



# STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget  
320 S. Walnut Street 2nd Floor Lansing, MI 48933  
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number 11

to

Contract Number MA210000001421

<b>CONTRACTOR</b>	McKinsey & Company, Inc. Washington D.C.
	1200 19th Street NW, Suite 100
	Washington DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

<b>STATE</b>	<b>Program Manager</b>	Holly Grandy-Miller	DTMB
		517-243-8710	
		Millerh1@michigan.gov	
	<b>Contract Administrator</b>	Adam Ashley	DTMB
		517-855-1376	
		ashleya2@michigan.gov	

CONTRACT SUMMARY				
Human Centered Design (HCD) Services – Prequalification Program				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
September 1, 2021	August 31, 2026	5 - 12 Months	August 31, 2026	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input 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		
\$22,707,700.00	\$1,527,000.00	\$24,234,700.00		
DESCRIPTION				
Effective March 21, 2025, the attached Schedule A - Statement of Work and \$1,527,000.00 are hereby added to the Contract for UIA.				
All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on 3/11/25.				

# **CN 11: Schedule A – Statement of Work**

## **1.2 Scope of Work**

Contractor will support the States transformation efforts through the provision of deliverables, services, staff, and otherwise do all things necessary for, or incidental to, the performance of work, as set forth below.

In order to embed an HCD mindset within the State, a broad range of coordinated, parallel workstreams are included. The agency has prioritized workstreams having significant impact to agency operations and resulting customer experiences.

To strengthen the performance of the State, the agency also seeks to invest in a deeper understanding of the experiences of individuals seeking career navigation support, of which the State is a part. A holistic human-centered design approach to delivering the States takes into consideration the full end-to-end experience of individuals who are seeking assistance from the agency. Building on investments made to modernize the State system and performance, the agency can continue progress towards meeting the needs of residents by developing a more detailed understanding of the journeys of key individuals interacting with the State and their experiences, both narrowly within the State process and as part of an overall career navigation system. To accomplish this, the agency can expand on its past work across the HCD system in each of its key workstreams.

These workstreams are:

## **1.3 Human-Centric Governance**

Objective: Design and establish an effective agency governance system that focuses on aligning strategy, value, and stakeholders instead of exclusively concentrating on budget, scheduling, and issue response.

### **Deliverables**

- a. Develop an aligned-upon definition of “career navigation” informed by human- centered design to establish alignment on a strategy for the agency and to guide future efforts across the State.
- b. Map existing career navigation efforts and linkages among stakeholders using human-centered design to understand collaboration, service overlaps, and opportunities for resource connection.

## **1.4 Human-Centric Decision Making**

Objective: Embed an HCD approach in all governing decision-making processes and evaluation criteria (e.g. technical requirements, prioritization, securing talent) to enable consistent customer experience across multiple services, products, and projects.

## **Deliverables**

- a. Engage cross-functional teams through human-centered design to review and refine future state journey maps, including key intervention points.

### **1.5 Leadership Coaching**

Objective: Define HCD vision for agency and provide executive leadership and organizational coaching on transformation strategies and execution.

## **Deliverables**

- a. Hold workshops with key State of Michigan leaders anchored in human-centered design to review findings from baselines and journey maps and ideate potential future state vision.

### **1.6 Human-Centric Change Experience**

Objective: Harness the perspective and experience of all team members to design, implement, and maintain change.

## **Deliverables**

- a. Conduct interviews and focus groups with users, employers, and key MI Works! and other system leaders using human-centered design to understand goals, existing challenges, and potential opportunity areas.

### **1.7 Human-Centric Organization**

Objective: Design organization and operational activities around the needs and goals of the agency's customers.

## **Deliverables**

- a. Define 3-5 prioritized resident archetypes (e.g., workers age 55+, youth, workers with disabilities, underemployed).
- b. Use a human-centered design approach to map current state jobseeker journeys along key stages, identifying pain points and common drop-off points.
- c. Design future state "customer" journey for 3-5 resident archetypes using human-centered design principles, ensuring alignment with specific pain points identified along the user journey.
- d. Prioritized initiatives for career navigation, including "quick wins," immediate next steps, business cases, and high-level implementation plans for 2-3 prioritized initiatives.

### **1.8 Customer Experience and Satisfaction Monitoring and Interventions**

Objective: Leverage qualitative and quantitative customer feedback to identify and solve problems in a way that prioritizes customer needs.

**Deliverables**

- a. Gather insights on performance of career navigation efforts through human-centered design surveys and interviews with users, employers, and broad MI workforce stakeholders.
- b. Launch “voice of the customer” data collection using human-centered design to evaluate satisfaction with key elements of the career navigation journey, identify pain points, and understand career navigation needs.

**1.9 Data Analytics**

Objective: Use data and analytic techniques to evaluate the effectiveness of HCD-informed organizational infrastructure transformations for both internal and external stakeholders.

**Deliverables**

- a. Conduct a quantitative baseline assessment of key career navigation supports, including of MI Works! Performance.



# STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget  
320 S. Walnut Street 2nd Floor Lansing, MI 48933  
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number 10

to

Contract Number MA210000001421

<b>CONTRACTOR</b>	McKinsey & Company, Inc. Washington D.C.
	1200 19th Street NW, Suite 100
	Washington DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

<b>STATE</b>	<b>Program Manager</b>	Holly Grandy-Miller	DTMB
		517-243-8710	
		Millerh1@michigan.gov	
	<b>Contract Administrator</b>	Adam Ashley	DTMB
		5178551376	
		ashleya2@michigan.gov	

CONTRACT SUMMARY							
Human Centered Design (HCD) Services – Prequalification Program							
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE				
September 1, 2021	August 31, 2026	5 - 12 Months	August 31, 2026				
PAYMENT TERMS		DELIVERY TIMEFRAME					
NET 45		N/A					
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING				
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input 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					
\$22,312,500.00	\$395,200.00	\$22,707,700.00					
DESCRIPTION							
Effective January 10th, 2025, this contract will be increased by \$395,200.00							
Conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on 1/7/2025.							

# SCHEDULE A – STATEMENT OF WORK

## CONTRACT ACTIVITIES

---

Request for Proposal No. 230000002379

### HCD Business Strategy Stewardship for UIA Modernization Project

#### 1.2 Scope of Work

Contractor will support UIA transformation efforts through the provision of deliverables, services, staff, and otherwise do all things necessary for, or incidental to, the performance of work, as set forth below.

In order to embed an HCD mindset within the UIA, a broad range of coordinated, parallel workstreams are included. The agency has prioritized workstreams having significant impact to agency operations and resulting customer experiences. In particular, agency earlier requested the HCD business strategy stewardship vendor ("Contractor") to re-prioritize its efforts to identify HCD design opportunities in the ongoing UIA technology modernization effort (Change Notice 5). Since this re-prioritization, Contractor has supported agency to identify and capture multiple HCD design opportunities by attending and supporting the Joint Application Design (JAD) sessions, reviewing and highlighting potential opportunities in the design use case documents, supporting UIA leadership and staff to develop effective HCD governance and decision-making regarding the system modernization project, etc. UIA found such support helpful in continuously improving agency's system modernization project and modified the scope of work to extend the support until Nov 01, 2024 (Change Notice 9). Given the recent developments in the UIA technology modernization effort and anticipated HCD support required, UIA seeks to modify the current scope of work until Mar 31, 2025 (Change Notice 10).

These workstreams are:

#### 1.3 Human-Centric Governance

Objective: Design and establish an effective agency governance system that focuses on aligning strategy, value, and stakeholders instead of exclusively concentrating on budget, scheduling, and issue response.

##### **Deliverables completed to-date:**

- a. Design effective human-centric governance model.
- b. Design underpinning governance processes, including decision-making, escalation, change requests, risks and issues management.
- c. Provide human-first analytics and expert support to develop independent perspectives and analysis of business and customer impact implications for critical decisions.

- d. Provide subject-matter expertise to pressure technology modernization test plans, select design artifacts, and approaches.
- e. Provide bi-weekly leadership updates on technology modernization design
- f. Provide high-level summary report of holistic design review of R1 and R2 technology modernization modules against future state aspirations and priorities
- g. Provide HCD subject-matter expertise to pressure test technology modernization plans, system development, data conversion, User Acceptance Testing (UAT) and System Integration Testing (SIT), and organizational change management associated with UIA's technology modernization program
- h. Provide HCD subject-matter expertise and independent perspectives on SIT testing progress, focusing on identifying potential HCD testing risks (e.g., defects, blocked interfaces) and provide potential suggestions to UIA on potential paths to remediate risks
- i. Establish and run weekly or bi-weekly discussion sessions with UIA leadership to identify and align on potential ad-hoc HCD intervention priorities
- j. Provide bi-weekly leadership updates on HCD opportunities in overall technology modernization project
- k. Establish and conduct regular (e.g., weekly) preparation and prioritization check-ins with UIA's system modernization Project Manager to discuss and align on HCD priorities  
 Conduct ad-hoc HCD sprints (e.g., monthly), as mutually agreed, to support UIA leadership and address evolving HCD priorities
- l. Provide overview of key HCD gaps and findings related to revised R1 SIT testing plan (dependent on revised R1 SIT plan being available from the SI by October 15, 2024)
- m. Provide summary of key HCD risks and issues, along with suggested mitigation plan

**New deliverables for this change notice:**

- n. Conduct one targeted deep-dive on specific topic(s) that will be mutually agreed upon beforehand with UIA leadership; potential deep-dives include quarterly MiUI health status check and reports across workstreams, workstream specific deep-dives (e.g., HCD employer / TPA dashboards) etc.

## 1.4 Human-Centric Decision Making

Objective: Embed an HCD approach in all governing decision-making processes and evaluation criteria (e.g. technical requirements, prioritization, securing talent) to enable consistent customer experience across multiple services, products, and projects.

**Deliverables completed to-date:**

- a. Review and provide independent human-centered perspectives on all critical aspects of agency decision-making structural designs impacting downstream service delivery.
- b. Identify and highlight potential gaps in project objectives and strategy and develop opportunities to narrow the gaps.
- c. Provide strategic consultation to support the agency through assessments and pressure-testing activities.
- d. Conduct analysis for implementation options as needed to meet customer needs.
- e. Support program planning, sequencing, and prioritization decision making
- f. Develop design priorities for agency's future state technology
- g. Develop HCD design principles to guide the technology modernization's Joint Application Design (JAD) discussions and future state design
- h. Develop list of potential design opportunities from a review of the interim JAD design decisions
- i. Develop potential approach to capture technology modernization design opportunities
- j. Develop simple 1-page summary for select technology modernization design changes and customizations that may fall outside of existing requirements
- k. Conduct high level HCD review of employer contributions- and benefits-related design against future state HCD aspirations and support agency to reflect potential HCD opportunities as part of final approval of design
- l. Review System Integrator's revised development plan and provide independent expert perspectives for UIA leadership, with focus on implications for HCD (e.g., revised timeline's ability to incorporate / respond to UIA's feedback HCD opportunities)
- m. Identify list of highest priority data conversion gaps and implications (e.g., list of missing fields, cross-functional issues from design)
- n. Provide high-level summary of HCD quality feedback from SIT testing
- o. Identify potential HCD gaps against industry accepted leading practices for UAT and SIT test prep / planning & execution (e.g., test plan review, script development progress, timeline allotted, entrance / exit criteria review)
- p. Support decision making and internal alignment within UIA on key data conversion related topics to optimize Human-Centered customer experience (e.g., # of years of historical data needed)



- q. Track incorporation of HCD opportunities (identified during the design phase) within the development / build sprints
- r. Review and provide HCD expert perspectives on System Integrator's cutover plan, run book, and the legacy system decommission plan, with focus on HCD impact on claimants, employer/TPAs, staff (dependent on System Integrator having such plans in sufficient detail by October 1, 2024)
- s. Provide summary of HCD findings related to R1 / R2 go-live re-planning based on experience from other states
- t. Provide high-level summary of R2 HCD readiness assessment across each workstream (e.g., design, build, testing)

## 1.5 Leadership Coaching

Objective: Define HCD vision for agency and provide executive leadership and organizational coaching on transformation strategies and execution.

### **Deliverables completed to-date:**

- a. Serve as human-centric strategy advisor to agency director and leadership team.
- b. Facilitate HCD aspiration setting workshop for agency.
- c. Design and facilitate HCD bootcamps for JAD attendees to share and align on desired future state design priorities and their roles and responsibilities
- d. For HCD design opportunities that result in change requests (CRs) from the System Integrator, develop summary 1-page business cases for HCD design changes and customizations for UIA leadership review and prioritization
- e. Design and provide targeted coaching (e.g., UAT bootcamp) for UIA staff who are likely to serve as UAT testers to build HCD mindsets

### **Deliverables to be continued as part of the change notice:**

- d. Facilitate agency leadership discussions for identified HCD priorities through 1x-a-month leadership workshop focused on specific topics that will be mutually agreed upon with UIA leadership; potential topics include facilitation of resolution for "big rocks" across workstreams (e.g., iSIT readiness, testing plan), UIA staff capability building (e.g., SIT bootcamp) etc.
- e. Coach UIA leadership on weekly HCD priorities and action items for key technology modernization governance meetings (e.g., PLG, steering committee) through ongoing leadership counseling (e.g., weekly coaching with 2-3 UIA leaders, facilitation / targeted support for key decisions)

## 1.6 Human-Centric Change Experience

Objective: Harness the perspective and experience of all team members to design, implement, and maintain change.

**Deliverables completed to-date:**

- a. Conduct organizational assessments.
- b. Design intervention strategies to meet business objectives.
- c. Design human-centric organizational change management approach.
- d. Design pilot projects across frontline staff.
- e. Design a Joint Application Design (JAD) coverage plan using mix of agency's assigned HCD champions and HCD teams
- f. Prepare for and facilitate weekly JAD preparation sessions for UIA staff to emphasize HCD topics in technology modernization design
- g. Attend priority JAD sessions and provide realtime coaching to UIA staff to push aspirations and apply HCD principles
- h. Attend select mock data conversion sessions with UIA team members and share targeted HCD feedback and input for UIA consideration
- i. Review and assess HCD impact of R1 and R2 data conversion plans and provide suggestions to improve stakeholder experience (i.e., employers / TPAs, claimants, UIA staff)
- j. Support UIA to conduct 5-10 HCD employer and TPA interviews and focus groups to identify HCD needs and priorities
- k. Build high-level employer and TPA stakeholder mapping to determine level of HCD changes for each impacted stakeholder group through UIA system modernization
- l. Develop employer and TPA communications roadmap and calendar for key stakeholders (e.g., SMBs, large employers, TPAs) for UIA to execute
- m. Deliver a high-level TPA and employer HCD change experience assessment by type of change
- n. Develop draft employer & TPA communication messages (e.g., number and timing of comms, key talking points) to address identified HCD change management needs

## **1.7 Human-Centric Organization**

Objective: Design organization and operational activities around the needs and goals of the agency's customers.

**Deliverables completed to-date:**

- a. Assessment of organizational effectiveness and alignment with transformational customer journeys, business processes, and modernized technology to inform organizational and operational models to streamline operations and enhance customer experience.

## **1.8 Customer Experience and Satisfaction Monitoring and Interventions**

Objective: Leverage qualitative and quantitative customer feedback to identify and solve problems in a way that prioritizes customer needs.

**Deliverables completed to-date:**

- a. Designing customer feedback, satisfaction, and expectations management.
- b. Develop intervention strategies to enhance customer experience and business outcome measurement.

## **1.9 Data Analytics**

Objective: Use data and analytic techniques to evaluate the effectiveness of HCD-informed organizational infrastructure transformations for both internal and external stakeholders.

**Deliverables completed to-date:**

- a. Analyze and benchmark organizational survey results
- b. Provide analytics support for select prioritized interventions for agency technology modernization
- c. Continue to provide analytics support for select prioritized interventions for agency technology modernization (e.g., potential HCD impact assessment) or other supporting analyses for the Project Manager as mutually agreed

## **3. Service Requirements**

### **3.3 Assumptions and Disclosures**

The above revised scope of work was designed with the following assumptions, and is subject to discussion and revision if there are material changes to UIA's system integration timeline and/or priorities:

- Contractor will primarily focus its HCD efforts on supporting the R1 (tax) go-live, with ad-hoc support for R2 benefits go-live, as needed
- Contractor will be provided access to System Integrator's interim work-in-progress deliverables
- Contractor will provide executive counseling support for UIA leadership team, but will not manage or be directly accountable for System Integrator tasks
- Topics for monthly leadership workshops and targeted deep-dive will be mutually agreed upon with UIA leadership beforehand

## 6. Pricing

### 6.1 Price Term

Pricing is firm for the entire length of the Contract.

Requirement	Total Billing Amount for CN 3, CN 5, CN6 and CN9 (completed)	Additional Billing Amount for updated scope	Total Billing Amount
SOW 1.3 Human-Centric Governance	3,405,000	148,200	3,553,200
SOW 1.4 Human-Centric Decision Making	4,945,000		4,945,000
SOW 1.5 Leadership Coaching	1,750,000	247,000	1,997,000
SOW 1.6 Human-Centric Change Experience	3,440,000		3,440,000
SOW 1.7 Human-Centric Organization	180,000		180,000
SOW 1.8 Customer Experience and Satisfaction Monitoring and Interventions	245,000		245,000
SOW 1.9 Data Analytics	500,000		500,000
Total	\$12,750,000	\$395,200	\$14,860,200



# STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget  
320 S. Walnut Street 2nd Floor Lansing, MI 48933  
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **9**

to

Contract Number **MA210000001421**

<b>CONTRACTOR</b>	McKinsey & Company, Inc. Washington D.C.
	1200 19th Street NW, Suite 100
	Washington DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

<b>STATE</b>	<b>Program Manager</b>	Holly Grandy-Miller	DTMB
		517-243-8710	
		Millerh1@michigan.gov	
	<b>Contract Administrator</b>	Adam Ashley	DTMB
		517-855-1376	
		ashleya2@michigan.gov	

CONTRACT SUMMARY				
Human Centered Design (HCD) Services – Prequalification Program				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
September 1, 2021	August 31, 2026	5 - 12 Months	August 31, 2026	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input 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		
\$20,597,500.00	\$1,715,000.00	\$22,312,500.00		
DESCRIPTION				
Effective 10/8/2024, the attached Schedule A - Statement of Work and \$1,715,000 are added to the Contract for the continuation of the UIA Modernization Project established in CN 3.				
All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on 10/8/24.				

# CN 9: SCHEDULE A – STATEMENT OF WORK CONTRACT ACTIVITIES

---

## HCD Business Strategy Stewardship for UIA Modernization Project

### 1.2 Scope of Work

Contractor will support UIA transformation efforts through the provision of deliverables, services, staff, and otherwise do all things necessary for, or incidental to, the performance of work, as set forth below.

