorization.
Transaction	A unit of measure for determining performance and defined as each individual unique payment item that may be included on a check or electronically that has been submitted by a payer and receipted for multiple payments.



A-II. Research and Resolution Services

Transaction Type	Est. Annual Units	Rate/Item	Total Annual Cost
Escheatment Forms	2,500	\$2.2140	\$5,535.00
Forgery Packet Requests	200	\$2.3854	\$477.08
PIN Change Form Requests	3,300	\$1.9576	\$6,460.08
Stop Pay Affidavit Requests	2,500	\$2.3716	\$5,929.00
Direct Deposit Request	50,000	\$2.3716	\$118,580.00
Debit Card Requests	50,000	\$2.3716	\$118,580.00
Address Update Changes	73,000	\$2.7515	\$200,859.50
Address End-Date Changes	113,000	\$2.5939	\$293,110.70
Returned to sender Address Change Forms	4,000	\$2.5920	\$10,368.00
Returned MiSDU Checks	2,000	\$2.2140	\$4,428.00
Returned MiSDU Direct Deposits	12,000	\$2.5939	\$31,126.80
Further Research payments	220,000	\$2.3000	\$506,000.00
DHS-307 Requests-all sources	40,000	\$2.5939	\$103,756.00
Follow up Research in MiCSES	27,000	\$2.5939	\$70,035.30
Refunded to the sender from MiCSES	350	\$2.5939	\$907.87

A-II. Total Annual Estimated Cost: \$1,476,153.33

More specific definitions for A-II are as follows:

Follow-Up Resolution	A transaction that may have been posted to MiCSES as unidentified which is later resolved by the Contractor due to delayed response by the payer or additional information received from a FOC, CP or NCP. This is also the area where refunds to a payer are made when the payment is not intended for the MiSDU and needs to be returned to the sender. Refunds to the sender from MiCSES are a billable item for the Contractor at the disbursement rate for that type of disbursement.
Refunds	Transactions that were not intended for the MiSDU, but for which the payment was deposited into the MiSDU bank account or other payments that are to be sent back to the payer. These typically are to be refunded to the payer through MiCSES. All refunds are reviewed and approved by the State in MiCSES before being released.
Research Expectations	Historically about two point two percent of the total daily receipts have been assigned to the Contractor for research. To resolve research payments the Contractor will initiate telephone contact. If a telephone number can be located, the Contractor will try to contact the payer for three business days and if no phone contact is made, send a letter on the fourth business day. The Contractor is expected to make a minimum of two telephone contact attempts during this three day period subject to any exceptions agreed upon between the Contractor and the State. If no telephone number can be found by the business day after payment receipt, mail contact must occur immediately thereafter with the payer to obtain identifier information allowing posting to a docket or IVD number. In this event, the Contractor must document what actions they took to find the telephone number. All pre-MiCSES research items (if pre-MiCSES research is chosen by the Contractor) are to be resolved in 10 business days following the date of receipt. Regardless of which option is chosen, the Contractor must act upon any information provided such that payments to families are not delayed after research information is discovered. Exception to the phone/letter rule for further research payments are items such as FIDM, Foreign Currency, NSF Recoupment's, Bank adjustments, and refunds not subject to phone or letter contact (also see section 1.022). By the close of the 10th business day, it is expected that this work activity will reduce the amount with no response to approximately 0.02 percent, i.e. five transactions, of the initial day's research transaction volume which will remain for posting as unidentified into MiCSES.