In order to embed an HCD mindset within the UIA, a broad range of coordinated, parallel workstreams are included. The agency has prioritized workstreams having significant impact to agency operations and resulting customer experiences. In particular, agency earlier requested the HCD business strategy stewardship vendor ("Contractor") to re-prioritize its efforts to identify HCD design opportunities in the ongoing UIA technology modernization effort (Change Notice 5). Since this re-prioritization, Contractor has supported agency to identify and capture multiple HCD design opportunities by attending and supporting the Joint Application Design (JAD) sessions, reviewing and highlighting potential opportunities in the design use case documents, supporting UIA leadership and staff to develop effective HCD governance and decision-making regarding the system modernization project, etc. UIA found such support helpful in continuously improving agency's system modernization project and modified the scope of work to extend the support until Sep 13, 2024 (Change Notice 6). Given the recent developments in the UIA technology modernization effort and anticipated HCD support required, UIA seeks to modify the current scope of work until November 1, 2024.

These workstreams are:

### 1.3 Human-Centric Governance

Objective: Design and establish an effective agency governance system that focuses on aligning strategy, value, and stakeholders instead of exclusively concentrating on budget, scheduling, and issue response.

#### **Deliverables completed to-date:**

- a. Design effective human-centric governance model.
- b. Design underpinning governance processes, including decision-making, escalation, change requests, risks and issues management.
- c. Provide human-first analytics and expert support to develop independent perspectives and analysis of business and customer impact implications for critical decisions.

- d. Provide subject-matter expertise to pressure technology modernization test plans, select design artifacts, and approaches.
- e. Provide bi-weekly leadership updates on technology modernization design
- f. Provide high-level summary report of holistic design review of R1 and R2 technology modernization modules against future state aspirations and priorities
- g. Provide HCD subject-matter expertise to pressure test technology modernization plans, system development, data conversion, User Acceptance Testing (UAT) and System Integration Testing (SIT), and organizational change management associated with UIA's technology modernization program
- h. Provide HCD subject-matter expertise and independent perspectives on SIT testing progress, focusing on identifying potential HCD testing risks (e.g., defects, blocked interfaces) and provide potential suggestions to UIA on potential paths to remediate risks

**Deliverables to be continued as part of this change notice:**

- i. Establish and run weekly or bi-weekly discussion sessions with UIA leadership to identify and align on potential ad-hoc HCD intervention priorities
- j. Provide bi-weekly leadership updates on HCD opportunities in overall technology modernization project
- k. Establish and conduct regular (e.g., weekly) preparation and prioritization check-ins with UIA's system modernization Project Manager to discuss and align on HCD priorities
- l. Conduct ad-hoc HCD sprints (e.g., monthly), as mutually agreed, to support UIA leadership and address evolving HCD priorities

**New deliverables for this Change Notice:**

- m. Provide overview of key HCD gaps and findings related to revised R1 SIT testing plan (dependent on revised R1 SIT plan being available from the SI by October 15, 2024)
- n. Provide summary of key HCD risks and issues, along with suggested mitigation plan

## 1.4 Human-Centric Decision Making

Objective: Embed an HCD approach in all governing decision-making processes and evaluation criteria (e.g. technical requirements, prioritization, securing talent) to enable consistent customer experience across multiple services, products, and projects.

**Deliverables completed to-date:**

- a. Review and provide independent human-centered perspectives on all critical aspects of agency decision-making structural designs impacting downstream service delivery.
- b. Identify and highlight potential gaps in project objectives and strategy and develop opportunities to narrow the gaps.
- c. Provide strategic consultation to support the agency through assessments and pressure-testing activities.
- d. Conduct analysis for implementation options as needed to meet customer needs.
- e. Support program planning, sequencing, and prioritization decision making
- f. Develop design priorities for agency's future state technology
- g. Develop HCD design principles to guide the technology modernization's Joint Application Design (JAD) discussions and future state design
- h. Develop list of potential design opportunities from a review of the interim JAD design decisions
- i. Develop potential approach to capture technology modernization design opportunities
- j. Develop simple 1-page summary for select technology modernization design changes and customizations that may fall outside of existing requirements
- k. Conduct high level HCD review of employer contributions- and benefits-related design against future state HCD aspirations and support agency to reflect potential HCD opportunities as part of final approval of design
- l. Review System Integrator's revised development plan and provide independent expert perspectives for UIA leadership, with focus on implications for HCD (e.g., revised timeline's ability to incorporate / respond to UIA's feedback HCD opportunities)
- m. Identify list of highest priority data conversion gaps and implications (e.g., list of missing fields, cross-functional issues from design)
- n. Provide high-level summary of HCD quality feedback from SIT testing
- o. Identify potential HCD gaps against industry accepted leading practices for UAT and SIT test prep / planning & execution (e.g., test plan review, script development progress, timeline allotted, entrance / exit criteria review)

**Deliverables to be continued as part of this change notice:**

- k. Support decision making and internal alignment within UIA on key data conversion related topics to optimize Human-Centered customer experience (e.g., # of years of historical data needed)
- l. Track incorporation of HCD opportunities (identified during the design phase) within the development / build sprints



- m. Review and provide HCD expert perspectives on System Integrator's cutover plan, run book, and the legacy system decommission plan, with focus on HCD impact on claimants, employer/TPAs, staff (dependent on System Integrator having such plans in sufficient detail by October 1, 2024)

**New deliverables for this Change Notice:**

- o. Provide summary of HCD findings related to R1 / R2 go-live re-planning based on experience from other states
- p. Provide high-level summary of R2 HCD readiness assessment across each workstream (e.g., design, build, testing)

## 1.5 Leadership Coaching

Objective: Define HCD vision for agency and provide executive leadership and organizational coaching on transformation strategies and execution.

**Deliverables completed to-date:**

- a. Serve as human-centric strategy advisor to agency director and leadership team.
- b. Facilitate HCD aspiration setting workshop for agency.
- c. Design and facilitate HCD bootcamps for JAD attendees to share and align on desired future state design priorities and their roles and responsibilities
- d. For HCD design opportunities that result in change requests (CRs) from the System Integrator, develop summary 1-page business cases for HCD design changes and customizations for UIA leadership review and prioritization
- e. Design and provide targeted coaching (e.g., UAT bootcamp) for UIA staff who are likely to serve as UAT testers to build HCD mindsets

**Deliverables to be continued as part of the change notice:**

- d. Facilitate agency leadership discussions for identified HCD priorities
- e. Coach UIA leadership and Project Manager on weekly HCD priorities and action items for key technology modernization governance meetings (e.g., PLG, steering committee)

## 1.6 Human-Centric Change Experience

Objective: Harness the perspective and experience of all team members to design, implement, and maintain change.

**Deliverables completed to-date:**

- a. Conduct organizational assessments.

- b. Design intervention strategies to meet business objectives.
- c. Design human-centric organizational change management approach.
- d. Design pilot projects across frontline staff.
- e. Design a Joint Application Design (JAD) coverage plan using mix of agency's assigned HCD champions and HCD teams
- f. Prepare for and facilitate weekly JAD preparation sessions for UIA staff to emphasize HCD topics in technology modernization design
- g. Attend priority JAD sessions and provide realtime coaching to UIA staff to push aspirations and apply HCD principles
- h. Attend select mock data conversion sessions with UIA team members and share targeted HCD feedback and input for UIA consideration
- i. Review and assess HCD impact of R1 and R2 data conversion plans and provide suggestions to improve stakeholder experience (i.e., employers / TPAs, claimants, UIA staff)
- j. Support UIA to conduct 5-10 HCD employer and TPA interviews and focus groups to identify HCD needs and priorities
- k. Build high-level employer and TPA stakeholder mapping to determine level of HCD changes for each impacted stakeholder group through UIA system modernization
- l. Develop employer and TPA communications roadmap and calendar for key stakeholders (e.g., SMBs, large employers, TPAs) for UIA to execute
- m. Deliver a high-level TPA and employer HCD change experience assessment by type of change
- n. Develop draft employer & TPA communication messages (e.g., number and timing of comms, key talking points) to address identified HCD change management needs

## 1.7 Human-Centric Organization

Objective: Design organization and operational activities around the needs and goals of the agency's customers.

### **Deliverables completed to-date:**

- a. Assessment of organizational effectiveness and alignment with transformational customer journeys, business processes, and modernized technology to inform organizational and operational models to streamline operations and enhance customer experience.

## 1.8 Customer Experience and Satisfaction Monitoring and Interventions

Objective: Leverage qualitative and quantitative customer feedback to identify and solve problems in a way that prioritizes customer needs.

**Deliverables completed to-date:**

- a. Designing customer feedback, satisfaction, and expectations management.
- b. Develop intervention strategies to enhance customer experience and business outcome measurement.

## **1.9 Data Analytics**

Objective: Use data and analytic techniques to evaluate the effectiveness of HCD-informed organizational infrastructure transformations for both internal and external stakeholders.

**Deliverables completed to-date:**

- a. Analyze and benchmark organizational survey results
- b. Provide analytics support for select prioritized interventions for agency technology modernization

**Deliverables to be continued as part of this change notice:**

- c. Continue to provide analytics support for select prioritized interventions for agency technology modernization (e.g., potential HCD impact assessment) or other supporting analyses for the Project Manager as mutually agreed

## **3. Service Requirements**

### **3.3 Assumptions and Disclosures**

The above revised scope of work was designed with the following assumptions, and is subject to discussion and revision if there are material changes to UIA's system integration timeline and/or priorities:

- Contractor will primarily focus its HCD efforts on supporting the R1 go-live, with a high-level assessment of R2 go-live readiness. UIA reserves the option to re-direct Contractor's resources more fully towards R2 go-live needs based on urgency and impact following discussions with the Contractor
- Contractor will be provided access to System Integrator's interim work-in-progress deliverables
- Contractor will work directly with the UIA's project manager to gather information and conduct reviews as needed, but will not manage or be directly accountable for System Integrator tasks
- Contractor will work closely with and support the UIA's project manager, but will not manage or be accountable for UIA's system modernization governance processes

## 6. Pricing

### 6.1 Price Term

Pricing is firm for the entire length of the Contract.

Requirement	Total Billing Amount for CN 3, CN 5 and CN6 (completed)	Additional Billing Amount for updated scope	Total Billing Amount
SOW 1.3 Human-Centric Governance	\$2,845,000	\$560,000	\$3,405,000
SOW 1.4 Human-Centric Decision Making	\$4,255,000	\$690,000	\$4,945,000
SOW 1.5 Leadership Coaching	\$1,355,000	\$395,000	\$1,750,000
SOW 1.6 Human-Centric Change Experience	\$3,440,000		\$3,440,000
SOW 1.7 Human-Centric Organization	\$180,000		\$180,000
SOW 1.8 Customer Experience and Satisfaction Monitoring and Interventions	\$245,000		\$245,000
SOW 1.9 Data Analytics	\$430,000	\$70,000	\$500,000
Total	\$12,750,000	\$1,715,000	\$14,465,000



# STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget  
320 S. Walnut Street 2nd Floor Lansing, MI 48933  
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **8**

to

Contract Number **MA210000001421**

<b>CONTRACTOR</b>	McKinsey & Company, Inc. Washington D.C.
	1200 19th Street NW, Suite 100
	Washington DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

<b>STATE</b>	<b>Program Manager</b>	Holly Grandy-Miller	DTMB
		517-243-8710	
		Millerh1@michigan.gov	
	<b>Contract Administrator</b>	Adam Ashley	DTMB
		517-855-1376	
		ashleya2@michigan.gov	

CONTRACT SUMMARY						
Human Centered Design (HCD) Services – Prequalification Program						
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE			
September 1, 2021	August 31, 2026	5 - 12 Months	August 31, 2026			
PAYMENT TERMS		DELIVERY TIMEFRAME				
NET 45		N/A				
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING			
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input 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				
\$20,170,000.00	\$427,500.00	\$20,597,500.00				

DESCRIPTION
Effective July, 30 2024, the following changes are hereby incorporated into this contract.
1. The attached Schedule A - Statement of Work and \$427,500.00 are added to the Contract for the continuation of the UIA Michigan Reconnect project established in CN 4 for LEO and MiLEAP.
2. \$50,000 is being added due to a discrepancy on the current value between CN 6 and CN 7.
All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, DTMB Central Procurement approval, and State Administrative Board approval on 7/30/24.

# **SCHEDULE A – STATEMENT OF WORK**

## **CONTRACT ACTIVITIES**

In this phase, the Contractor will perform the activities and furnish the deliverables as listed below. Contractors firm fixed price quote for the work in this extension phase is **\$427,500.00** for 4 weeks of work comprising:

### **1. Pilot projects:**

- Further define employer-led recruitment initiatives (e.g., internships, employer engagement) (~ \$427,500)
  - Research and scan of existing Michigan efforts (state-led and non-state-led) to engage employers (e.g., internships) that could support Reconnect21 goals
  - Stakeholder engagement with key partners to identify and refine list of potential Reconnect21 employer engagement initiatives (e.g., scaling of existing internship programs for 21-24 year olds)
  - Detailed implementation plans for employer engagement initiatives (e.g., weekly and monthly milestones, KPIs)

### **2. Leadership coaching**

- As needed, support June and October stocktakes
  - Join prep meeting before stocktake to review latest data and refine agenda
  - Attend stocktake meeting to support facilitation and provide expert input
  - Join debrief meeting after stocktake to review next steps and acceleration ideas

## **Deliverables**

### **6. Additional Projects:**

- Employer engagement initiative plan
- June and October stocktakes support, as needed

Contractor proposes invoicing in equal monthly payments, separately over the duration of each phase, subject to review and approval from the State of Michigan.



# STATE OF MICHIGAN ENTERPRISE PROCUREMENT

Department of Technology, Management, and Budget

525 W. ALLEGAN ST., LANSING, MICHIGAN 48913  
P.O. BOX 30026 LANSING, MICHIGAN 48909

## CONTRACT CHANGE NOTICE

Change Notice Number **7**

to

Contract Number **MA210000001421**

<b>CONTRACTOR</b>	McKinsey & Company
	1200 19th Street NW, Suite 100
	Washington DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

<b>STATE</b>	<b>Program Manager</b>	Holly Grandy-Miller	DTMB
		517-243-8710	
		Millerh1@michigan.gov	
	<b>Contract Administrator</b>	Adam Ashley	DTMB
		517-855-1376	
		ashleya2@michigan.gov	

CONTRACT SUMMARY				
Human Centered Design (HCD) Services – Prequalification Program				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
September 1, 2021	August 31, 2026	5 - 12 Months	August 31, 2026	
PAYMENT TERMS		DELIVERY TIMEFRAME		
NET 45		N/A		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> Direct Voucher (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"/>		
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$19,880,000.00	\$240,000.00	\$20,120,000.00		
DESCRIPTION				
Effective June 20, 2024, the attached Schedule A - Statement of Work and the value is hereby increased by \$240,000 for DTMB Office of Continuous Improvement (OCI).				
All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement, and DTMB Central Procurement approval.				



# SCHEDULE A – STATEMENT OF WORK CONTRACT ACTIVITIES

---

## State of Michigan - Design Operations

### HUMAN CENTERED DESIGN (HCD) BACKGROUND

The Michigan Department of Technology, Management and Budget (DTMB) Office of Continuous Improvement (OCI) is responsible for the statewide HCD strategy. The purpose of the HCD strategy is to ensure the voice of the end users are reflected in our services and solutions. The State established a need for services through this specific statement of work through a second-tier solicitation from prequalified Contractors.

### PROJECT BACKGROUND

The State of Michigan is seeking to better define and expand our Human Centered Design strategy. Currently, product teams and stakeholders do not fully understand the design process, or the role design should play within their projects. This can cause confusion amongst team members and barriers between design and development. Our goal with this engagement is to tackle both near- and long-term goals. In the near term, we hope to establish robust documentation and a clear process for engaging and working with the eMichigan design team. Our longer-term goal is to create a strategic roadmap for evangelizing and expanding design services throughout the enterprise.

## 1. Requirements

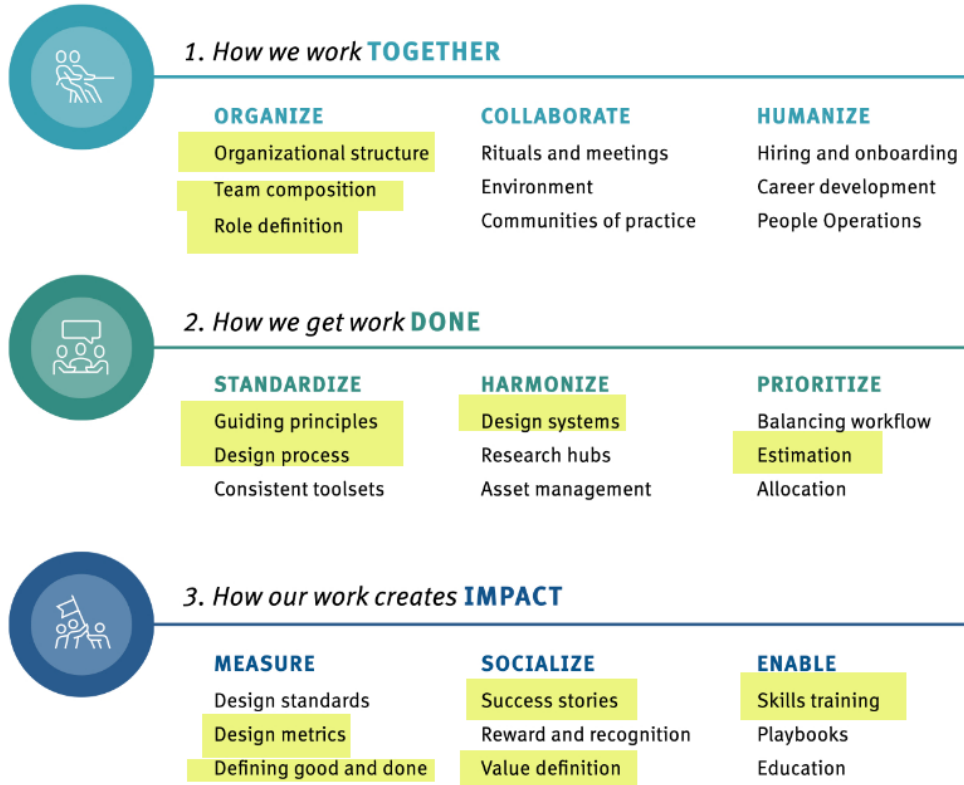
### 1.1. General Requirements

The DTMB eMichigan Team is requesting a HCD partner to assist with defining roles and responsibilities, principles and processes, and measures that support varying types of projects/requests ranging from small engagements to large scale, complex solutions. Additionally, communication is a critical success factor in raising awareness of the services offered by eMichigan and OCI. As such, the team has a need for materials to leverage in building presentations to promote our services as well as establishing a roadmap to ensure that attention is focused where it will be most impactful.

At the end of the HCD partner engagement, the eMichigan team envisions having a built out a DesignOps landscape and supporting documentation similar to that described and depicted (below) by the Nielsen Normal Group at <https://www.nngroup.com/articles/design-operations-101/>. The areas of most interest for this engagement are highlighted in yellow.

## The DesignOps Landscape

DesignOps practices should be defined based on an organization's biggest gaps or pain points within the 3 main areas of DesignOps: How we work together, how we get work done, and how our work creates impact.



NNGROUP.COM **NN**/g

### 1.2. Work and Deliverables

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

#### 1.2.1. Customized DesignOps Landscape for State of Michigan:

- A. The Contractor will create the outline of a clear plan for implementing DesignOps within the eMichigan design team. It must define how our team will work together, collaborate efficiently, and ultimately create a significant impact on State of Michigan projects and services.
- B. The Contractor will plan and conduct internal research such as stakeholder interviews, and surveys to gather information from the eMichigan and OCI teams as well as external stakeholders such as our DTMB Agency Services development team partners. This information will inform the plan and serve as foundational context for the remainder of the deliverables.

**1.2.2. How We Work Together – Organizational Structure, Team Composition, and Role Definition:**

- A. Within DTMB, the eMichigan Design/UX team and OCI/HCD teams coexist. These teams work very closely to address all requests; however, service lines offered by each team and how/when to engage these teams is not clearly delineated. The Contractor will meet with the eMichigan and OCI/HCD teams to understand capabilities, historical engagements, and future goals.
- B. The Contractor will use this information to create a clear catalog of outcome-based services for both eMichigan and OCI/HCD, detailing where these services begin and finish and where the teams dovetail together.

**1.2.3. How We Get Work Done – Guiding Principles, Design Systems, Design Processes and Estimation:**

- A. The Contractor will meet with the eMichigan team to uncover and expose challenges and bottlenecks in the current design workflow.
- B. The Contractor will then define guiding principles, as well as optimize and document new design processes.
- C. The Contractor deliverable must cover the necessary processes from initiation through testing to delivery. This includes defining and aligning purposeful design activities within the design process.
- D. The Contractor will produce a detailed visual representation of our design process illustrating how our team navigates different stages of UI/UX work for diverse client projects.
- E. The Contractor will include information on how development teams work with designers to create a smooth handoff within the process documentation. It must define clear expectations from clients and internal teams ensuring that all parties are aligned and aware of their roles and responsibilities as the project progresses.
- F. The Contractor will meet with the eMichigan team to understand design-team capacity and document a process to accurately estimate and allocate projects resources.
- G. The deliverables produced must provide a flexible framework that can be shared with teams enabling easy adoption to various project requirements.
- H. eMichigan has developed and published a State of Michigan design system called Digital Guidelines ([www.digitalguidelines.michigan.gov](http://www.digitalguidelines.michigan.gov)). They leverage Figma and UserTesting.com and are not currently looking to change their toolsets. For this engagement, the Contractor shall review the Digital Guidelines design system and provide recommendations on expanding adoption, including in cases where technical constraints (e.g., COTS, Low Code, No Code solutions, SaaS products, CRMs) limit full adoption.

#### **1.2.4. How Our Work Creates Impact – Design Metrics, Defining Good and Done, Success Stories, Value Definition and Skills Training**

- A. Communication is a critical success factor in raising awareness of the design services offered by eMichigan. The Contractor shall create materials and templates to leverage in building presentations to promote our services to both business stakeholders and development teams. The materials created should have a clear target audience (business or technical) and must utilize a consistent message of the role and value of design and offer options for including success stories.
- B. Contractor will work with eMichigan to set and document criteria for determining “good and done” as it relates to our work.
- C. Contractor will work with eMichigan to establish and document reusable metrics, establish baselines, and a playbook for measuring quality over time.
- D. Contractor will provide written recommendations on skills training by role, including eMichigan centralized design/UX team members as well as developers and business stakeholders.

#### **1.2.5. Optional Services as Recommended by Contractor**

During the diagnostic of the current state, Contractor has recommended auditing the existing design system for accessibility and inclusive design considerations. The goal is to unlock new opportunities to create more inclusive experiences.

The audit would include:

- 1. Audit the existing documentation** to understand current state of Design System.
- 2. Cross-check against industry examples** and accessibility checklists (web & native) to determine the gaps and best practices to structure.
- 3. Identify opportunities to drive equitable outcomes** by either improving existing componentry, unlocking themes for dark or low visibility modes, and understand the products and services that have the greatest impact to residents.

#### **1.3. Training/Knowledge Transfer**

The State of Michigan wants to better understand steps taken throughout the HCD process and requests the Contractor enable state employees to learn through observation, participation, and de-briefing of facilitation activities of the project. Contractor must provide to the eMichigan and OCI/HCD teams leadership coaching and mentorship throughout the course of the project to equip them with the knowledge they need to achieve desired outcomes of the project. Appropriate knowledge transfer and training should be delivered to core members of the eMichigan team to build competency in HCD and ensure the ability to maintain the implemented solution.

## **2. Service Requirements**

### **2.1. Timeframes**

All Contract Activities must be delivered within 90 business days from receipt of order. The receipt of order date is pursuant to the **Notices** section of the Standard Contract Terms.

DTMB retains the option for additional project iterations, at additional agreed-to cost, beyond the initial service timeframe.

## **3. Acceptance, Inspection, and Testing**

Unless otherwise stated, the State will use the criteria provided in Section 16 of the Contract Terms to determine acceptance of the Contract Activities.

## **4. Staffing**

### **4.1. Key Personnel**

The Contractor must appoint individuals who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

## **5. Project Management**

### **5.1. Project Plan**

The Contractor will carry out this project under the direction and control of the eMichigan User Experience team manager.

Contractor must submit an initial project plan to the eMichigan User Experience team manager for approval. The plan must include:

- (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and
- (b) the project breakdown showing sub-projects, tasks, timeline, and resources required.

Within 10 calendar days of the Effective Date, the Contractor must submit a final project plan to the Program Manager for approval.

### **5.2. Meetings**

Unless previously otherwise arranged, meetings will occur virtually using Teams.

The Contractor must attend the following meetings:

- Weekly Project Status

The State may request other meetings as it deems appropriate.

### **5.3. Reporting**

The Contractor must submit to eMichigan the following written reports:

- Weekly status reports.

- Final deliverables.

## 6. Pricing

### 6.1. Price Term

Pricing is firm for the entire length of the Contract. Contractor to submit specific pricing in this section for each of the following deliverables from **Section 1.2.**

Deliverable	Pricing
<b>1.2.1.</b> Customized DesignOps Landscape for State of Michigan	\$60,000
<b>1.2.2.</b> How We Work Together – Organizational Structure, Team Composition and Role Definition	\$60,000
<b>1.2.3.</b> How We Get Work Done – Guiding Principles, Design Processes, Design Systems, and Estimation	\$60,000
<b>1.2.4.</b> How Our Work Creates Impact – Design Metrics, Defining Good and Done, Success Stories, Value Definition and Skills Training	\$60,000
<b>1.2.5.</b> Optional Services as Recommended by Contractor (please provide complete description with proposal)	Not separately priced



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
Department of Technology, Management, and Budget  
320 S. WALNUT ST., LANSING, MICHIGAN 48933  
P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **6**  
to  
Contract Number **210000001421**

<b>CONTRACTOR</b>	McKinsey & Company
	1200 19th Street NW, Suite 100
	Washington, DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

<b>STATE</b>	<b>Program Manager</b>	Holly Grandy-Miller	DTMB
		517-243-8710	
		Millerh1@michigan.gov	
	<b>Contract Administrator</b>	Adam Ashley	DTMB
		(517)855-1376	
		ashleya2@michigan.gov	

CONTRACT SUMMARY				
HUMAN CENTERED DESIGN (HCD) SERVICES – PREQUALIFICATION PROGRAM				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS		EXPIRATION DATE BEFORE
September 1, 2021	August 31, 2026	5 - 1 Year		August 31, 2026
PAYMENT TERMS		DELIVERY TIMEFRAME		
		N/A		
ALTERNATE PAYMENT OPTIONS				EXTENDED PURCHASING
<input type="checkbox"/> P-Card		<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input 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"/>		N/A
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$12,580,000.00	\$7,350,000.00	\$19,930,000.00		
DESCRIPTION				
Effective March 26, 2024, this Contract is increased by \$7,350,000.00 for the continuation of the UIA Modernization Project Business Stewardship established on Change Notice 3. The statement of work below outlines the third phase of the deliverables for the project.				
These funds were previously approved by the State Administrative Board on 7/11/2023.				
All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement and DTMB Central Procurement Services approval.				

# SCHEDULE A – STATEMENT OF WORK

## CONTRACT ACTIVITIES

---

Request for Proposal No. 230000002379

### HCD Business Strategy Stewardship for UIA Modernization Project

#### 1.2 Scope of Work

Contractor will support UIA transformation efforts through the provision of deliverables, services, staff, and otherwise do all things necessary for, or incidental to, the performance of work, as set forth below.

In order to embed an HCD mindset within the UIA, a broad range of coordinated, parallel workstreams are included. The agency has prioritized workstreams having significant impact to agency operations and resulting customer experiences. In particular, agency earlier requested the HCD business strategy stewardship vendor ("Contractor") to re-prioritize its efforts to identify HCD design opportunities in the ongoing UIA technology modernization effort (Change Notice 5). Since this re-prioritization, Contractor has supported agency to identify and capture multiple HCD design opportunities by attending and supporting the Joint Application Design (JAD) sessions, reviewing and highlighting potential opportunities in the design use case documents, supporting UIA leadership and staff to develop effective HCD governance and decision-making regarding the system modernization project, etc. UIA has found such support helpful in continuously improving agency's system modernization project and seeks to modify the current scope of work to reflect the anticipated HCD support required for the next phases of modernization (e.g., data conversion, development, organizational change management, testing) until August 30, 2024.

These workstreams are:

#### 1.3 Human-Centric Governance

Objective: Design and establish an effective agency governance system that focuses on aligning strategy, value, and stakeholders instead of exclusively concentrating on budget, scheduling, and issue response.

Deliverables completed to-date:

- a. Design effective human-centric governance model.
- b. Design underpinning governance processes, including decision-making, escalation, change requests, risks and issues management.
- c. Provide human-first analytics and expert support to develop independent perspectives and analysis of business and customer impact implications for critical decisions.



- d. Provide subject-matter expertise to pressure technology modernization test plans, select design artifacts, and approaches.
- e. Provide bi-weekly leadership updates on technology modernization design
- f. Provide high-level summary report of holistic design review of R1 and R2 technology modernization modules against future state aspirations and priorities

Updated deliverables for this Change Notice:

- g. Provide HCD subject-matter expertise to pressure test technology modernization plans, system development, data conversion, User Acceptance Testing (UAT) and System Integration Testing (SIT), and organizational change management associated with UIA's technology modernization program
- h. Provide HCD subject-matter expertise and independent perspectives on SIT testing progress, focusing on identifying potential HCD testing risks (e.g., defects, blocked interfaces) and provide potential suggestions to UIA on potential paths to remediate risks
- i. Establish and run weekly or bi-weekly discussion sessions with UIA leadership to identify and align on potential ad-hoc HCD intervention priorities
- j. Conduct ad-hoc HCD sprints (e.g., monthly), as mutually agreed, to support UIA leadership and address evolving HCD priorities
- k. Provide bi-weekly leadership updates on HCD opportunities in overall technology modernization project
- l. Establish and conduct regular (e.g., weekly) preparation and prioritization check-ins with UIA's system modernization Project Manager to discuss and align on HCD priorities

#### **1.4 Human-Centric Decision Making**

Objective: Embed an HCD approach in all governing decision-making processes and evaluation criteria (e.g. technical requirements, prioritization, securing talent) to enable consistent customer experience across multiple services, products, and projects.

Deliverables completed to-date:

- a. Review and provide independent human-centered perspectives on all critical aspects of agency decision-making structural designs impacting downstream service delivery.
- b. Identify and highlight potential gaps in project objectives and strategy and develop opportunities to narrow the gaps.
- c. Provide strategic consultation to support the agency through assessments and pressure-testing activities.

- d. Conduct analysis for implementation options as needed to meet customer needs.
- e. Support program planning, sequencing, and prioritization decision making
- f. Develop design priorities for agency's future state technology
- g. Develop HCD design principles to guide the technology modernization's Joint Application Design (JAD) discussions and future state design
- h. Develop list of potential design opportunities from a review of the interim JAD design decisions
- i. Develop potential approach to capture technology modernization design opportunities
- j. Develop simple 1-page summary for select technology modernization design changes and customizations that may fall outside of existing requirements

Updated deliverables for this Change Notice:

- k. Conduct high level HCD review of employer contributions- and benefits-related design against future state HCD aspirations and support agency to reflect potential HCD opportunities as part of final approval of design
- l. Review System Integrator's revised development plan and provide independent expert perspectives for UIA leadership, with focus on implications for HCD (e.g., revised timeline's ability to incorporate / respond to UIA's feedback HCD opportunities)
- m. Track incorporation of HCD opportunities (identified during the design phase) within the development / build sprints
- n. Identify list of highest priority data conversion gaps and implications (e.g., list of missing fields, cross-functional issues from design)
- o. Support decision making and internal alignment within UIA on key data conversion related topics to optimize Human-Centered customer experience (e.g., # of years of historical data needed)
- p. Identify potential HCD gaps against industry accepted leading practices for UAT and SIT test prep / planning & execution (e.g., test plan review, script development progress, timeline allotted, entrance / exit criteria review)
- q. Provide high-level summary of HCD quality feedback from SIT testing
- r. Review and provide HCD expert perspectives on System Integrator's cutover plan, run book, and the legacy system decommission plan, with focus on HCD impact on claimants, employer/TPAs, staff (dependent on System Integrator having such plans in sufficient detail by August 1, 2024)

## 1.5 Leadership Coaching

Objective: Define HCD vision for agency and provide executive leadership and organizational coaching on transformation strategies and execution.

Deliverables completed to-date:

- a. Serve as human-centric strategy advisor to agency director and leadership team.
- b. Facilitate HCD aspiration setting workshop for agency.
- c. Design and facilitate HCD bootcamps for JAD attendees to share and align on desired future state design priorities and their roles and responsibilities

Updated deliverables for this Change Notice:

- d. Facilitate agency leadership discussions for identified HCD priorities
- e. For HCD design opportunities that result in change requests (CRs) from the System Integrator, develop summary 1-page business cases for HCD design changes and customizations for UIA leadership review and prioritization
- f. Design and provide targeted coaching (e.g., UAT bootcamp) for UIA staff who are likely to serve as UAT testers to build HCD mindsets
- g. Coach UIA leadership and Project Manager on weekly HCD priorities and action items for key technology modernization governance meetings (e.g., PLG, steering committee)

## **1.6 Human-Centric Change Experience**

Objective: Harness the perspective and experience of all team members to design, implement, and maintain change.

Deliverables completed to-date:

- a. Conduct organizational assessments.
- b. Design intervention strategies to meet business objectives.
- c. Design human-centric organizational change management approach.
- d. Design pilot projects across frontline staff.
- e. Design a Joint Application Design (JAD) coverage plan using mix of agency's assigned HCD champions and HCD teams
- f. Prepare for and facilitate weekly JAD preparation sessions for UIA staff to emphasize HCD topics in technology modernization design
- g. Attend priority JAD sessions and provide realtime coaching to UIA staff to push aspirations and apply HCD principles

Updated deliverables for this Change Notice:

- h. Attend select mock data conversion sessions with UIA team members and share targeted HCD feedback and input for UIA consideration

- i. Review and assess HCD impact of R1 and R2 data conversion plans and provide suggestions to improve stakeholder experience (i.e., employers / TPAs, claimants, UIA staff)
- j. Support UIA to conduct 5-10 HCD employer and TPA interviews and focus groups to identify HCD needs and priorities
- k. Build high-level employer and TPA stakeholder mapping to determine level of HCD changes for each impacted stakeholder group through UIA system modernization
- l. Develop employer and TPA communications roadmap and calendar for key stakeholders (e.g., SMBs, large employers, TPAs) for UIA to execute
- m. Deliver a high-level TPA and employer HCD change experience assessment by type of change
- n. Develop draft employer & TPA communication messages (e.g., number and timing of comms, key talking points) to address identified HCD change management needs

## **1.7 Human-Centric Organization**

Objective: Design organization and operational activities around the needs and goals of the agency's customers.

Deliverables completed to-date:

- a. Assessment of organizational effectiveness and alignment with transformational customer journeys, business processes, and modernized technology to inform organizational and operational models to streamline operations and enhance customer experience.

## **1.8 Customer Experience and Satisfaction Monitoring and Interventions**

Objective: Leverage qualitative and quantitative customer feedback to identify and solve problems in a way that prioritizes customer needs.

Deliverables completed to-date:

- a. Designing customer feedback, satisfaction, and expectations management.
- b. Develop intervention strategies to enhance customer experience and business outcome measurement.

## **1.9 Data Analytics**

Objective: Use data and analytic techniques to evaluate the effectiveness of HCD-informed organizational infrastructure transformations for both internal and external stakeholders.

Deliverables completed to-date:

- a. Analyze and benchmark organizational survey results
- b. Provide analytics support for select prioritized interventions for agency technology modernization

Updated deliverables for this Change Notice:

- c. Continue to provide analytics support for select prioritized interventions for agency technology modernization (e.g., potential HCD impact assessment) or other supporting analyses for the Project Manager as mutually agreed

### **3. Service Requirements**

#### **3.3 Assumptions and Disclosures**

The above revised scope of work was designed with the following assumptions, and is subject to discussion and revision if there are material changes to UIA's system integration timeline and/or priorities:

- For planning purposes, this change notice assumes UIA's modernized system will have its R1 go-live in early February 2025, with following milestone dates for select system modernization phases:
  - Final R1 and R2 design documents: February 15, 2024
  - R1 UAT commencement: mid-September 2024
  - Final R1 UAT plan: August 1, 2024
- Contractor will primarily focus its HCD efforts on supporting the R1 go-live. UIA reserves the option to re-direct Contractor's resources towards R2 go-live needs based on urgency and impact following discussions with the Contractor
- Contractor will be provided access to System Integrator's interim work-in-progress deliverables
- Contractor will work directly with the System Integrator to gather information and conduct reviews as needed, but will not manage or be directly accountable for System Integrator tasks
- Contractor will work closely with and support the UIA's project manager, but will not manage or be accountable for UIA's system modernization governance processes

## 6. Pricing

### 6.1 Price Term

Pricing is firm for the entire length of the Contract.