Research Transaction	Any receipt that has no more than one identifier that matches to the validation database, or that has conflicting information as defined in the state-approved business rules.
Resolution Services	A set of services and methodology used by the Contractor to validate transactions using a MiCSES validation database, prior payment records and/or contacts with the payer by telephone, mail or other sources. The others will have been posted as identifiable to MiCSES or refunded to the payer.
Address End Date	Each check or coupon envelope returned to the MiSDU or identified by USPS software as undeliverable without a change of address identified must be considered a MiCSES end date transaction (subject to USPS Enhancements in section 1.022).
Address Update	Each check or coupon envelope returned, or identified by USPS software as having a new forwarding address, to the MiSDU as undeliverable with a change of address identified must be considered a MiCSES address end date and update transaction (subject to USPS Enhancements in section 1.022 of this Contract).
Single County 307 requests	Some suspense transactions affect a single county where the party has no cases in other counties. Those suspense transactions may be researched by the county and suspense transactions initiated with the MiSDU. The MiSDU Contractor will not be required to duplicate the county's research efforts, but instead the MiSDU Contractor will enter the transaction to MiCSES as requested by the county. The Contractor will be held harmless for errors that result from the county's research.
Multi County 307 Requests	The FOC's prepare and most submit requests electronically to the MiSDU. Only the MiSDU staff may affect releases, adjustments or reposting within MiCSES. The suspense codes and actions are identified in this Contract. In taking the appropriate actions within MiCSES, the Contractor will need to confirm the research provided by the FOC for suspense conditions affecting multiple counties, make adjustments to the affected dockets, identify make whole requirements to the State, and establishing recovery accounts, if necessary.
Stop Pay	Stop Pay requests of MiSDU issued payments will accrue as part of doing business. Timeliness is critical. The requests must be acted upon immediately by the Contractor's bank no later than the start of the next business day. This item refers to the Contractor activities of entering the stop pay request to the financial institution and to MiCSES.



A-III. Outputs, Print and Distribution

Transaction Type	Est. Annual Units	Rate/Item	Total Annual Cost
Checks printed and mailed	635,000	\$0.4071	\$258,508.50
Checks printed and not mailed	11,000	\$0.4001	\$4,401.10
Debit Card inserts into checks mailed	68,000	\$0.0800	\$5,440.00
Direct Deposit	4,000,000	\$0.1393	\$557,200.00
Debit Card	3,000,000	\$0.1800	\$540,000.00
Coupons printed and mailed	2,300,000	\$0.2196	\$505,080.00
Coupons not mailed	Not available	\$0.0000	\$0.00
Postage Rates checks printed and mailed and coupons printed and mailed	2,935,000	\$0.3847	\$1,129,094.50
Other	N/A	N/A	N/A

A-III. Total Annual Estimated Cost: \$2,999,724.10

More specific definitions for A-III are as follows:

Checks and coupons

Printed and not mailed

The Contractor is expected to utilize and explain methods, processes, or information from an accredited source to ensure that addresses as provided by MiCSES comply with then-current USPS address regulations such that maximum postage discounts are available. Further, the Contractor is expected to use methods, processes, or information from an accredited source to identify addresses known to have been changed by the customer. Current State procedures do not permit these addresses to be automatically changed in stream. Therefore, checks identified as no longer accurate for a given customer are to be printed, voided, and the address is to be manually (until and unless automatic procedures are accepted by the State MiCSES) updated in MiCSES. Coupons that are identified as having an invalid address for the given customer are not to be mailed. Given that these checks or coupons are not mailed and no postage cost exists, the State includes in the cost model an entry for checks and for coupons printed, but not mailed. The Contractor will not charge the State for Coupons neither printed nor mailed, but only charge the resulting address end date or update. Required reporting must include an entry for checks printed/not mailed and for coupons neither printed nor mailed. Note: It is possible that either both or one of these requirements could be changed by policy or regulation.

Check Print/Mailing

The Contractor will provide for check printing and mailing each business day using a MiCSES electronic file. MiCSES must deliver a file to the Contractor through the State data exchange gateway by 9:00 a.m. daily (historically accomplished the midnight before), and the Contractor must print, stuff envelopes, place insert when needed, affix postage, and deliver the checks to a regional US Post Office within Michigan for mailing by 5:00 p.m. each business day to assure delivery beginning the next business day. Included with CP and NCP first time checks is a Debit Card insert (listed in table above). There are plans to have this be a flag in the check print file that the Contractor will recognize and place an insert in the identified checks. If MiCSES is not able to place a flag in the check print file, the Contractor must propose an alternative method of placing Debit Card inserts into Type 1 checks (CP and NCP).

Coupon Print/Mailing

The Contractor will provide for coupon printing and mailing using a MiCSES electronic file. The MiCSES file must be delivered to the Contractor through the State data exchange gateway approximately the fifth through the ninth of each month, and the Contractor must print, stuff envelopes, affix postage and mail the coupons by the 21st of each month.