Requirement	Total Billing Amount for CN 3 and CN 5 (completed)	Additional Billing Amount for updated scope	Total Billing Amount
SOW 1.3 Human-Centric Governance	\$1,145,000	\$1,700,000	\$2,845,000
SOW 1.4 Human-Centric Decision Making	1,995,000	2,260,000	4,255,000
SOW 1.5 Leadership Coaching	225,000	1,130,000	1,355,000
SOW 1.6 Human-Centric Change Experience	1,460,000	1,980,000	3,440,000
SOW 1.7 Human-Centric Organization	180,000		180,000
SOW 1.8 Customer Experience and Satisfaction Monitoring and Interventions	245,000		245,000
SOW 1.9 Data Analytics	150,000	280,000	430,000
Total	\$5,400,000	\$7,350,000	\$12,750,000



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**

Department of Technology, Management, and Budget  
320 S. WALNUT ST., LANSING, MICHIGAN 48933  
P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **5**  
to  
Contract Number **210000001421**

<b>CONTRACTOR</b>	McKinsey & Company	<b>STATE</b>	Program Manager	Holly Grandy-Miller	DTMB
	1200 19th Street NW, Suite 100			517-243-8710	
	Washington, DC 20036		Contract Administrator	Millerh1@michigan.gov	
	Jessica Wrenn			Sean Regan	DTMB
	202-905-1173			(517) 243-8459	
	jessica_wrenn@mckinsey.com			regans@michigan.gov	
	VS0065227				

**CONTRACT SUMMARY**

HUMAN CENTERED DESIGN (HCD) SERVICES – PREQUALIFICATION PROGRAM			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE
September 1, 2021	August 31, 2026	5 - 1 Year	August 31, 2026
PAYMENT TERMS		DELIVERY TIMEFRAME	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			

**DESCRIPTION OF CHANGE NOTICE**

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		August 31, 2026
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$10,630,000.00	\$1,950,000.00	\$12,580,000.00		

**DESCRIPTION**

Effective December 20, 2023, this Contract is increased by \$1,950,000.00 for the continuation of the UIA Modernization Project Business Stewardship established on Change Notice 3. The statement of work below outlines the second phase of the deliverables for the project.

These funds were previously approved by the State Administrative Board on 7/11/2023.

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

# SCHEDULE A – STATEMENT OF WORK

## CONTRACT ACTIVITIES

---

### HCD Business Strategy Stewardship for UIA Modernization Project

#### 1.2 Scope of Work

Contractor will support UIA transformation efforts through the provision of deliverables, services, staff, and otherwise do all things necessary for, or incidental to, the performance of work, as set forth below.

In order to embed an HCD mindset within the UIA, a broad range of coordinated, parallel workstreams are included. The agency has prioritized workstreams having significant impact to agency operations and resulting customer experiences.

These workstreams are:

#### 1.3 Human-Centric Governance

Objective: Design and establish an effective agency governance system that focuses on aligning strategy, value, and stakeholders instead of exclusively concentrating on budget, scheduling, and issue response.

Deliverables:

- a. Design effective human-centric governance model.
- b. Design underpinning governance processes, including decision-making, escalation, change requests, risks and issues management.
- c. Provide human-first analytics and expert support to develop independent perspectives and analysis of business and customer impact implications for critical decisions.
- d. Provide subject-matter expertise to pressure technology modernization test plans, select design artifacts, and approaches.
- e. Provide bi-weekly leadership updates on technology modernization design
- f. Provide high-level summary report of holistic design review of R1 and R2 technology modernization modules against future state aspirations and priorities.

#### 1.4 Human-Centric Decision Making

Objective: Embed an HCD approach in all governing decision-making processes and evaluation criteria (e.g. technical requirements, prioritization, securing talent) to enable consistent customer experience across multiple services, products, and projects.



Deliverables:

- a. Review and provide independent human-centered perspectives on all critical aspects of agency decision-making structural designs impacting downstream service delivery.
- b. Identify and highlight potential gaps in project objectives and strategy and develop opportunities to narrow the gaps.
- c. Provide strategic consultation to support the agency through assessments and pressure-testing activities.
- d. Conduct analysis for implementation options as needed to meet customer needs.
- e. Support program planning, sequencing, and prioritization decision making
- f. Develop design priorities for agency's future state technology
- g. Develop HCD design principles to guide the technology modernization's Joint Application Design (JAD) discussions and future state design
- h. Develop list of potential design opportunities from a review of the interim JAD design decisions
- i. Develop potential approach to capture technology modernization design opportunities
- j. Develop simple 1-page summary for select technology modernization design changes and customizations that may fall outside of existing requirements

## **1.5 Leadership Coaching**

Objective: Define HCD vision for agency and provide executive leadership and organizational coaching on transformation strategies and execution.

Deliverables:

- a. Serve as human-centric strategy advisor to agency director and leadership team.
- b. Facilitate HCD aspiration setting workshop for agency.
- c. Design and facilitate HCD bootcamps for JAD attendees to share and align on desired future state design priorities and their roles and responsibilities

## **1.6 Human-Centric Change Experience**

Objective: Harness the perspective and experience of all team members to design, implement, and maintain change.

Deliverables:

- a. Conduct organizational assessments.
- b. Design intervention strategies to meet business objectives.
- c. Design human-centric organizational change management approach.
- d. Design pilot projects across frontline staff.
- e. Design a Joint Application Design (JAD) coverage plan using mix of agency's assigned HCD champions and HCD teams

- f. Prepare for and facilitate weekly JAD preparation sessions for UIA staff to emphasize HCD topics in technology modernization design
- g. Attend priority JAD sessions and provide realtime coaching to UIA staff to push aspirations and apply HCD principles

## **1.7 Human-Centric Organization**

Objective: Design organization and operational activities around the needs and goals of the agency's customers.

Deliverables:

- a. Assessment of organizational effectiveness and alignment with transformational customer journeys, business processes, and modernized technology to inform organizational and operational models to streamline operations and enhance customer experience.

## **1.8 Customer Experience and Satisfaction Monitoring and Interventions**

Objective: Leverage qualitative and quantitative customer feedback to identify and solve problems in a way that prioritizes customer needs.

Deliverables:

- a. Designing customer feedback, satisfaction, and expectations management.
- b. Develop intervention strategies to enhance customer experience and business outcome measurement.

## **1.9 Data Analytics**

Objective: Use data and analytic techniques to evaluate the effectiveness of HCD-informed organizational infrastructure transformations for both internal and external stakeholders.

Deliverables:

- a. Analyze and benchmark organizational survey results
- b. Provide analytics support for select prioritized interventions for agency technology modernization

## 6. Pricing

### 6.1 Price Term

Pricing is firm for the entire length of the Contract.

Requirement	Deliverables by phase	Initial phase Billing Amount	Second phase Billing Amount	Total Billing Amount
SOW 1.3 Human-Centric Governance	Initial phase: a,b,c,d Second phase: d,e,f	245,000	900,000	1,145,000
SOW 1.4 Human-Centric Decision Making	Initial phase: a,b,c,d,e Second phase: f,g,h,i,j	245,000	1,750,000	1,995,000
SOW 1.5 Leadership Coaching	Initial phase: a,b Second phase: a,c	75,000	150,000	225,000
SOW 1.6 Human-Centric Change Experience	Initial phase: a,b,c, Second phase: e,d	260,000	1,200,000	1,460,000
SOW 1.7 Human-Centric Organization	Initial phase: a Second phase: N/A	180,000	-	180,000
SOW 1.8 Customer Experience and Satisfaction Monitoring and Interventions	Initial phase: a,b Second phase: N/A	245,000	-	245,000
SOW 1.9 Data Analytics	Initial phase: a Second phase: b	50,000	100,000	150,000
Total		1,300,000	4,100,000	5,400,000



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
Department of Technology, Management, and Budget  
320 S. WALNUT ST., LANSING, MICHIGAN 48933  
P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **4**  
to  
Contract Number **210000001421**

<b>CONTRACTOR</b>	McKinsey & Company
	1200 19th Street NW, Suite 100
	Washington, DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

<b>STATE</b>	<b>Program Manager</b>	Holly Grandy-Miller	DTMB
		517-243-8710	
		Millerh1@michigan.gov	
	<b>Contract Administrator</b>	Sean Regan	DTMB
		(517) 243-8459	
		regans@michigan.gov	

CONTRACT SUMMARY							
HUMAN CENTERED DESIGN (HCD) SERVICES – PREQUALIFICATION PROGRAM							
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE				
September 1, 2021	August 31, 2026	5 - 1 Year	August 31, 2026				
PAYMENT TERMS		DELIVERY TIMEFRAME					
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING				
<input type="checkbox"/> P-Card	<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
MINIMUM DELIVERY REQUIREMENTS							
DESCRIPTION OF CHANGE NOTICE							
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE			
<input type="checkbox"/>		<input type="checkbox"/>		August 31, 2026			
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE					
\$7,560,000.00	\$3,070,000.00	\$10,630,000.00					
DESCRIPTION							
Effective November 1, 2023, this Contract is increased by \$3,070,000.00 for the UIA Michigan Reconnect statement of work, outlined below. The immediate focus of this SOW is an implementation plan for Reconnect 21, informed by a human-centered design analysis of current student experience and trends.							
These funds were previously approved by the State Administrative Board on 7/11/2023.							
All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement and DTMB Central Procurement Services approval.							

# **SCHEDULE A – STATEMENT OF WORK CONTRACT ACTIVITIES**

---

## **HCD BACKGROUND**

The Michigan Department of Technology, Management and Budget (DTMB) Office of Continuous Improvement (OCI) is responsible for the statewide HCD strategy. The purpose of the HCD strategy is to ensure the voice of the end users are reflected in our services and solutions. In this SOW, the SOM will establish a need for services through this specific statement of work, and proposals will be solicited from the prequalified Contractors utilizing a second-tier competitive selection process.

## **PROJECT BACKGROUND**

One of Governor Whitmer's goals is to increase the number of working-age adults with a skill certificate or college degree from 50.5 percent in 2021 to 60 percent by the year 2030, hence "sixty by thirty" (Sixtyby30 or 60x30). To help meet this goal, Michigan Reconnect (Reconnect) was established to help pay the costs of tuition or training for eligible adults who want to pursue an associate degree or skills certificate at their in-district community college.

As originally established, individuals had to be 25 years of age to be eligible for Reconnect. However, the recent Michigan Reconnect Expansion (the internal project name is Reconnect 21) includes \$70 million in federal Coronavirus State and Local Fiscal Recovery Fund (SLFRF) revenue to temporarily expand the Michigan Reconnect program to eligible students 21 to 24 years old. This requires funds to be used for a limited-time program supported with federal funds to provide last-dollar financial assistance to eligible individuals who are at least 21 years old who are seeking associate degrees or Pell-eligible, industry-recognized, certificates and credentials, and who have had their education disrupted by COVID-19. In the budget language that creates Reconnect 21, not yet having an associate degree is sufficient demonstration of educational disruption for a Michigan resident. The immediate focus of this project is an implementation plan for Reconnect 21, informed by a human-centered design analysis of current student experience and trends. Sixtyby30 hopes to be able to improve Reconnect for all ages of participating students as a result of this work.

Reconnect has received applications from over 125,000 individuals, yet only 20 percent of them have enrolled in courses, and general college persistence rates are similar to those for the population overall. With this initiative, we're delving into a human-centric approach to identify potential improvements at both the state and college levels. Our aim is to enhance enrollment rates and sustain student commitment, ultimately bolstering the success rate Reconnect participants. Adding additional complexity, it is estimated the majority of beneficiaries of Reconnect 21 are likely to be students already enrolled in college. In addition to their age, this further distinguishes them from the adults served by the existing Reconnect program.

The SLFRF funds must be obligated by December 31, 2024, and spent by September 30, 2026, creating additional urgency to take advantage of this funding opportunity. Success in this project will include a program design for Reconnect expansion that mitigates the risk of unused funds.

## Users

The project will impact the following users.

- **Eligible non-applicants.** Eligible individuals, seeking associate degrees or Pell-eligible industry-recognized certificates and credentials who have not applied for Reconnect.
- **Non-enrolled applicants.** Eligible individuals who have applied to Reconnect, but who have either not enrolled or have dropped out of the program.
- **Michigan's public community colleges.** All of Michigan's 31 public community/tribal colleges accept the Reconnect scholarship. These institutions are represented by the Michigan Community College Association. Reconnect and Reconnect-21 require partnership from a range of leaders at colleges, including financial aid directors and administrators, student services, registrars, institutional research, and college presidents.
- **Michigan Works!** And other workforce and community-based partners who frequently serve similar populations of adults seeking upskilling/education and employment opportunities.
- **LEO/SixtyBy30 staff.**
- **Student Scholarships, Grants, and Outreach** office at Michigan Department of Treasury, a key partner in program delivery.
- **Additional college access advocates and stakeholders**, such as the Michigan College Access Network, Michigan Center for Student Success, and the Michigan Center for Adult Student Success.

## 1. Requirements

### 1.1. General Requirements and Outcomes

This project focuses on CX/UX design, encompassing user research, system analysis, and service design. Data visualization will be employed to clarify insights, while stakeholder engagement and project management remain central. Our goals are to define and understand issues regarding low uptake of Michigan Reconnect, validate potential solutions, and draft an operational strategy for 60x30 to optimize enrollment rates and sustain student commitment. The project also aims to empower and support its team throughout.

There are four desired outcomes to this project. Contractor will achieve stated outcomes, including their approach to addressing the below questions (e.g., subject matter expertise, data, activities, coaching, other tools/techniques, etc.).

Outcome 1: *Problem definition and understanding for Reconnect and Reconnect 21*

- What insights can we generate regarding Michigan's vocational and community college environment?
- How does Reconnect fit in that environment?
- What is working and what needs improvement regarding Reconnect?
- How do Michigan's community colleges experience their partnership with SixtyBy30?
- How do Michigan's community colleges leverage Reconnect?

*Outcome 2: Development and validation of potential solutions*

- How might we solve the identified pain points, barriers, and unmet needs of Reconnect users?

*Outcome 3: Comprehensive operational blueprint for Reconnect and Reconnect 21 for LEO/SixtyBy30*

- What is the best strategy to achieve the desired future state?
- What resources will be required to optimize Reconnect in the given timeframe?
- How can we effectively implement our new strategy?
- How do we measure success?
- How can we ensure we're using and reacting to lead indicators?

*Outcome 4: Empowerment and support for internal users / project team*

- How do we develop and sustain a human-centered approach to our service delivery?
- How can we effectively monitor, evaluate, and promote the success of Reconnect to ensure its continuous improvement and celebrate achievements within the organization?

In general, this project will require a broad spectrum of CX/UX design work, including user research, system analysis, and service design; data visualization; and stakeholder engagement and project management. This project will also build State HCD capacity and competency through training and coaching.

## **1.2. Work and Deliverables**

### **1. Research and Analysis**

#### **a. Participant Experience & Process Evaluation**

- Conduct user research to identify behaviors and attitudes regarding education/upskilling exploration, enrollment/registration, financial management, decision to withdraw or dropout, academic supports, student services support, completion, and pathway to employment.
- Develop a comprehensive understanding of the experiences of Reconnect participants (both learners and institutions) and identify shortcomings or challenges in the supporting processes and infrastructure.

- iii. Map user journeys (including, but not limited to, eligible applicants, non-enrolled applicants, and community colleges).
    - iv. Provide expert insights on user pain points, drivers of satisfaction, opportunities for increased collaboration and improved integration, operational considerations, and objectives.
  - b. Current State
    - i. Provide analysis of public and institution data to further refine findings from interviews and develop a fact base of the current student journeys and pathways.
    - ii. Provide analysis of major institutional barriers to improved student outcomes that informs implementation planning of College Success Fund grants.
    - iii. Develop report of current state of the Reconnect program, with demographic/geographic cuts as available.
- 2. Solutioning
  - a. Desired Future State
    - i. Facilitate a “definition of success” that aligns to SixtyBy30 mission and Reconnect desired outcomes.
    - ii. Define ideal future-state for identified users.
    - iii. Create compendium of possible actions/interventions to bridge the gap from current state to future state for identified users.
    - iv. Facilitate development of lead and lag measures, as well as Key Performance Indicators (KPIs), including baseline and target values, that can be measured, analyzed, visualized, and shared by SixtyBy30 staff.
  - b. Redesign & Operational Improvement
    - i. Redesign the process and experience framework for both learners and institutions that simplifies their journey and maximizes use of Reconnect.
    - ii. Create an actionable strategy to improve program engagement, set performance objectives, develop contingencies to recognize and react to poor performance, and methods to replicate successful performance.
    - iii. Create a detailed funding strategy that optimizes use of SLFRF funds including estimated disbursements by stakeholders, timing, and milestones/metrics/requirements.
    - iv. Develop a strategy to provide options/counseling for learners who are unsure which degree/certificate would be best for them.



- v. Create a communications plan for how LEO/SixtyBy30 communicates the value of college and streamlined processes for students.
  - c. Risk Management
    - i. Develop process(es) to ensure institutions are providing quality education and learners are actively attending the stated institutions.
    - ii. Develop a process for funds disbursement to comply with American Rescue Plan Act (ARPA), including establishing appropriate use, required reporting, etc.
    - iii. Develop a process to address any funds disbursement issues.
- 3. Implementation and Support
  - a. Provide comprehensive support to SixtyBy30 to successfully implement the plans, strategies, and processes required to achieve the desired future state.
  - b. Provide comprehensive support to SixtyBy30 during implementation, to include guidance on staffing decisions, suitable digital tool integrations, establishment of a tracking system, and support for successful initiative deployment.
  - c. Provided dedicated coaching and capability building of up to eight (8) hours per week for the project implementation team, ensuring they are equipped to maintain and iterate on their HCD capabilities.
- 4. Evaluation and Celebration
  - a. Oversee implementation of KPI dashboard, ensuring implementation team reports accurate and timely data.
  - b. Provide ongoing analysis of the data to identify effectiveness of the program across geographies, demographics, etc.
  - c. Facilitate root cause analysis of weak spots to identify corrective action options.
  - d. Assist in developing systems for tracking and evaluating the impact of the rolled-out program, coupled with a strategy to disseminate success stories.

### **1.3. Training/Knowledge Transfer**

The State of Michigan wants to better understand steps taken throughout the HCD process and requests the contractor enable State employees to learn through observation, participation, and de-briefing of facilitation activities of the project. Contractor must provide to the OCI/HCD team, LEO/SixtyBy30 leadership team, and any key personal identified by LEO/SixtyBy30 leadership coaching and mentorship throughout the course of the project and equip them with the knowledge they need to achieve desired outcomes of the project.