Multiple Page Check

A check that requires multiple pages for the stub because of the volume of information that must be printed on the stub. The stub can on relatively rare occasions exceed 99 pages



(limit 999 pages). The Contractor will need to allow for the suppression of the check stubs for parties that request the stub be suppressed. Currently areas of the Treasury and certain Friends of the Court Offices have requested that their check stubs be suppressed. This will reduce the number of pages that need to be printed. A check and two stubs print on suppressed check stubs, on average.

Other Outputs/Inputs There are variety of other MiCSES outputs provided to the Contractor which are incidental to the primary services being requested. These have not been separately identified in the cost models, but are assumed to be embedded within the Contractor proposed rate structures. These include a weekly MiCSES Validation File, a daily Contractor Generated Check Print Confirmation File, a daily Bank Generated Cleared Checks File, a daily MiCSES generated Positive Pay File, the possibility of a Contractor generated positive pay file (see description within the document), to name a few.

Single Page Check A check in which both the check and the stub are a single page. These single page checks make up the majority (estimated 80 to 85 percent) of the checks printed.

Postage Rates The Contractor is to identify the postage rates for all items to be mailed.

A-IV. Customer services

Transaction Type	Est. Annual Units	Rate/Item	Total Annual Cost
CP & NCP (MiCSES line)	308,000	\$2.1000	\$646,800.00
CP & NCP (MiCSES line) language services	500	\$2.1000	\$1,050.00
Mail Inquiries (est.)	500	\$2.5920	\$1,296.00
Web Inquiries (est.)	2,000	\$2.1000	\$4,200.00
Employer Line	12,000	\$2.1000	\$25,200.00
FOC Line	4,000	\$2.1000	\$8,400.00
Debit Card Line	12,000	\$2.1000	\$25,200.00
Web Site Changes	12	\$700.0000	\$8,400.00
Web Emergency Changes	6	\$700.0000	\$4,200.00
Special Projects	Not available	\$0.0000	\$0.00
Other	N/A	N/A	N/A

A-IV. Total Annual Estimated Cost: \$724,746.00

More specific definitions for A-IV are as follows:

CP & NCP A financial inquiry to the MiSDU from a custodial party, or non-custodial party.

Language Services: The Contractor must be prepared to provide language services that include, at a minimum, Spanish and Arabic. Others may be offered by the Contractor as deemed necessary.

Employer Line: Employers with Income Withholding Notices that require research on a payment transaction that they had submitted to the MiSDU, updates of employer FEIN or address information, or general inquiries by employers on the child support income withholding process.

Emergency Web Changes These will be ad hoc changes to the Web site based on emergency conditions the State may identify and will need to be accomplished within 24 hours. A separate charge will only be billable if this request is made by the State.

FOC Line Friends of the Court with inquiries on receipts that require research and may result in the need for the correction of misapplied payments or identification of misdirected payments. Other FOC calls may be the identification of problems in the manner in which a customer services representative responded to a CP or NCP that may identify the need for training reinforcement.

Mail Inquiries CP and NCP inquiries originating via letter to the MiSDU requiring traditional mail response.



- Telephone Costs: All telephone carrier costs related to the MiSDU operations including customer services and the use of toll-free lines, IVR connectivity, internet connectivity, MiCSES connectivity, access to the State data exchange gateway, MiSDU administrative functions, and State email use will be the State's direct cost and will be through the use of designated State carriers and backups. All hardware and all Contractor activities necessary to plan, test, and implement the various carrier services will be the responsibility of the Contractor to be embedded within the unit rates. Any Contractor communications outside SDU functions are the responsibility of the Contractor and are not a cost to the State.
- Web Inquiries CP and NCP inquiries involving non-confidential information originating on the MiSDU web site requiring email response.
- Web Site Changes: Due to the need to have current information available on the MiSDU web site, the State requires the ability to provide for information updates, additions or functional changes to the Contractor provided MiSDU web site monthly, or less frequently if not needed (only chargeable when utilized). The time frame for implementation will generally be the beginning of the next month.
- Debit Card Line Today, the MiSDU has a Debit Card Line that was used when transitioning to the Debit Card statewide. This line may or may not be active at the time of signing of this Contract. Some calls to the debit card line are inappropriate (calls not concerning the debit card).
- Special Projects There may be times when the State defines a special project involving the likelihood of increased call volumes for specific reasons for a specific time period. The Contractor should note that these special projects may or may not require notes to be placed into MiCSES, and may or may not require validation of the caller's identity per state and federal policy.

A-V. Banking and Account Reconciliation Services

Transaction Type	Est. Annual Units	Rate/Item	Total Annual Cost
Banking Services	N/A	See Appendix B	\$640,143.60
Other			

A-V. Total Annual Estimated Cost: \$640,142.89

More specific definitions for A-V are as follows:

Billable

Banking Services This must include any and all services provided by the Contractor's banking Subcontractor in support of the MiSDU. This includes, but is not limited to, maintenance of MiSDU accounts, daily deposits, check redemptions, generation of cashed check files, EFT distributions, daily and monthly reconciliation reports, real-time on-line access to account status, normal MiSDU stop-pay requests, image requests, stolen check research and reimbursement, generation of earnings on the float within the MiSDU bank accounts, conversion activities at the beginning and at the end of this Contract, and any other service necessary to make the banking seamless and fully supported by the Contractor. State staff must be provided the ability of online banking activity, daily statements/detail information per account, as well as being able to do bank transfers from account to account and the ACH items as well. It is expected that the Contractor will process all electronic disbursement timely, as defined by law, this Contract, and/or the State. All such services to be detailed above in order to be paid by the State of Michigan. Any services not listed in this cost model will not be paid by the State of Michigan. The monthly invoice from the Contractor will include all costs for the month identified. The earned income credit will offset (also explicitly on the invoice) the costs. If the earned income credit exceeds banking costs, the Contractor is expected to explain how the difference will be addressed.

If the available bank balance exceeds what is needed for banking costs, the difference is expected to earn interest at the Contractor's specified interest rate model, with the interest going directly to the appropriate state specified account. If the Contractor proposes additional customer services to be funded by this interest, the Contractor will detail in their supporting documentation what specific services were funded by the interest.



Non-billable Services In addition, the Contractor's banking Subcontractor must not charge recipients of MiCSES-MiSDU checks a fee for cashing those checks. The provision by the State of a positive pay file to the Contractor's banking Subcontractor removes risk to the financial institution.

A-VI. EFT/EDI Outreach

Transaction Type	Est. Units	Rate/Item	Total Annual Cost
Interstate Certification	2	Not Billable	\$0.00
Employer Certification	50	Not Billable	\$0.00
Employer Updates	50	Not Billable	\$0.00

A-VI. Total Annual Estimated Cost: \$0.00

More specific definitions for A-VI are as follows:

Interstate Certification The Contractor is required to work with other States in the validation of their data and the testing of their initial EFT/EDI transmission. This is not separately billable since the Contractor benefits from the receipt of electronic payments through the avoidance of future manual validation, research and posting of transactions. The service includes both inbound and outbound EFT/EDI services. Currently, California and South Carolina are neither inbound nor outbound. Alabama is not certified inbound.

Employer Certification The Contractor is required to work with employers in the validation of their data and the testing of their initial EFT/EDI transmission. This is not separately billable since the Contractor benefits from the receipt of electronic payments through the avoidance of future manual validation, research and posting of transactions.

Employer Updates – MiCSES This requires the Contractor to be the point of contact for employer notifications of FEIN and address changes. This activity is not separately billable and is considered incidental (estimated at 10 per month currently) to the handling of employer customer services calls (See Contract section 1.022.D.3.5 for details).

Other Considerations for A-VI:

The State is interested in achieving significantly higher levels of electronic (particularly EFT/EDI) use by employers (inbound), interstate agencies (inbound and outbound), obligors (inbound) and custodial parties (outbound), including international receipts and disbursements IAT see section 2.020. The benefits include potentially lower cost to the State and the Contractor, more accurate processing and timely disbursement. This is viewed by the State as a critical process for positioning the State to provide significantly improved service to the stakeholders.