Appropriate knowledge transfer and training should be delivered to core members of the LEO/SixtyBy30 team to build competency in HCD and ensure the ability to maintain the implemented solution.

## **2. Service Requirements**

### **2.1. Timeframes**

This is a 15-month contract. All Contract Activities must be delivered by December 31, 2024. Given the nature of college/training program admissions, and the requirement to obligate SLFRF funds before the end of 2024, the success of subsequent iterations and milestones is contingent upon the early establishment of an implementation plan.

Contractor agrees that a comprehensive implementation plan will be developed and delivered by December 11, 2023.

LEO/SixtyBy30 retains the option for additional project iterations, at additional agreed-to cost, beyond the initial service timeframe.

### **2.2. Acceptance, Inspection, and Testing**

The State will use the criteria provided in Section 16 of the Contract Terms to determine acceptance of the Contract Activities.

## **3. Staffing**

### **3.1. Key Personnel**

The Contractor must appoint individuals who will be directly responsible for the day-to-day operations of the Contract ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

Key Personnel must be on-site at a LEO/SixtyBy30 office location as requested by the agency. This may include kick-off meeting, briefings, and other meetings that are collaborative in nature.

## **4. Project Management**

### **4.1. Project Plan**

The Contractor will carry out this project under the direction and control of the Program Manager. Within 10 calendar days of the Effective Date, the Contractor must submit an initial project plan to the Program Manager for approval.

The plan must include a high-level summary of project phases/timelines, to include:

- Dates of key milestones;
- Desired availability of project staff/leadership;
- Anticipated decision points; and,
- Key deliverables/artifacts.

#### **4.2. Meetings**

The Contractor must attend weekly status meetings. The State may request other meetings, as it deems appropriate.

#### **4.3. Reporting**

The Contractor must submit to the Program Manager the following written reports:

- Weekly/monthly project status
- End-of-year summary
- Final project presentation

### **5. Pricing**

#### **5.1. Price Term**

Pricing is firm for the entire length of the Contract.

#### **Phase 1 from October to December 11, 2023, ending with the delivery of the implementation plan**

McKinsey's firm fixed price quote for phase 1 of this work is **\$2,410,000** for 10 weeks of work comprising:

- **1.2.1 Research and analysis - \$0.34M**

Deliverables included: Current state/landscape assessment and Current state user personas and journeys

RFP work and deliverables reference:

- a. Participant Experience & Process Evaluation
- b. Current State

- **1.2.2 Solutioning - \$1.15M**

Deliverables included: Clearly defined aspiration, quantified goals and objectives for Reconnect Program, Ideal future state user journeys, Prioritized compendium of interventions (including quick wins), Quantifiable KPIs and Funds disbursement strategy and process

RFP work and deliverables reference:

- a. Desired Future State
- b. Redesign & Operational Improvement
- c. Risk Management

- **1.2.3 Implementation and support - \$0.685M**

Deliverables included: Implementation plan, Implementation of quick win interventions and governance structure

RFP work and deliverables reference:

- a. Provide comprehensive support to SixtyBy30 to successfully implement the plans, strategies, and processes required to achieve the desired future state.

- b. Provide comprehensive support to SixtyBy30 during implementation, to include guidance on staffing decisions, suitable digital tool integrations, establishment of a tracking system, and support for successful initiative deployment.
- c. Provided dedicated coaching and capability building of up to eight (8) hours per week for the project implementation team, ensuring they are equipped to maintain and iterate on their HCD capabilities.

#### **1.2.4 Evaluation and celebration - \$0.23M**

Deliverable included: Structure of KPI dashboard

RFP work and deliverables reference:

- a. Oversee implementation of KPI dashboard, ensuring implementation team reports accurate and timely data.
- b. Provide ongoing analysis of the data to identify effectiveness of the program across geographies, demographics, etc.
- c. Facilitate root cause analysis of weak spots to identify corrective action options.
- d. Assist in developing systems for tracking and evaluating the impact of the rolled-out program, coupled with a strategy to disseminate success stories.

#### **Phase 2, optional support**

Additional 2 months of implementation support after the plan is developed to focus on capability building and training for the project management office would be a total fixed price cost of \$660K.

Pricing reflects McKinsey's current commercial rates for 2023. For any additional work performed in 2024 outside of what has already been described above, McKinsey assumes an annual escalation of approximately 5%, effective on January of each year.

#### **6. Additional Projects**

LEO/SixtyBy30 retains the option for additional project iterations, at additional agreed-to cost, beyond the initial service timeframe. Additional project iterations may focus on continued leadership coaching, pilot projects, and/or data refinement.



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
Department of Technology, Management, and Budget  
320 S. WALNUT ST., LANSING, MICHIGAN 48933  
P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **3**  
to  
Contract Number **210000001421**

<b>CONTRACTOR</b>	McKinsey & Company
	1200 19th Street NW, Suite 100
	Washington, DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

<b>STATE</b>	<b>Program Manager</b>	Holly Grandy-Miller	DTMB
		517-243-8710	
		Millerh1@michigan.gov	
	<b>Contract Administrator</b>	Sean Regan	DTMB
		(517) 243-8459	
		regans@michigan.gov	

CONTRACT SUMMARY				
HUMAN CENTERED DESIGN (HCD) SERVICES – PREQUALIFICATION PROGRAM				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS		EXPIRATION DATE BEFORE
September 1, 2021	August 31, 2026	5 - 1 Year		August 31, 2026
PAYMENT TERMS		DELIVERY TIMEFRAME		
ALTERNATE PAYMENT OPTIONS				EXTENDED PURCHASING
<input type="checkbox"/> P-Card		<input type="checkbox"/> PRC	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		August 31, 2026
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$4,110,000.00	\$3,450,000.00	\$7,560,000.00		
DESCRIPTION				
Effective July 24, 2023, this Contract is increased by \$3,450,000.00 for the UIA Modernization Business Stewardship project. The statement of work below outlines the deliverables for the project.				
These funds were previously approved by the State Administrative Board on 7/11/2023.				
All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement and DTMB Central Procurement Services approval.				

# **SCHEDULE A – STATEMENT OF WORK CONTRACT ACTIVITIES**

---

## **HCD BACKGROUND**

The Michigan Department of Technology, Management and Budget (DTMB) Office of Continuous Improvement (OCI) is responsible for the statewide HCD strategy. The purpose of the HCD strategy is to ensure the voice of the end users are reflected in our services and solutions. In this SOW, the SOM will establish a need for services through this specific statement of work, and proposals will be solicited from the prequalified Contractors utilizing a second-tier competitive selection process.

## **PROJECT BACKGROUND**

The Unemployment Insurance Agency (UIA) is undergoing a transformation in the way it provides services to the residents and businesses of Michigan. Whether computer technology, customer service, anti-fraud efforts, equitable services or revamping how we speak to the public, the UIA is taking unprecedented steps to improve the ways that it serves the residents of Michigan.

The agency understands sustainable transformational change often requires changes in company structure, management, and culture. In alignment with the goal to become a data-driven and person-centric organization, the agency is requesting a Human Centered Design (HCD) partner to help evaluate, design, and activate our organizational infrastructure strategies. Embedding the ‘voice of the customer’ into operations and ongoing decision making reduces the risk of only budget and schedules driving results.

## **1. REQUIREMENTS**

### **1.1 Objective**

The objective of this partnership is to transform and enhance external and internal customer experiences by embedding an HCD mindset in seven primary organizational infrastructure workstreams. This approach recognizes the dependency human behavior has on sustainable organizational change and the downstream impact institutional paradigms has on customer experience. At its highest level of success, a human-centric organizational infrastructure is essential to unlocking innovation, driving superior and equitable customer experience, and creating an approachable program to accompany hardworking Michiganders through temporary periods of unemployment.

### **1.2 Scope of Work**

Contractor will support UIA transformation efforts through the provision of deliverables, services, staff, and otherwise do all things necessary for, or incidental to, the performance of work, as set forth below.

In order to embed an HCD mindset within the UIA, a broad range of coordinated, parallel workstreams are included. The agency has prioritized workstreams having significant impact to agency operations and resulting customer experiences.

These workstreams are:

### **1.3 Human-Centric Governance**

Objective: Design and establish an effective agency governance system that focuses on aligning strategy, value, and stakeholders instead of exclusively concentrating on budget, scheduling, and issue response.

Deliverables:

- a. Design and implement effective human-centric governance model.
- b. Establish underpinning governance processes, including decision-making, escalation, change requests, risks and issues management.
- c. Model and support UIA to effectively run governance processes.
- d. Build capabilities of UIA staff in HCD tools and collaborative stakeholder engagement strategies.
- e. Develop objective business cases and assessments to quantify HCD value delivery.
- f. Provide human-first analytics and expert support to develop independent perspectives and analysis of cost, budget, business and customer impact implications for critical decisions.
- g. Provide subject-matter expertise to pressure test plans and approaches.

### **1.4 Human-Centric Decision Making**

Objective: Embed an HCD approach in all governing decision-making processes and evaluation criteria (e.g. technical requirements, prioritization, securing talent) to enable consistent customer experience across multiple services, products, and projects.

Deliverables:

- a. Review and provide independent human-centered perspectives on all critical aspects of structural designs impacting downstream service delivery.
- b. Identify and highlight potential gaps in project objectives and strategy and develop opportunities to narrow the gaps.
- c. Develop and maintain business case and assessment on the value delivery of modernization initiatives.
- d. Provide strategic consultation to support the agency through assessments and pressure-testing activities.

- e. Conduct analysis for implementation options as needed to meet customer needs.
- f. Support program planning, sequencing, and prioritization decision making.

### **1.5 Leadership Coaching**

Objective: Define HCD vision for agency and provide executive leadership and organizational coaching on transformation strategies and execution.

Deliverables:

- a. Serve as human-centric strategy advisor to agency director and leadership team.
- b. Facilitate HCD vision and objectives for agency.
- c. Provide training opportunities for agency leaders on how to create better services and experiences for the people they serve.

### **1.6 Human-Centric Change Experience**

Objective: Harness the perspective and experience of all team members to design, implement, and maintain change.

Deliverables:

- a. Analysis of implementation outcomes and adoption of change.
- b. Conduct organizational assessments.
- c. Design intervention strategies to meet business objectives.
- d. Perform frontline staff functional capability assessments to understand critical areas where intervention and support may be required.
- e. Design human-centric organizational change management approach.
- f. Design and support pilot projects across frontline staff.

### **1.7 Human-Centric Organization**

Objective: Design organization and operational activities around the needs and goals of the agency's customers.

Deliverables:

- a. Assessment of organizational effectiveness and alignment with transformational customer journeys, business processes, and modernized technology to inform organizational and operational models to streamline operations and enhance customer experience.
- b. Redesign of operational performance reporting and management to support human-centric organization.



## **1.8 Customer Experience and Satisfaction Monitoring and Interventions**

Objective: Leverage qualitative and quantitative customer feedback to identify and solve problems in a way that prioritizes customer needs.

Deliverables:

- a. Designing and implementing customer feedback, satisfaction, and expectations management.
- b. Develop intervention strategies to enhance customer experience and business outcomes.

## **1.9 Data Analytics**

Objective: Use data and analytic techniques to evaluate the effectiveness of HCD-informed organizational infrastructure transformations for both internal and external stakeholders.

Deliverables:

- a. Analyzing the impact of design thinking outcomes on customer and staff satisfaction.
- b. Developing dashboards of performance data and other KPIs.

## **2. Training/Knowledge Transfer**

The State of Michigan wants to better understand steps taken throughout the HCD process and requests the Contractor enable state employees to learn through observation, participation, and de-briefing of facilitation activities of the project. Contractor must provide to the OCI/HCD team, UIA leadership team, and any key personal identified by UIA leadership coaching throughout the course of the project and equip them with the knowledge they need to achieve desired outcomes of the project. Appropriate knowledge transfer and training should be delivered to core members of the UIA team to build competency in HCD to ensure the ability to maintain the implemented solution.

## **3. Service Requirements**

### **3.1 Timeframes**

This is a 24-month contract. UIA retains the option for additional project iterations, at additional agreed-to cost, beyond the initial service timeframe.

### **3.2 Acceptance, Inspection, and Testing**

The State will use the criteria provided in Section 16 of the Contract Terms to determine acceptance of the Contract Activities.

## **4. Staffing**

### **4.1 Key Personnel**

The Contractor must appoint individuals who will be directly responsible for the day-to-day operations of the Contract (“Key Personnel”). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

Key Personnel must be on-site at a UIA office location as requested by the agency. This may include kick-off meeting, briefings, and other meetings that are collaborative in nature.

## **5. Project Management**

### **5.1 Project Plan**

The Contractor will carry out this project under the direction and control of the Program Manager. Within 10 calendar days of the Effective Date, the Contractor must submit an initial project plan to the Program Manager for approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, timeline, and resources required.

### **5.2 Meetings**

The Contractor must attend weekly status meetings. The State may request other meetings, as it deems appropriate.

### **5.3 Reporting**

The Contractor must submit to the Program Manager the following written reports:

- Weekly/monthly project status
- End-of-year summary
- Final project presentation

## **6. Pricing**

### **6.1 Price Term**

Pricing is firm for the entire length of the Contract.

Requirement/Deliverable	% of Total Price	Billing Amount
SOW 1.3 Human-Centric Governance	20%	\$700,000.00
SOW 1.4 Human-Centric Decision Making	20%	\$700,000.00
SOW 1.5 Leadership Coaching	7%	\$250,000.00
SOW 1.6 Human-centric Change Experience	13%	\$450,000.00

SOW 1.7 Human-Centric Organization	13%	\$450,000.00
SOW 1.8 Customer Experience and Satisfaction Monitoring and Interventions	13%	\$450,000.00
SOW 1.9 Data Analytics	13%	\$450,000.00
Total	100%	\$3,450,000.00

## 7.0 Additional Projects

UIA retains the option for additional project iterations, at additional agreed-to cost, beyond the initial service timeframe. Additional project iterations may focus on continued leadership coaching, pilot projects, and/or data refinement.



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
 Department of Technology, Management, and Budget  
 320 S. WALNUT ST., LANSING, MICHIGAN 48933  
 P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **2**  
 to  
 Contract Number **210000001421**

<b>CONTRACTOR</b>	McKinsey & Company
	1200 19th Street NW, Suite 100
	Washington, DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

<b>STATE</b>	<b>Program Manager</b>	Holly Grandy-Miller	DTMB
		517-243-8710	
		Millerh1@michigan.gov	
	<b>Contract Administrator</b>	Sean Regan	DTMB
		(517) 243-8459	
		regans@michigan.gov	

CONTRACT SUMMARY				
HUMAN CENTERED DESIGN (HCD) SERVICES – PREQUALIFICATION PROGRAM				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
September 1, 2021	August 31, 2026	5 - 1 Year	August 31, 2026	
PAYMENT TERMS		DELIVERY TIMEFRAME		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		August 31, 2026
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$2,130,000.00	\$1,980,000.00	\$4,110,000.00		
DESCRIPTION				
<p>Effective September 15, 2022, the following amendment is incorporated into this Contract to continue the work established in Change Notice 1. This Contract is hereby increased by \$1,980,000.00 for the continuation of the UIA Benefits Adjudication project.</p> <p>These funds were previously approved by Ad Board on 8/30/2022.</p> <p>All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement and DTMB Central Procurement Services approval.</p>				

## **Understanding of the Context**

Michigan's Unemployment Insurance Agency (UIA) has been challenged, like all state UI agencies, by the ongoing pandemic. Across the country, the pandemic initially caused UI claims to spike by 20-30x in just a few weeks in March of 2020, immediately followed by a wave of imposter fraud claims. UIA was forced to radically increase its staffing and implement new federal programs while balancing the need to get benefits out quickly to out-of-work Michiganders and minimizing payments to fraudsters. Volume-driven adjudication delays and understaffing led to call-center service levels in the single digits, causing additional frustration and concern among claimants.

While the pandemic is now two years old, these issues continue to stress UIA. UIA faces a backlog of over 1M claims across protests and appeals, non-monetary adjudications, and level 2 redeterminations. In addition to volume-driven backlogs, UIA has faced a complicated landscape and shifting regulatory guidance from the US Department of Labor (USDOL) and Internal Revenue Service (IRS) on administrative processes like issuing 1099s and granting waivers. USDOL guidance for waivers, for instance, involve a number of different subcategories of claims and claimants, complicating the issuance of waivers.

In the meantime, UIA faces pressure to begin collections activity against overpayments, some of which resulted from incorrect agency guidance. While UIA may have authority to wait 120 days before beginning collections, adjudications can be 5-6 months behind and so collections activity may begin on claims that have not yet been adjudicated. Given the complex waiver situation, collections may begin on claims that may later be granted a waiver. This confusing situation has resulted in a lawsuit to cease collections activity. As a result, different claims in a single work queue could have potentially up to 8 different "right paths" based on whether they were issued a 1099 (Yes/No), are eligible for a waiver (Yes/No), and are slated for collections activity (Yes/No).

Finally, UIA staffing is in flux. UIA faces flux in its contractor relationships, possibly resulting in a large amount of contract staff turnover. If this happens, the replacement staff would likely be untrained/brand new. Secondly, budget pressures limit the amount of overtime that will be available in the future. Finally, Limited Term staff may not be able to be retained after the end of the fiscal year.

UIA desires to significantly reduce its backlogs, improve its adjudications throughput, and resolve claims for Michiganders. A "business as usual" approach is no longer viable given the complex situation. And so, a new approach is called for.

## **1.0 Technical Proposal**

### **1.1 General Requirements (Evaluation Criteria 1/SOW 1.1)**

To support UIA, Contractor will aim first to create rapid, visible reduction in backlogs in the context of a complex environment that involves significant flux in staffing levels and experience across both contract and Limited Term staff; potential limitations on overtime availability; and claim-by-claim dependencies at a sub-work queue level, including interactions among determinations backlog, waiver eligibility, 1099 and withholding status, collections activity, etc. – all of which can differ for sub-populations within an existing work queue.

Since UIA has been working through backlogs for two years and continues to face a backlog of 1M+ work items (including protests and appeals), rapidly changing the situation on the ground will require focused effort and new thinking. A business-as-usual approach, or "more of the same" is unlikely to have the step-change reduction in backlogs that UIA desires. Once

the pilot has demonstrated meaningful progress on addressing backlogs, Contractor will transition the workstream to a broader focus on building UIA's capabilities and performance management culture.

Contractor's overall approach will be organized into three logical workstreams.