A-VII. Other Unit Billable Charges

For use in estimating and evaluating future State initiated requests for systems or process enhancements, the following is a list of hourly rates that would be charged for:

(a)	<u>Technical/Enhancement Services</u>	<u>Hourly Rate</u>
	Project Manager	\$200.00
	Analyst	\$165.00
	Programmer	\$125.00
	System Tester	\$125.00
	Business Analyst	\$115.00
	Data Entry	\$30.00
	Payment Research	\$30.00
	Customer Services	\$30.00



Other: N/A

N/A

(b)	Transaction Type	Est. Units	Rate/Item	Total Annual Cost
	N/A	N/A	N/A	N/A

A-VII. Total Annual Estimated Cost (c) Only: \$N/A

- (a) These represent unit rates for additional services to be used at least during the first four years of the initiation of the new MiSDU under this Contract. These must be applied only when the State requests additional services to be added that were not part of this Contract.
- (b) Any other billable costs for which the Contractor expects the State to be responsible must be identified and extended to reflect a total annual cost.

A-VII. Cost Model summary

A-I. Total Annual Estimated Cost: \$4,112,060.00

A-II. Total Annual Estimated Cost: \$1,476,153.33

A-III. Total Annual Estimated Cost: \$2,999,724.10

A-IV. Total Annual Estimated Cost: \$724,746.00

A-V. Total Annual Estimated Cost: \$640,143.60

A-VI. Total Annual Estimated Cost: \$0.00

A-VII. Total Annual Estimated Cost: \$0.00

Summary (A-I through A-VII):

Total Estimated Annual Price: \$9,952,827.03

Summary (A-I through A-VII):

Total Estimated Contract Value: \$69,669,784.24

The State of Michigan is interested in payment terms that reflect cost savings to the State based on an accelerated payment process. The Contractor offered these discounts:

- Two percent discount off invoice if paid within 10 business days.
- One percent discount off invoice if paid within 20 business days.



Appendix B – Banking and Account Reconciliation Service Rates

BANKING SERVICE FEE SCHEDULE			
TRANCODE	SERVICE DESCRIPTION	COST PER UNIT	TOTAL ESTIMATED MONTHLY COST*
DEPOSITORY SERVICES			
G00011	CCA CHECKS PAID	\$0.0507	\$1,820.60
50942	CHECK PAID MICR REJECT &	\$0.1469	\$1.32
50910	DEPOSIT ADJUSTMENT	\$3.0399	\$33.44
G00021	COMMERCIAL DEPOSITS	\$0.2533	\$26.85
50965	FICO PREMIUM ASSESSEMENT	\$0.0500	\$2,073.75
50905	DEPOSIT ITEMS REJECTED	\$0.1115	\$2.01
50982	ENCODED ITEMS DEPOSITED	\$0.0507	\$0.00
50962	UNENCODED ITEMS DEPOSITED	\$0.0355	\$9.61
50948	RETURNED ITEM SPECIAL INS	\$7.7500	\$15.50
50930	PAPER REPRESENTMENT	\$2.0266	\$508.68
50931	RETURNED ITEM OR CHARGEBA	\$2.0266	\$774.16
50999	MONTHLY MAINTENANCE	\$12.0000	\$84.00
51606	BKG CNTR DEPOSITED CASH	\$0.0018	\$3.74
51643	BKG CNTR ORDER	\$2.6346	\$2.63
51646	BKG CNTR ORDER	\$0.3141	\$0.63
51647	BKG CNTR ORDER	\$0.0111	\$0.45
51644	BKG CNTR ORDER COIN ROLL	\$0.1165	\$3.03
50916	STOP PAYMENT	\$5.0665	\$491.45
50915	OVERDRAFT ITEMS	\$33.4389	\$0.00
50946	RESEARCH TIME	\$20.2660	\$0.00
50947	RESEARCH PHOTOCOPY	\$8.1064	\$0.00
50913	COMPOSITE GROUP	\$0.0000	\$0.00
50933	822 ANALYSIS FILE	\$25.3325	\$25.33
G00012	CCA OTHER DEBITS	\$0.0507	\$5.12
50904	ZBA PARENT ACCOUNT	\$50.6650	\$50.67
53702	ZBA SUB-ACCOUNT	\$0.0000	\$0.00
99998	NEGATIVE COLLECTED		
WIRE TRANSFER SERVICES			
51401	WIRE TRSF INCOMING NON-ST	\$11.2000	\$11.20
51405	WIRE TRSF INCOMING STRUCT	\$11.2000	\$1,120.00
51464	OUTGOING WIRE NON-REP (CALLED IN)	\$101.3300	\$0.00
51466	OUTGOING WIRE REPETITIVE (CALLED IN)	\$101.3300	\$0.00
51404	WIRE TRANSFER ACTIVITY STMT	\$7.6000	\$0.00
53114	53 DIRECT WIRE CONFIRMATI	\$1.8000	\$181.80
ACH TRANSACTION CONTROL SERVICES			
58670	ACH TRANSACTION CONTROL	\$25.0000	\$175.00
58673	ACH TRANSACTION CONTROL SETUP	\$50.6650	\$50.67
50034	ACH: ADVICE FILES	\$25.0000	\$25.00
50035	ACH: FILTER SETUP TRAN CO	\$4.0000	\$28.00
50036	ACH: FILTER MAINT TRAN CO	\$2.0000	\$132.00
50037	ACH: BLCKD TRANS REPORTS	\$10.0000	\$10.00



ACH TRANSACTION MANAGEMENT			
58665	ACH TRANSACTION MANAGEMEN	\$50.6650	\$152.00
58666	ACH TRANSACTION MGMT ITEM	\$0.0025	\$1,489.20
58667	ACH TRANSACTION MANAGEMENT SETUP	\$260.0000	\$0.00
ELECTRONIC CASH LETTER SERVICES			
52201	ECL: IQA VERIFICATION	\$0.0180	\$1.73
52202	ECL: EXCESSIVE MICR REJEC	\$0.1000	\$2.80
52203	ECL: ECL ITEM CLEAR - ONU	\$0.0203	\$257.58
52204	ECL: ECL ITEM CLEAR - SUB	\$0.0400	\$1,338.64
52205	ECL: ECL ITEM CLEAR - IMA	\$0.0253	\$5,789.53
52214	ECL: EXCESSIVE IQA IMAG	\$0.0200	\$1.92
50802	IMAGE CASH LETTER FILES	\$10.1330	\$263.46
50809	ED MICR REJECT REPAIR	\$0.2229	\$201.30
50811	ED DELETED IQA/IU FAILURE	\$6.0798	\$182.39
EDI SERVICES/INCOMING ACH FILE			
52112	EDI RECEIPT MONTHLY MAINTENANCE	\$151.9950	\$0.00
52114	EDI RECEIPT FILE PROCESS - 53	\$0.0760	\$0.00
52115	EDI RECEIPT REMIT ADVICE FAX	\$1.2666	\$0.00
ONLINE BANKING			
Balance Reporting			
53601	53 DIRECT PRIOR DAY REPOR	\$50.6650	\$50.67
53609	53 DIRECT PRIOR DAY PER ACCT	\$5.0665	\$35.47
53610	53 DIRECT PRIOR DAY DETAIL	\$0.0100	\$1,340.70
53628	53 DIRECT CURRENT DAY PER	\$5.0665	\$35.47
53640	53 DIRECT CURRENT DAY REP	\$0.0000	\$0.00
51923	53 DIRECT AA INTRA DAY DETAIL	\$0.0100	\$1,893.04
53626	53 DIRECT REPORTS MODULE	\$52.6916	\$0.00
ACH Module			
53604	53 DIRECT ACH MODULE	\$40.5320	\$40.53
58627	ACH MODULE FILES PROCESSED	\$0.0000	\$0.00
58621	ACH MODULE CREDITS ORIG	\$0.0253	\$1.19
58622	ACH MODULE DEBITS ORIG	\$0.0253	\$1.19
58623	ACH MODULE ADDENDA ORIG	\$0.0101	\$0.67
Wire Transfer			
53605	53 DIRECT WIRE MODULE	\$10.5000	\$10.50
51963	53 DIRECT OUTGOING WIRE - DOMESTIC	\$16.2128	\$0.00
51964	53 DIRECT OUTGOING WIRE - INTL	\$41.5453	\$0.00
ACH Direct Send			
58605	ACH DIRECT SEND MONTHLY M	\$30.3990	\$152.00
58606	ACH DIRECT SEND CREDITS O	\$0.0260	\$15,730.10
58607	ACH DIRECT SEND DEBITS OR	\$0.0260	\$112.29
58608	ACH DIRECT SEND ADDENDA O	\$0.0110	\$295.89
58612	ACH DIRECT SEND FILES PRO	\$0.0000	\$0.00
58613	ACH DIRECT SEND WEB AUTH	\$0.0000	\$0.00
58614	ACH DIRECT SEND ELEC AUTH	\$0.0000	\$0.00
58657	ACH RETURN FILES TRANSMIT	\$0.0000	\$0.00
58662	ACH ACKNOWLEDGEMENT FILE	\$0.0000	\$0.00