- ***Workstream 1: Diagnostic, solutioning, and pilot design.***
- ***Workstream 2: Rapid pilot and implementation.***
- ***Workstream 3: Performance management and knowledge transfer.***

Note that these workstreams can inherently overlap, and Contractor will be flexible (in consultation with UIA leadership) during the project to accelerate workstreams as possible. For instance, UIA may wish to start the pilot "early" with the most straightforward process improvements and add more complex changes along the course of the pilot.

## **1.2 Work and Deliverables (Evaluation Criteria 2/SOW 1.2)**

The activities described in *Section 1.1* will result in the following deliverables:

### **1. Develop high-level current-state and future-state staff journey and internal process maps for up to 2-3 backlog categories.**

These process improvements (as with the queueing and work approach and job aids, below) will be discussed extensively with UIA leadership, front-line managers, and front-line staff via in-depth working sessions. These sessions will allow knowledgeable staff to review the new processes and decision criteria to ensure they are accurate and that the language is clear and easy to use. Contractor will work with individual front-line staff to step through the new processes to identify any hidden blockers or system limitations, which will be addressed as possible to maximize the impact of the proposed changes.

Additionally, all process changes will be Agilely improved during the pilot, based on pilot team working sessions along with feedback from Contractor's daily and weekly surveys of pilot staff. These surveys will deliver important insights into what's working and not working, and where how productivity is evolving, both at an overall pilot level and adjudicator by adjudicator.

### **2. Revised queueing and work allocation approach.**

### **3. Redesigned job aids.**

Contractor will leverage Contractor's detailed understanding of process flows (including intended improvements and revisions) along with the understanding of key decision criteria to develop concise, easy-to-read job aids to help staff work more effectively and efficiently. These job aids will leverage existing training materials; in some cases, simplifying the training material and presenting it in clear and concise form has meaningful value. Once drafted, these job aids will be discussed with front-line managers and staff, and evolved over the course of the pilot based on staff feedback

**4. Pilot/rollout of new process flows, queue management, and work assignment.** Once Contractor has worked with UIA leadership to identify a work group to pilot the process improvements for each of the focus areas, Contractor will develop a pilot timeline to ensure everyone involved is aware of the steps required for the pilot and their roles in those steps and develop instructions so all staff working the new processes understand what they should be doing differently. Note that the pilots could include changes in process steps, changes in

how work is assigned, use of new job aids, and changes to performance management processes, so all of those changes will need to be explained, and front-line managers (not just front-line staff) may well need to change how they work.

Once the pilot is underway, Contractor will proactively assist front-line managers and staff in executing the pilot, for instance attending team meetings and daily huddles, coaching managers and staff, helping to develop communications material for “staff person of the week,” and clarifying process steps as needed. Contractor will use the staff survey feedback to gather feedback on what’s working and not working in the new processes. Additionally, Contractor will conduct periodic listening sessions with managers and staff to understand their experience and brainstorm modifications or additional improvements.

#### **5. Provide a list of initiatives to improve end user experience and productivity (e.g., performance management practices, job aids).**

Based on Contractor’s Service Operations Practice’s work supporting both private and public sector clients, Contractor believes that a systematic approach is needed to drive and sustain a step-change in productivity in service operations. Contractor will examine all areas in developing the pilot approach, and some of the simpler/easier approaches listed in the exhibit will become part of the pilot effort. However, some of these approaches (e.g., digitization, use of bots) may take more time or effort to implement than is available for this project. Contractor will keep an ongoing list of additional actions that could be taken in the future with more time/resources to improve citizen/claimant experience or process efficiency/throughput. Likewise, Contractor will note those actions (either piloted or future) that could be applied more broadly to UIA operations outside the 2-3 focus areas—for instance, performance management changes.

#### **6. Develop and deliver training to roll out pilot initiatives across UIA identified Benefits team managers.**

Contractor will codify the performance management/Continuous Improvement, process changes, job aids, KPIs/performance reporting, etc., developed during the pilot. Training for Benefits managers at large (up to 36 managers) to support rollout of the pilot initiatives designed.

#### **7. Provide support for roll out of pilot initiatives across Benefits managers and staff, including new process flows, performance management, and performance metrics**

Contractor will support UIA leadership, SAM-15s, and front-line manager in initiating the rollout of the pilot innovations. This support will include monitoring select 1-1 coaching, team huddles, weekly team meetings, manager pod meetings, etc., and providing coaching and feedback to UIA managers. Roll out will further be supported by delivery of weekly performance metrics/KPI reporting, which will be transitioned to UIA for sustainability.

#### **8. Codify knowledge transfer**

Contractor will transition roll-out support to UIA leadership, SAM-15s, and front-line managers over time. Additionally, Contractor will accelerate support for knowledge transfer by organizing the artifacts supporting the pilot and roll out (job aids, training courses, metrics/KPI reporting, etc., and work with UIA leadership to identify “owners” to maintain those artifacts post-study and consider if additional training opportunities are warranted.

#### **9. Support Limited Term transition and backlog reduction scenario planning**

Contractor will support the transition, workforce planning, and team configuration of limited term adjudications staff as UIA transitions them to customer service, in order to continue to maximize the number of adjudications these staff can perform in their new roles, leveraging the insights developed during the roll out of initiatives. Contractor support will also include backlog scenario projections, productivity reporting, and/or other leadership information dashboards as mutually agreed, to support both staffing planning and performance management.

## **1.3 Remaining Statement of Work Items (Evaluation Criteria 3)**

### **1.3.1 Training/Knowledge Transfer (SOW 1.3)**

Contractor aims to make Michigan UIA self-sufficient in both the execution of the revised processes and the application of Contractor's approach to additional focus areas in the future. The nature of Contractor's approach to client service is inherently collaborative, involving meaningful daily interaction at all levels of the organization as Contractor diagnoses pain points, craft potential improvements to claimant and staff experience, and seek to improve system throughput. Through this side-by-side working model Contractor will help UIA staff to understand both the specifics of the revised processes and the method by which Contractor will develop the revisions.

Contractor's approach to training and knowledge transfer intends to address all of the relevant stakeholders within UIA:

**Front-line staff.** It is critical to empower the front-line staff who are executing day-to-day, with support of UIA leadership, to improve their own work.

**Front-line teams and team leaders.** Inevitably, transforming workflows will require changes to operating models – often including a shift to specialized work or skillsets, cross-functional “pods,” and new ways of working that include transparency into performance, new standards, capability building on critical skills, and forums for continuous improvement. Similarly, done well, these changes embed technology/analytics staff appropriately with the operations teams to ensure the adoption of new tools and techniques.

**UIA leaders.** Only about 30% of transformations are successful globally – and those that are successful are so because of leaders' behaviors, including role modeling, storytelling, capability building, and formal/informal ways of recognizing individual and team contributions. Designing these mechanisms with UIA leadership and supporting individual leaders within UIA to embrace these behaviors will be fundamental to driving productivity gains. Contractor's leadership team supports CEOs and top teams and will draw from Contractor's very best executive counseling and change management approaches.

#### **SMEs.**

All of these stakeholder goals will be supported by the creation of a repeatable process which will be transitioned to UIA to drive the ongoing work, including driving accountability and ensuring the right discussion forums exist to track progress and adjust the approach over time.

### **Timeframes (SOW 2.1)**

Contractor will support UIA for a 19-week period. The exact project start date will depend on the timing of UIA's award of the project, but all project activities and deliverables will be completed within a 19-week period. Please refer to Contractor's detailed workplan included in *Section 1.3.6*.



Deliverable	Due Date
1. Develop high level current state and future state staff journey and internal process maps for up to 2-3 backlog categories	End of week 5
2. Revised queueing and work allocation approach	End of week 5
3. Redesigned job aids	End of week 5
4. Pilot/rollout of new process flows, queue management, work assignment, etc.	End of week 9
5. Provide a list of initiatives to improve end user experience and productivity (e.g., performance management practices, job aids)	End of week 13
6. <b>Develop and deliver training to roll out pilot initiatives across UIA identified Benefits team managers</b> (up to 36 managers)	End of week 13
7. <b>Provide support for roll out of pilot initiatives across Benefits managers and staff, including new process flows, performance management, and performance metrics</b> (up to 36 managers)	End of week 17
8. Codify knowledge transfer	End of week 22
9. Provide limited term staff transition support including workforce planning, and performance management reporting	End of week 28

### Acceptance, Inspection, and Testing (SOW 3.1)

Contractor takes no exceptions to the criteria provided in Section 16 of the Contract Terms.

### Key Personnel (SOW 4.1)

Contractor has designated Eric Schweikert (Associate Partner and Engagement Leader), Adi Kumar (Senior Partner and Director of Client Service), Razili Lewis (Partner), and Sahil Jain (Partner) as Key Personnel and the Leadership Team from Contractor. Eric, Adi, Raz, and Sahil will be directly responsible for the day-to-day operations of the project and will be the primary liaisons with UIA for communications about the project.

### Disclosure of Subcontractors (SOW 4.2)

Contractor does not anticipate using subcontractors for this effort.

### Project Plan (SOW 5.1)

#### Overview of Contractor's Project Plan

To meet UIA's objectives for this effort, Contractor will use a coordinated, integrated approach that leverages best practices from similar efforts, proprietary tools, and a practical methodology that has been refined over thousands of projects. To plan, manage, and execute all SOW requirements, work, and deliverables, Contractor will collaborate with UIA during project

initiation to ensure a common understanding of the project scope, work plans, activities, and milestones. This will include the following steps:

- Immediately upon contract award, Contractor will hold a kickoff with UIA leadership that covers topics such as project planning and solution design, project working norms, governance and decision-making, and information flow to ensure that Contractor's approach to solutions and working meet UIA's objectives. Contractor will provide Contractor's final project plan within 10 days of the contract effective date.
- Jointly align on a series of metrics and key performance indicators (KPIs) to be tracked that will signal how well Contractor is doing, ensuring Contractor stays on track to milestones.
- Work closely with UIA leadership to understand evolving challenges, adapt Contractor's approach where required, and stay focused on the highest-impact deliverables.

- Use the defined cadence and organization structure to drive a weekly and monthly performance review structure between Contractor and UIA to ensure Contractor understands Contractor's progress, obtain feedback, collaboratively problem solve, flag risks, and decide immediately on actions to resolve.
- During reviews, address changes in the demands of the project or changes in the environment, so that Contractor can – as appropriate and agreed with UIA leadership – make course adjustments and changes to staff or to the project plan.
- Conduct periodic discussions with UIA leadership at several levels of the program leadership to ensure satisfaction and provide additional opportunity for feedback.
- At the conclusion of the period of performance, deliver a final summary.

Below, Contractor presents key elements of Contractor's Project Plan that Contractor will finalize and share with UIA within 10 calendar days of the contract effective date.

## Project Breakdown

The exact weeks for project performance will depend on the timing of UIA's award of the project. The draft workplan will be mutually agreed upon with UIA leadership and will be flexible (by mutual agreement) to best support the progress of the pilot.

### Exhibit 1: Workplan (for discussion/refinement with UIA leadership).

Deliverable	Description	Due Date (assuming 5/2 start)
1. Develop high level current state and future state staff journey and internal process maps for up to 2-3 backlog categories	Staff journey maps and internal process maps, with proposed changes to improve claimant experience and productivity (as agreed with UIA). Note: the due date reflects delivery of the initial journey/process design to be piloted. Journey and process improvements will continue to be iterated during the course of the pilot.	End of week 5 (June 3 <sup>rd</sup> 2022)
2. Revised queueing and work allocation approach	Logical map of the relevant work and staff skill categories, with revised approach to dividing and allocating work to staff (as agreed with UIA). Note: the due date reflects delivery of the initial queueing and work allocation approach to be piloted. Queueing and work allocation improvements will continue to be iterated during the course of the pilot.	End of week 5 (June 3 <sup>rd</sup> 2022)
3. Redesigned job aids	Concise, easy-to-read job aids, based on detailed understanding of process flows and understanding of key decision criteria, to help staff work more effectively and efficiently. Note: the due date reflects delivery of the initial job aids to be piloted. Job aid improvements will continue to be iterated during the course of the pilot.	End of week 5 (June 3 <sup>rd</sup> 2022)
4. Pilot/rollout of new process flows, queue management, work assignment, etc.	Pilot timeline with staff roles, proactive assistance for front-line managers and staff in launching the pilot, implementation of staff surveys. Note: the due date reflects the pilot launch efforts. Pilot support will continue through the end of week 19 (see deliverable 6) as the pilot continues to be refined.	End of week 9 (July 1 2022)
5. Provide a list of initiatives to improve end user	Comprehensive summary of piloted changes to processes, queueing, and job aids, identification of additional initiatives that could be taken in the future, with more time/resources	End of week 13 (July 29 <sup>th</sup> 2022)

experience and productivity (e.g., performance management practices, job aids)	to improve citizen/claimant experience or process efficiency/throughput. Note: the due date reflects the initial summary of initiatives based on 7 weeks of pilot execution. Any further changes resulting from additional pilot insights in weeks 13-19 will be delivered at the end of week 19.	
6. Develop and deliver training to roll out pilot initiative across Benefits managers generally (36 managers)	Training developed and delivered to up to 36 Benefits managers on pilot innovations across performance management/Continuous Improvement, process changes, job aids, KPIs/performance reporting, etc.,	End of week 13 (July 29th 2022)
7. Provide in-depth support for roll out of pilot initiatives across Benefits managers and staff, including new process flows, performance management, and performance metrics (36 managers)	Support for rollout of the pilot innovations, including monitoring of select 1-1 coaching, team huddles, weekly team meetings, manager pod meetings, etc.; provision of coaching and feedback to up to 36 UIA managers; and delivery of weekly performance metrics/KPI reporting.	End of week 17 (August 26 <sup>th</sup> , 2022)
8. Codify knowledge transfer	With UIA leadership, identification of pilot/rollout UIA content owners, and transition of pilot/rollout artifacts to future owners	End of week 22 (September 30, 2022)
9. Provide limited term staff transition support including workforce planning, and performance management reporting	With UIA leadership, mutually agree the areas of transition planning best suited for contractor support. As agreed, with UIA leadership, SAM-15s, and frontline managers, develop workforce plans, backlog scenario projections, and performance management information reporting tools.	End of week 28 (November 11, 2022)

## Resources Required

Given the objectives, scale, and size of this project, Contractor believes that UIA needs to identify a rapid response core project team to set the foundational ownership required to grow into a full-time cross-functional project team supporting and sustaining this initiative. In comparable programs, Contractor has seen that not dedicating the right internal leadership and on-the-ground resources significantly increases the risk of failure. Based on Contractor's experience with similar programs, Contractor anticipates that UIA will need to contribute the following resources to ensure timely and successful development and implementation of the program:

**Personnel for leadership, decision-making, and subject matter expertise.** Staff will be needed to stand up and actively participate in the activities of the project team and the decision-making required to manage the program. A clear program lead is needed to help focus decision-making as Contractor explores alternative approaches to be piloted. In addition, SMEs and people with on-the-ground experience in the work (front-line managers

and adjudicators) will be needed to help develop practical approaches and ensure proposed changes are realistic and doable.

Pilot team personnel may need to be full-time to support the program, while requirements for other personnel will vary by project phase as well as the level of effort required.

**Requirements for skills/knowledge.** Personnel on the project team will need skills in project, risk, and change management. Individuals directly involved in the program must have the required knowledge and expertise on topics ranging across legacy and future technology, legal and compliance requirements, UIA's statutory policies, and functional areas.

**Leadership support.** A fundamental driver of a successful program is leadership buy-in, so the visible support of UIA leadership (e.g., continual communication of the goals and importance of the initiative, and dedicating appropriate personnel) is key to developing and implementing this program.

### **Reporting/Deliverables (SOW 5.2)**

Contractor's team will work collaboratively with UIA, communicate/address issues quickly, and rapidly bring the right expert perspectives to meet emerging needs. In addition to the deliverables highlighted above (see *Section 1.3.2*), Contractor will provide the following updates and deliverables to UIA as agreed upon in Contractor's final Project Plan:

- Bi-weekly project status report
- Deliverable summaries, which include: any issues resolving the deliverable; customer/end user profiles engaged with resolution; measure of end user/customer impact; and, projected timeline to see end user/customer impact
- Knowledge transfer artifacts and results to ensure HCD knowledge is transferred to the Agency (including a listed Agency point person to validate HCD knowledge transfer)
- Accomplished impact of the project, which includes: solutions deployed; data on impact achieved; summary of customer/end user experience feedback; and, ROI estimate of recommended changes



**STATE OF MICHIGAN**  
**CENTRAL PROCUREMENT SERVICES**  
 Department of Technology, Management, and Budget  
 320 S. WALNUT ST., LANSING, MICHIGAN 48933  
 P.O. BOX 30026 LANSING, MICHIGAN 48909

**CONTRACT CHANGE NOTICE**

Change Notice Number **1**  
 to  
 Contract Number **210000001421**

<b>CONTRACTOR</b>	McKinsey & Company
	1200 19th Street NW, Suite 100
	Washington, DC 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

<b>STATE</b>	<b>Program Manager</b>	Holly Grandy-Miller	DTMB
		517-243-8710	
		Millerh1@michigan.gov	
	<b>Contract Administrator</b>	Sean Regan	DTMB
		(517) 243-8459	
		regans@michigan.gov	

CONTRACT SUMMARY				
HUMAN CENTERED DESIGN (HCD) SERVICES – PREQUALIFICATION PROGRAM				
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE	
September 1, 2021	August 31, 2026	5 - 1 Year	August 31, 2026	
PAYMENT TERMS		DELIVERY TIMEFRAME		
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING	
<input type="checkbox"/> P-Card <input type="checkbox"/> PRC <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
MINIMUM DELIVERY REQUIREMENTS				
DESCRIPTION OF CHANGE NOTICE				
OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		August 31, 2026
CURRENT VALUE	VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE		
\$0.00	\$2,130,000.00	\$2,130,000.00		
DESCRIPTION				
<p>Effective 7/1/2022, the following amendment is incorporated into this Contract per the attached Statement of Work awarded through the second tier process. This Contract is hereby increased by \$2,130,000.00 for the UIA Benefits Adjudication project.</p> <p>These funds were previously approved by Ad Board on 11/16/2021.</p> <p>All other terms, conditions, specifications, and pricing remain the same. Per contractor and agency agreement and DTMB Central Procurement Services approval.</p>				

# Executive Summary

## Understanding of the Context

Michigan's Unemployment Insurance Agency (UIA) has been challenged, like all state UI agencies, by the ongoing pandemic. Across the country, the pandemic initially caused UI claims to spike by 20-30x in just a few weeks in March of 2020, immediately followed by a wave of imposter fraud claims. UIA was forced to radically increase its staffing and implement new federal programs while balancing the need to get benefits out quickly to out-of-work Michiganders and minimizing payments to fraudsters. Volume-driven adjudication delays and understaffing led to call-center service levels in the single digits, causing additional frustration and concern among claimants.