ACH - General			
58620	ACH MO MAINT	\$5.0000	\$5.00
58658	ACH REVERSAL	\$15.1995	\$0.00
58659	ACH DELETION	\$15.1995	\$0.00
58602	ACH CREDIT ITEMS RECEIVED	\$0.0260	\$5,297.40
58603	ACH DEBIT ITEMS RECEIVED	\$0.0260	\$0.99
58604	ACH ADDENDA RECEIVED	\$0.0120	\$3,428.78
58674	ACH RETURN ITEMS	\$3.0399	\$1,115.64
58675	ACH: NOTIFICATION OF CHAN	\$3.0399	\$559.34
50047	UNWORKED NOC	\$0.0000	\$0.00
58650	ACH RETURN RPT WEB	\$2.0000	\$6.00
BALANCE REPORTING (BAI)			
50577	BALANCE RPTG DIRECT SEND	\$25.0000	\$25.00
50578	BALANCE RPTG DIRECT SEND	\$10.0000	\$70.00
50579	BALANCE RPTG DIRECT SEND	\$0.0010	\$134.07
ACCOUNT RECONCILIATION			
50201	ARP MONTHLY BASE CHARGE	\$50.6650	\$50.67
50202	ARP OUTSTANDING BALANCE R	\$36.4788	\$36.48
50203	ARP CHECKS PAID	\$0.0300	\$1,076.52
50204	ARP CHECKS ISSUED	\$0.0100	\$334.42
50209	ARP PAID ITEM TRANSMISSIO	\$0.0120	\$430.61
50211	ARP PAID NO ISSUE	\$2.5333	\$0.00
50213	ARP DATA ENTRY	\$0.5500	\$1,156.65
50217	ARP DELETE DUPLICATE ISSUES	\$0.5067	\$0.00
50219	ARP ONLINE ISSUE MGMT PER	\$0.2533	\$0.25
50220	ARP ONLINE ISSUE MGMT BAS	\$25.3325	\$25.33
POSITIVE PAY SERVICES			
50401	POSITIVE PAY MONTHLY BASE	\$50.6650	\$50.67
50402	POSITIVE PAY EXCEPTION RE	\$0.0304	\$0.40
50407	POSITIVE PAY PAYEE LINE P	\$0.0200	\$585.02
IMAGING SERVICES			
50501	CHECK IMAGING PER ACCOUNT (CD ROM)	\$10.1330	\$202.66
50502	CHECK IMAGING PER ITEM (CD ROM)	\$0.0250	\$898.30
50991	ONLINE CK IMAGE RETREVAL BASE (ONLINE)	\$35.4655	\$70.93
50992	ONLINE CK IMAGE RETREVAL PER (ONLINE)	\$0.0203	\$0.02
RETURNS & RETURNS MANAGEMENT W/ RCK			
51003	RETURNED ITEMS DATA CAPTURE	\$0.0101	\$73.73
51005	RETURNS MGMT MODULE	\$50.6650	\$50.67
51006	RETURNED ITEMS PER IMAGE	\$0.0507	\$64.14
51015	RETURNED ITEMS IMAGE TRAN	\$16.2128	\$324.26
56102	RCK 1ST PRESENTMENT	\$0.5067	\$31.92
56103	RCK 2ND PRESENTMENT	\$1.0133	\$0.00
56104	RCK RETURNED ITEM OR CHAR	\$1.0133	\$40.53
56105	RCK MONTHLY MAINTENANCE	\$50.6650	\$101.33
51014	822 FILE RECREATION	\$50.6650	\$50.67
	TOTAL ESTIMATED MONTHLY COST*		\$53,345.30
*Based upon January 2009 actual volumes			