While the pandemic is now two years old, these issues continue to stress UIA. UIA faces a backlog of over 1M claims across protests and appeals, non-monetary adjudications, and level 2 redeterminations. In addition to volume-driven backlogs, UIA has faced a complicated landscape and shifting regulatory guidance from the US Department of Labor (USDOL) and Internal Revenue Service (IRS) on administrative processes like issuing 1099s and granting waivers. USDOL guidance for waivers, for instance, involve a number of different sub-categories of claims and claimants, complicating the issuance of waivers.

In the meantime, UIA faces pressure to begin collections activity against overpayments, some of which resulted from incorrect agency guidance. While UIA may have authority to wait 120 days before beginning collections, adjudications can be 5-6 months behind and so collections activity may begin on claims that have not yet been adjudicated. Given the complex waiver situation, collections may begin on claims that may later be granted a waiver. This confusing situation has resulted in a lawsuit to cease collections activity. As a result, different claims in a single work queue could have potentially up to 8 different "right paths" based on whether they were issued a 1099 (Yes/No), are eligible for a waiver (Yes/No), and are slated for collections activity (Yes/No).

Finally, UIA staffing is in flux. UIA faces flux in its contractor relationships, possibly resulting in a large amount of contract staff turnover. If this happens, the replacement staff would likely be untrained/brand new. Secondly, budget pressures limit the amount of overtime that will be available in the future. Finally, Limited Term staff may not be able to be retained after the end of the fiscal year.

UIA desires to significantly reduce its backlogs, improve its adjudications throughput, and resolve claims for Michiganders. A "business as usual" approach is no longer viable given the complex situation. And so, a new approach is called for.

## 1.0 Technical Proposal

### 1.1 General Requirements (Evaluation Criteria 1/SOW 1.1)

To support UIA, Contractor will aim first to create rapid, visible reduction in backlogs in the context of a complex environment that involves significant flux in staffing levels and experience across both contract and Limited Term staff; potential limitations on overtime availability; and claim-by-claim dependencies at a sub-work queue level, including interactions among determinations backlog, waiver eligibility, 1099 and withholding status, collections activity, etc. – all of which can differ for sub-populations within an existing work queue.

Since UIA has been working through backlogs for two years and continues to face a backlog of 1M+ work items (including protests and appeals), rapidly changing the situation on the ground will require focused effort and new thinking. A business-as-usual approach, or “more of the same” is unlikely to have the step-change reduction in backlogs that UIA desires. Once the pilot has demonstrated meaningful progress on addressing backlogs, Contractor will transition the workstream to a broader focus on building UIA’s capabilities and performance management culture.

Contractor’s overall approach will be organized into three logical workstreams.

- ***Workstream 1: Diagnostic, solutioning, and pilot design.***
- ***Workstream 2: Rapid pilot and implementation.***
- ***Workstream 3: Performance management and knowledge transfer.***

Note that these workstreams can inherently overlap, and Contractor will be flexible (in consultation with UIA leadership) during the project to accelerate workstreams as possible. For instance, UIA may wish to start the pilot “early” with the most straightforward process improvements and add more complex changes along the course of the pilot.

## **1.2 Work and Deliverables (Evaluation Criteria 2/SOW 1.2)**

The activities described in *Section 1.1* will result in the following deliverables:

### **1. Develop high-level current-state and future-state end-user journey and internal process maps for up to 2-3 backlog categories.**

These process improvements (as with the queueing and work approach and job aids, below) will be discussed extensively with UIA leadership, front-line managers, and front-line staff via in-depth working sessions. These sessions will allow knowledgeable staff to review the new processes and decision criteria to ensure they are accurate and that the language is clear and easy to use. Contractor will work with individual front-line staff to step through the new processes to identify any hidden blockers or system limitations, which will be addressed as possible to maximize the impact of the proposed changes.

Additionally, all process changes will be Agilely improved during the pilot, based on pilot team working sessions along with feedback from Contractor’s daily and weekly surveys of pilot staff. These surveys will deliver important insights into what’s working and not working, and where how productivity is evolving, both at an overall pilot level and adjudicator by adjudicator.

### **2. Revised queueing and work allocation approach.**

### **3. Redesigned job aids.**

Contractor will leverage Contractor’s detailed understanding of process flows (including intended improvements and revisions) along with the understanding of key decision criteria to develop concise, easy-to-read job aids to help staff work more effectively and efficiently. These job aids will leverage existing training materials; in some cases, simplifying the training material and presenting it in clear and concise form has meaningful value. Once drafted, these job aids will be discussed with front-line managers and staff, and evolved over the course of the pilot based on staff feedback

**4. Pilot/rollout of new process flows, queue management, and work assignment.** Once Contractor has worked with UIA leadership to identify a work group to pilot the process improvements for each of the focus areas, Contractor will develop a pilot timeline to ensure everyone involved is aware of the steps required for the pilot and their roles in those steps and develop instructions so all staff working the new processes understand what they should be



doing differently. Note that the pilots could include changes in process steps, changes in how work is assigned, use of new job aids, and changes to performance management processes, so all of those changes will need to be explained, and front-line managers (not just front-line staff) may well need to change how they work.

Once the pilot is underway, Contractor will proactively assist front-line managers and staff in executing the pilot, for instance attending team meetings and daily huddles, coaching managers and staff, helping to develop communications material for “staff person of the week,” and clarifying process steps as needed. Contractor will use the staff survey feedback to gather feedback on what’s working and not working in the new processes. Additionally, Contractor will conduct periodic listening sessions with managers and staff to understand their experience and brainstorm modifications or additional improvements.

#### **5. Provide a list of initiatives to improve end user experience and productivity (e.g., performance management practices, job aids).**

Based on Contractor’s Service Operations Practice’s work supporting both private and public sector clients, Contractor believes that a systematic approach is needed to drive and sustain a step-change in productivity in service operations. Contractor will examine all areas in developing the pilot approach, and some of the simpler/easier approaches listed in the exhibit will become part of the pilot effort. However, some of these approaches (e.g., digitization, use of bots) may take more time or effort to implement than is available for this project. Contractor will keep an ongoing list of additional actions that could be taken in the future with more time/resources to improve citizen/claimant experience or process efficiency/throughput. Likewise, Contractor will note those actions (either piloted or future) that could be applied more broadly to UIA operations outside the 2-3 focus areas—for instance, performance management changes.

#### **6. Assist in piloting new process flows, performance management, and performance metrics launched.**

### **1.3 Remaining Statement of Work Items (Evaluation Criteria 3)**

#### **1.3.1 Training/Knowledge Transfer (SOW 1.3)**

Contractor aims to make Michigan UIA self-sufficient in both the execution of the revised processes and the application of Contractor’s approach to additional focus areas in the future. The nature of Contractor’s approach to client service is inherently collaborative, involving meaningful daily interaction at all levels of the organization as Contractor diagnoses pain points, craft potential improvements to claimant and staff experience, and seek to improve system throughput. Through this side-by-side working model Contractor will help UIA staff to understand both the specifics of the revised processes and the method by which Contractor will develop the revisions.

Contractor’s approach to training and knowledge transfer intends to address all of the relevant stakeholders within UIA:

**Front-line staff.** It is critical to empower the front-line staff who are executing day-to-day, with support of UIA leadership, to improve their own work.

**Front-line teams and team leaders.** Inevitably, transforming workflows will require changes to operating models – often including a shift to specialized work or skillsets, cross-functional “pods,” and new ways of working that include transparency into performance, new standards, capability building on critical skills, and forums for continuous improvement. Similarly, done well, these changes embed technology/analytics staff appropriately with the operations teams to ensure the adoption of new tools and techniques.



**UIA leaders.** Only about 30% of transformations are successful globally – and those that are successful are so because of leaders’ behaviors, including role modeling, storytelling, capability building, and formal/informal ways of recognizing individual and team contributions. Designing these mechanisms with UIA leadership and supporting individual leaders within UIA to embrace these behaviors will be fundamental to driving productivity gains. Contractor’s leadership team supports CEOs and top teams and will draw from Contractor’s very best executive counseling and change management approaches.

#### **SMEs.**

All of these stakeholder goals will be supported by the creation of a repeatable process which will be transitioned to UIA to drive the ongoing work, including driving accountability and ensuring the right discussion forums exist to track progress and adjust the approach over time.

### **1.3.2 Timeframes (SOW 2.1)**

Contractor will support UIA for a 19-week period. The exact project start date will depend on the timing of UIA’s award of the project, but all project activities and deliverables will be completed within a 19-week period. Please refer to Contractor’s detailed workplan included in *Section 1.3.6*.

<b>Deliverable</b>	<b>Due Date</b>
1. Develop high level current state and future state end-user journey and internal process maps for up to 2-3 backlog categories	End of week 5
2. Revised queueing and work allocation approach	End of week 5
3. Redesigned job aids	End of week 5
4. Pilot/rollout of new process flows, queue management, work assignment, etc.	End of week 9
5. Provide a list of initiatives to improve end user experience and productivity (e.g., performance management practices, job aids)	End of week 12
6. Assist in piloting of new process flows, performance management, and performance metrics launched	End of week 19

### **1.3.3 Acceptance, Inspection, and Testing (SOW 3.1)**

Contractor takes no exceptions to the criteria provided in Section 16 of the Contract Terms.

### **1.3.4 Key Personnel (SOW 4.1)**

Contractor has designated Eric Schweikert (Associate Partner and Engagement Leader), Adi Kumar (Senior Partner and Director of Client Service), and Sahil Jain (Partner) as Key Personnel and the Leadership Team from Contractor. Eric, Adi, and Sahil will be directly responsible for the day-to-day operations of the project and will be the primary liaisons with UIA for communications about the project.

### **1.3.5 Disclosure of Subcontractors (SOW 4.2)**

Contractor does not anticipate using subcontractors for this effort.

### 1.3.6 Project Plan (SOW 5.1)

#### Overview of Contractor's Project Plan

To meet UIA's objectives for this effort, Contractor will use a coordinated, integrated approach that leverages best practices from similar efforts, proprietary tools, and a practical methodology that has been refined over thousands of projects. To plan, manage, and execute all SOW requirements, work, and deliverables, Contractor will collaborate with UIA during project initiation to ensure a common understanding of the project scope, work plans, activities, and milestones. This will include the following steps:

- Immediately upon contract award, Contractor will hold a kickoff with UIA leadership that covers topics such as project planning and solution design, project working norms, governance and decision-making, and information flow to ensure that Contractor's approach to solutions and working meet UIA's objectives. Contractor will provide Contractor's final project plan within 10 days of the contract effective date.
- Jointly align on a series of metrics and key performance indicators (KPIs) to be tracked that will signal how well Contractor is doing, ensuring Contractor stays on track to milestones.
- Work closely with UIA leadership to understand evolving challenges, adapt Contractor's approach where required, and stay focused on the highest-impact deliverables.
- Use the defined cadence and organization structure to drive a weekly and monthly performance review structure between Contractor and UIA to ensure Contractor understands Contractor's progress, obtain feedback, collaboratively problem solve, flag risks, and decide immediately on actions to resolve.
- During reviews, address changes in the demands of the project or changes in the environment, so that Contractor can – as appropriate and agreed with UIA leadership – make course adjustments and changes to staff or to the project plan.
- Conduct periodic discussions with UIA leadership at several levels of the program leadership to ensure satisfaction and provide additional opportunity for feedback.
- At the conclusion of the period of performance, deliver a final summary.

Below, Contractor presents key elements of Contractor's Project Plan that Contractor will finalize and share with UIA within 10 calendar days of the contract effective date.

#### Project Breakdown

The exact weeks for project performance will depend on the timing of UIA's award of the project. The draft workplan will be mutually agreed upon with UIA leadership and will be flexible (by mutual agreement) to best support the progress of the pilot.

#### Exhibit 1: Workplan (for discussion/refinement with UIA leadership).

Deliverable	Description	Due Date (from CN execution date)
1. Develop high level current state and future state end-user journey and internal process maps for up to 2-3 backlog categories	Citizen/claimant (end-user) journey maps and internal process maps, with proposed changes to improve claimant experience and productivity (as agreed with UIA). Note: the due date reflects delivery of the initial journey/process design to be piloted. Journey and process improvements will continue to be iterated during the course of the pilot.	End of week 5

2. Revised queueing and work allocation approach	<p>Logical map of the relevant work and staff skill categories, with revised approach to dividing and allocating work to staff (as agreed with UIA).</p> <p>Note: the due date reflects delivery of the initial queueing and work allocation approach to be piloted. Queueing and work allocation improvements will continue to be iterated during the course of the pilot.</p>	End of week 5
3. Redesigned job aids	<p>Concise, easy-to-read job aids, based on detailed understanding of process flows and understanding of key decision criteria, to help staff work more effectively and efficiently.</p> <p>Note: the due date reflects delivery of the initial job aids to be piloted. Job aid improvements will continue to be iterated during the course of the pilot.</p>	End of week 5
4. Pilot/rollout of new process flows, queue management, work assignment, etc.	<p>Pilot timeline with staff roles, proactive assistance for front-line managers and staff in launching the pilot, implementation of staff surveys.</p> <p>Note: the due date reflects the pilot launch efforts. Pilot support will continue through the end of week 19 (see deliverable 6) as the pilot continues to be refined.</p>	End of week 9
5. Provide a list of initiatives to improve end user experience and productivity (e.g., performance management practices, job aids)	<p>Comprehensive summary of piloted changes to processes, queueing, and job aids, identification of additional initiatives that could be taken in the future, with more time/resources to improve citizen/claimant experience or process efficiency/throughput.</p> <p>Note: the due date reflects the initial summary of initiatives based on 7 weeks of pilot execution. Any further changes resulting from additional pilot insights in weeks 13-19 will be delivered at the end of week 19.</p>	End of week 12
6. Assist in piloting of new process flows, performance management, and performance metrics launched	<p>Continued iteration of process/queueing/job aid design. Full implementation of performance management innovations (improved measurement and tracking of work completion, setting expectations for productivity, identification of training opportunities, use of daily huddles and weekly team meetings, publication of leader boards and staff person of the week, etc.). Final versions of deliverables 4 and 5 as applicable.</p>	End of week 19

## Resources Required

Given the objectives, scale, and size of this project, Contractor believes that UIA needs to identify a rapid response core project team to set the foundational ownership required to grow into a full-time cross-functional project team supporting and sustaining this initiative. In comparable programs, Contractor has seen that not dedicating the right internal leadership and on-the-ground resources significantly increases the risk of failure. Based on Contractor's experience with similar programs, Contractor anticipates that UIA will need to contribute the following resources to ensure timely and successful development and implementation of the program:

**Personnel for leadership, decision-making, and subject matter expertise.** Staff will be needed to stand up and actively participate in the activities of the project team and the decision-making required to manage the program. A clear program lead is needed to help focus decision-making as Contractor explores alternative approaches to be piloted. In addition, SMEs and

people with on-the-ground experience in the work (front-line managers and adjudicators) will be needed to help develop practical approaches and ensure proposed changes are realistic and doable.

Pilot team personnel may need to be full-time to support the program, while requirements for other personnel will vary by project phase as well as the level of effort required.

**Requirements for skills/knowledge.** Personnel on the project team will need skills in project, risk, and change management. Individuals directly involved in the program must have the required knowledge and expertise on topics ranging across legacy and future technology, legal and compliance requirements, UIA's statutory policies, and functional areas.

**Leadership support.** A fundamental driver of a successful program is leadership buy-in, so the visible support of UIA leadership (e.g., continual communication of the goals and importance of the initiative, and dedicating appropriate personnel) is key to developing and implementing this program.

### **1.3.7 Reporting/Deliverables (SOW 5.2)**

Contractor's team will work collaboratively with UIA, communicate/address issues quickly, and rapidly bring the right expert perspectives to meet emerging needs. In addition to the deliverables highlighted above (see *Section 1.3.2*), Contractor will provide the following updates and deliverables to UIA as agreed upon in Contractor's final Project Plan:

- Weekly project status report
- Deliverable summaries, which include: any issues resolving the deliverable; customer/end user profiles engaged with resolution; measure of end user/customer impact; and, projected timeline to see end user/customer impact
- Knowledge transfer artifacts and results to ensure HCD knowledge is transferred to the Agency (including a listed Agency point person to validate HCD knowledge transfer)
- Accomplished impact of the project, which includes: solutions deployed; data on impact achieved; summary of customer/end user experience feedback; and, ROI estimate of recommended changes



# STATE OF MICHIGAN PROCUREMENT

525 W. Allegan, Lansing, MI 48933  
P.O. Box 30026 Lansing, MI 48909

## NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **210000001421**

between  
THE STATE OF MICHIGAN  
and

<b>CONTRACTOR</b>	McKinsey & Company, Inc.
	1200 19 <sup>th</sup> Street NW, Suite 100
	Washington D.C., 20036
	Jessica Wrenn
	202-905-1173
	jessica_wrenn@mckinsey.com
	VS0065227

<b>STATE</b>	Program Manager	Holly Grandy-Miller	DTMB
		517-243-8710	
		Millerh1@michigan.gov	
	Contract Administrator	Sean Regan	DTMB
		517-243-8459	
		regans@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: Human Centered Design (HCD) Services – Prequalification Program			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
9/1/2021	8/31/2026	5, 1 Year	
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45			
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
MISCELLANEOUS INFORMATION			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			\$0.00

**FOR THE CONTRACTOR:**

\_\_\_\_\_  
**Company Name**

\_\_\_\_\_  
**Authorized Agent Signature**

\_\_\_\_\_  
**Authorized Agent** (Print or Type)

\_\_\_\_\_  
**Date**

**FOR THE STATE:**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Name & Title**

\_\_\_\_\_  
**Agency**

\_\_\_\_\_  
**Date**

**SCHEDULE A  
STATEMENT OF WORK  
CONTRACT ACTIVITIES**

# STATE OF MICHIGAN

## Human Centered Design (HCD) Services – Prequalification Program

### **Project Request**

This is a Pre-Qualified Contract to provide consulting services for Human Centered Design (HCD) activities for all State Agencies/Organizational Units. The State is establishing a prequalified Contractor pool through this Contract and will update the pool as deemed necessary by the State. Updates to the pool will be accomplished through the issuance of an RFP.

1. Prequalified Contractor solution and staffing will be evaluated under a second-tier, competitive selection process. The State may then award a specific HCD solution to the Contractor offering the best overall value.
2. Each Statement of Work (SOW) may contain unique service levels, requirements and general deliverables which may include, but are not limited to, services outlined in this Schedule A, Statement of Work.
3. The State will issue each SOW to all prequalified Contractors. The SOW will identify the deliverables, period of performance, specific response information required, work evaluation and payment criteria, and any additional terms and conditions that may apply to that SOW. The process for the State issuing and the Contractor(s) responding to a SOW follows:
  - a) State issues a SOW via email to pre-qualified Contractors with a timeline including due dates for questions, due dates for responses, and period of performance.
  - b) Contractor responses must follow criteria required in each SOW and if hourly pricing is requested by the State, Contractor pricing must not exceed rates provided in Schedule B.
  - c) State selection will be based on a best value evaluation using the criteria identified in the SOW.

### **Background**

The Michigan Department of Technology, Management and Budget (DTMB) Office of Continuous Improvement (OCI) is responsible for the statewide HCD strategy. The HCD strategy focuses on the needs and the desires of stakeholders interfacing with the state for services when developing technology.

### **1.1 In Scope**

In partnership with OCI the Contractor is responsible for using standard HCD methods to create deliverables for improvement projects for state agencies. HCD engagements may include the agency, DTMB, OCI staff, and third-party providers not including the Contractor. Collectively, this solicitation refers to these resources as “project staff.”

The Contractor will increase stakeholder engagement to improve state services by deploying specific activities to; garner stakeholder input, define needs, understand issues; facilitate ideation, facilitate prototype creation, set metrics/measures, and recommend a program of change. The Contractor may engage in ongoing feedback with stakeholders through the implementation of recommended change. The Contractor may be asked by OCI to utilize specific methods to maintain consistency in state HCD projects. HCD projects are a means to strategically expand the competency in HCD tools by state employees. The partnership between the Contractor and OCI is pivotal in this strategy for knowledge transfer. The scope and duration of efforts vary by engagement and may include all or a subset of the work and deliverables identified below, or additional deliverables identified in the second tier SOW.

When the SOM establishes a need for services, a specific statement of work will be formalized, and proposals will be solicited from the prequalified Contractors utilizing a second-tier competitive selection process. The specific statement of work will identify, at a minimum, the period of performance, deliverables, specific response information required and any

special terms and conditions that are associated with the individual statement of work. Price proposals for each specific statement of work must be provided on a deliverable(s) basis. The second-tier will include a SOW, pricing table and will describe the evaluation criteria that will be used to select the vendor. The State will add the associated statement of work and the necessary funding to the selected Contractor's primary Contract.

## **1.2 Work and Deliverables**

The Contractor must provide Deliverables/Services and staff, and otherwise do all things necessary for or incidental to the performance of work, as set forth below or defined in the second-tier evaluation process:

a. Methodology and Deliverables for Human Centered Design

A methodology is an approach to doing something with a distinct set of rules, techniques, tests, activities, deliverables, and processes which typically function to solve a specific problem. An effective methodology is well-defined and repeatable.

b. Project Management

Project management is the application of processes, methods, knowledge, skills and experience to achieve project objectives. Effective project management consistently delivers predictable results.

c. Training

d. Metrics

e. Knowledge Transfer

f. Diversity, Equity, and Inclusion (DEI)

## **1.3 Specific Standards**

### **IT Policies, Standards and Procedures (PSP)**

Contractors are advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided as a result of this contract must comply with all applicable State IT policies and standards. Contractor is required to review all applicable links provided below and state compliance in their response.

Public IT Policies, Standards and Procedures (PSP):

[https://www.michigan.gov/dtmb/0,5552,7-358-82547\\_56579\\_56755---,00.html](https://www.michigan.gov/dtmb/0,5552,7-358-82547_56579_56755---,00.html)

### **Acceptable Use Policy**

To the extent that Contractor has access to the State's computer system, Contractor must comply with the State's Acceptable Use Policy, see [1340.00.130.02 Acceptable Use of Information Technology \(michigan.gov\)](#). All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State's system. The State reserves the right to terminate Contractor's access to the State's system if a violation occurs.

### **ADA Compliance**

The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. The State is requiring that the Contractor's proposed Solution, where relevant, to level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0. Contractor may consider, where relevant, the W3C's Guidance on Applying WCAG 2.0 to Non-Web Information and Communications Technologies (WCAG2ICT) for non-web software and content. The State may require that the Contractor complete a Voluntary Product Accessibility Template for WCAG 2.0 (WCAG 2.0 VPAT) or other comparable document for the proposed Solution.

[http://www.michigan.gov/documents/dmb/1650.00\\_209567\\_7.pdf?20151026134621](http://www.michigan.gov/documents/dmb/1650.00_209567_7.pdf?20151026134621)

## **1.4 SUITE Documentation**

In managing its obligation to meet the above milestones and deliverables, the Contractor is required to utilize the applicable [State Unified Information Technology Environment \(SUITE\)](#) methodologies, or an equivalent methodology proposed by the Contractor.

SUITE's primary goal is the delivery of on-time, on-budget, quality systems that meet customer expectations. SUITE is based on industry best practices, including those identified in the Project Management Institute's PMBoK and the Capability Maturity Model Integration for Development. It was designed and implemented to standardize methodologies, processes, procedures, training, and tools for project management and systems development lifecycle management. It



offers guidance for efficient, effective improvement across multiple process disciplines in the organization, improvements to best practices incorporated from earlier models, and a common, integrated vision of improvement for all project and system related elements.

While applying the SUITE framework through its methodologies is required, SUITE was not designed to add layers of complexity to project execution. There should be no additional costs from the Contractor, since it is expected that they are already following industry best practices which are at least similar to those that form SUITE's foundation.

SUITE's companion templates are used to document project progress or deliverables. In some cases, the Contractor may have in place their own set of templates for similar use. Because SUITE can be tailored to fit specific projects, project teams and State Program Managers may decide to use the Contractor's provided templates, as long as they demonstrate fulfillment of the SUITE methodologies.

The Contractor is required to review <http://www.michigan.gov/suite> and demonstrate how each PMM/SEM requirement will be met. If the Contractor wishes to use their own documents, they must submit an example of the document that will be substituted. If the Contractor deems a document to be non-applicable, they must provide reasons for the determination. The State reserves the right to give final approval of substituted documents and items marked as non-applicable.

## 2. RESERVED

## 3. Acceptance

### 3.1. Acceptance, Inspection and Testing

The State will use the criteria provided in Section 16 of the Contract Terms to determine acceptance of the Contract Activities.

## 4. Staffing

### 4.1. Contractor Representative

The Contractor must appoint a **Contractor Representative**, specifically assigned to this Contract, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the "Contractor Representative").

The Contractor must notify the State Contract Administrator at least 30 calendar days before removing or assigning a new Contractor Representative.

Contractor:
Razili Lewis 150 West Jefferson, Suite 1600 Detroit, MI 48226-4449 Razili_Lewis@mckinsey.com (973) 444-2703

### 4.2 Contract Administrator

The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a "**Contract Administrator**"):

State:	Contractor:
Sean Regan 525 W Allegan St Lansing, MI 48933 <a href="mailto:regans@Michigan.gov">regans@Michigan.gov</a> 517-243-8459	Jessica Wrenn 1200 19th Street NW, Suite 1000 Washington DC 20036 Jessica_Wrenn@mckinsey.com mckinsey_contracts@mckinsey.com (202) 905-1173

### 4.3 Program Manager

The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “Program Manager”):

State:	Contractor:
Holly Grandy-Miller Director - Office of Continuous Improvement Capitol National Center 200 North Washington Square, Lansing <a href="mailto:millerh1@michigan.gov">millerh1@michigan.gov</a> 517-243-8710	Razili Lewis 150 West Jefferson, Suite 1600 Detroit, MI 48226-4449 <a href="mailto:Razili_Lewis@mckinsey.com">Razili_Lewis@mckinsey.com</a> (973) 444-2703

#### 4.4. Work Hours and Work Location

The Contractor must provide Contract Activities during the State’s normal working hours Monday – Friday, 7:00 a.m. to 6:00 p.m. EST and possible night and weekend hours depending on the requirements of the project.

The State anticipates that much of the work will be conducted remotely, however there may be requirements for in person meetings. Onsite work will be primarily in the Lansing / Metro Detroit area. Travel to additional locations in Michigan may be required in limited circumstances.

#### 4.5. Key Personnel

The Contractor must appoint an individual who will be directly responsible for the day-to-day operations of the Contract, as well as a staffing team who will be committed to this project (“Key Personnel”). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquiries within 24 hours.

The State has 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, introduce the individual to the State’s Program Manager, and 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. The State may require a 30-calendar day training period for replacement personnel.

Contractor will not remove any Key Personnel from their assigned roles on 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”). An Unauthorized Removal 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. 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 terminate this Contract for cause under Termination for Cause in the Standard Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an “Unauthorized Removal Credit”):

(i) For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be \$25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30 calendar days before the Key Personnel’s removal.

(ii) If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 calendar days, in addition to the \$25,000.00 credit specified above, Contractor will credit the State \$833.33 per calendar day for each day of the 30 calendar-day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$25,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30 calendar days of shadowing will not exceed \$50,000.00 per individual.

Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under this Contract.

The Contractor must identify the Key Personnel, indicate where they will be physically located, describe the functions they will perform, and provide current chronological résumés.

#### **4.6. Organizational Chart**

The Contractor must provide an overall organizational chart that details staff members, by name and title, and subcontractors upon request by the State.

#### **4.7. Background Checks**

Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their **assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.**

**Contractor must present certifications evidencing satisfactory Michigan State Police Background checks ICHAT and drug tests for all staff identified for assignment to this project.**

**In addition, proposed Contractor personnel will be required to complete and submit an RI-8 Fingerprint Card for the National Crime Information Center (NCIC) Fingerprints, if required by project.**

**Contractor will pay for all costs associated with ensuring their staff meets all requirements.**

**Contractor staff must attend agency specific orientation, security awareness training and any other relevant security and/or confidentiality training. Contractor staff must sign any appropriate agreements or training certifications.**

**Contractor staff assigned to work** with restricted, sensitive data have an obligation to safeguard and protect the confidentiality of such data. Further, if the staff member accidentally or purposefully releases restricted or sensitive data, the contractor assumes full responsibility for any resulting penalties, such as those described in the Identity Theft Protection Act (Act 452 P.A. 2004, amended July 2007).

#### **4.8. Organizational Chart**

The Contractor must provide an overall organizational chart that details staff members, by name and title, and subcontractors upon State request.

#### **4.9. Disclosure of Subcontractors**

If the Contractor intends to utilize subcontractors, it must be disclosed in the second-tier SOW process.

### **5. Project Management**

#### **5.1. Project Plan**

Contractor must provide project management plan.

The Contractor will carry out this project under the direction and control of the Program Manager. Within 10 calendar days of the Effective Date, the Contractor must submit a project plan to the Program Manager for final approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, and resources required.

#### **5.2. Meetings**

The State may request meetings as it deems appropriate.

#### **5.3. Reporting**

The Contractor must submit reports to the Program Manager.

**6. Pricing****6.1. Price Term**

Pricing is firm for the entire length of the Contract.

**7. Ordering****7.1. Authorizing Document**

The appropriate authorizing document for the Contract will be a Purchase Order (PO) or Delivery Order (DO).

**8. Invoice and Payment****8.1. Invoice Requirements**

All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity of records/units; (d) price per record/unit (e) description of the Contract Activities; (f) shipping cost (if any); and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.

**8.2. Payment Methods**

The State will make payment for Contract Activities via EFT.

**9. Liquidated Damages**

Late or improper completion of the Contract Activities will cause loss and damage to the State and it would be impracticable and extremely difficult to fix the actual damage sustained by the State. Therefore, if there is late or improper completion of the Contract Activities the State is entitled to collect liquidated damages in the amount of \$1,000 and an additional \$100 per day for each day Contractor fails to remedy the late or improper completion of the Work.

## **SCHEDULE B PRICING**

### **1. Firm Fixed Deliverable Pricing**

Firm Fixed deliverable pricing will be provided through the second-tier solicitation.

## STANDARD CONTRACT TERMS

### Standard Contract Terms

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and **Contractor**. This Contract is effective on September 1, 2021 (“**Effective Date**”), and unless terminated, expires on August 31, 2026.

This Contract may be renewed for up to five (5) additional one (1) year period(s). Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

The parties agree as follows:

1. **Duties of Contractor.** Contractor must perform the services and provide the deliverables described in **Schedule A – Statement of Work** (the “**Contract Activities**”). An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in Schedule A.

Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State’s operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State’s quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; (j) comply with all State physical and IT security policies and standards which will be made available upon request; and (k) provide the State priority in performance of the Contract except as mandated by federal disaster response requirements. Any breach under this paragraph is considered a material breach.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

2. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.
3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “**Contract Administrator**”):
4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “**Program Manager**”):
5. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Schedule A – Statement of Work) if, in the opinion of the State, it will ensure performance of the Contract.
6. **Insurance Requirements.** Contractor, at its sole expense, must maintain the insurance coverage identified below. All required insurance must: (i) protect the State from claims that arise out of, are alleged to arise out of, or otherwise result from Contractor’s or subcontractor’s performance; (ii) be primary and non-contributing to any

## STANDARD CONTRACT TERMS

comparable liability insurance (including self-insurance) carried by the State; and (iii) be provided by a company with an A.M. Best rating of "A-" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
<b>Commercial General Liability Insurance</b>	
<u>Minimum Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Personal & Advertising Injury \$2,000,000 Products/Completed Operations \$2,000,000 General Aggregate	Policy must be endorsed to add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds using endorsement CG 20 10 11 85, or both CG 20 10 12 19 and CG 20 37 12 19.
<b>Automobile Liability Insurance</b>	
If a motor vehicle is used in the performance of the Contract, Contractor must maintain motor vehicle liability coverage for bodily injury and property damage, as required by law.	
<b>Workers' Compensation Insurance</b>	
<u>Minimum Limits:</u> Coverage according to applicable laws governing work activities	Waiver of subrogation, except where waiver is prohibited by law.
<b>Employers Liability Insurance</b>	
<u>Minimum Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease	
<b>Privacy and Security Liability (Cyber Liability) Insurance</b>	
<u>Minimum Limits:</u> \$1,000,000 Each Occurrence \$1,000,000 Annual Aggregate	Policy must cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
<b>Professional Liability (Errors and Omissions) Insurance</b>	
<u>Minimum Limits:</u> \$3,000,000 Each Occurrence \$3,000,000 Annual Aggregate	

If any required policies provide claims-made coverage, the Contractor must: (i) provide coverage with a retroactive date before the Effective Date of the Contract or the beginning of Contract Activities; (ii) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (iii) if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the Effective Date of this Contract, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (i) provide insurance certificates to the Contract Administrator, containing the agreement or delivery order number, at Contract formation and within twenty (20) calendar days of the expiration date of the applicable policies; (ii) require that subcontractors maintain the required insurances contained in this Section; (iii) notify the Contract Administrator within five (5) business days if any policy is cancelled; and (iv) waive all rights

## STANDARD CONTRACT TERMS

against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

- 7. Administrative Fee and Reporting.** Contractor must pay an **administrative fee of 1%** on all payments made to Contractor under the Contract including transactions with the State (including its departments, divisions, agencies, offices, and commissions), MiDEAL members, and other states (including governmental subdivisions and authorized entities). Administrative fee payments must be made online by check or credit card at: <https://www.thepayplace.com/mi/dtmb/adminfee>

Contractor must submit an itemized purchasing activity report, which includes at a minimum, the name of the purchasing entity and the total dollar volume in sales. Reports should be mailed to [MiDeal@michigan.gov](mailto:MiDeal@michigan.gov).

The administrative fee and purchasing activity report are due within 30 calendar days from the last day of each calendar quarter.

- 8. Extended Purchasing Program.** This contract is extended to MiDEAL members. MiDEAL members include local units of government, school districts, universities, community colleges, and nonprofit hospitals. A current list of MiDEAL members is available at [www.michigan.gov/mideal](http://www.michigan.gov/mideal).

Upon written agreement between the State and Contractor, this contract may also be extended to: (a) other states (including governmental subdivisions and authorized entities) and (b) State of Michigan employees.

If extended, Contractor must supply all Contract Activities at the established Contract prices and terms. The State reserves the right to impose an administrative fee and negotiate additional discounts based on any increased volume generated by such extensions.

Contractor must submit invoices to, and receive payment from, extended purchasing program members on a direct and individual basis.

- 9. Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor.

Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Contract Activities and all associated intellectual property rights, if any. Such Contract Activities are works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Contract Activities and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Contract Activities, including all intellectual property rights therein.

- 10. Subcontracting.** Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.



## STANDARD CONTRACT TERMS

---

11. **Staffing.** The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.
12. **Background Checks.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, or as may be specified in Schedule A, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. The scope is at the discretion of the State and documentation must be provided as requested. Contractor is responsible for all costs associated with the requested background checks. The State, in its sole discretion, may also perform background checks.
13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
14. **Change of Control.** Contractor will notify within 30 days of any public announcement or otherwise once legally permitted to do so, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.  
  
In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.
15. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A.
16. **Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Schedule A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with Section 23, Termination for Cause.

Within 10 business days from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

## STANDARD CONTRACT TERMS

---

**17. RESERVED**

**18. RESERVED**

**19. RESERVED**

- 20. Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Schedule A. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. All prices are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes 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 disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/SIGMAVSS> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

- 21. Liquidated Damages.** Liquidated damages, will be assessed as described in Schedule A.

- 22. Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or delivery order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.

- 23. Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

## STANDARD CONTRACT TERMS

- 24. Termination for Convenience.** The State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.
- 25. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed **180** calendar days), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.
- 26. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).
- The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.
- The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.
- 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. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.
- 27. Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim, Contractor must, at its expense: (a) procure for the State the right to continue using the equipment, software, commodity, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c)

## STANDARD CONTRACT TERMS

accept its return by the State with appropriate credits to the State against 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.

- 28. Limitation of Liability and Disclaimer of Damages.** IN NO EVENT WILL THE STATE'S AGGREGATE LIABILITY TO CONTRACTOR UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AMOUNT OF FEES PAYABLE UNDER THIS CONTRACT. The State is not liable for consequential, incidental, indirect, or special damages, regardless of the nature of the action.

- 29. Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

**30. State Data.**

- a. **Ownership.** The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.
- b. **Contractor Use of State Data.** Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.
- c. **Extraction of State Data.** Contractor must, within five (5) business days of the State's request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.
- d. **Backup and Recovery of State Data.** Unless otherwise specified in Schedule A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Schedule A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.

## STANDARD CONTRACT TERMS

- e. **Loss or Compromise of Data.** In the event of any act, error or omission, negligence, misconduct, or breach on the part of Contractor that compromises or is suspected to compromise the security, confidentiality, or integrity of State Data or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise required by the State; (c) in the case of PII or PHI, at the State's sole election, (i) with approval and assistance from the State, notify the affected individuals who comprise the PII or PHI as soon as practicable but no later than is required to comply with applicable law, or, in the absence of any legally required notification period, within five (5) calendar days of the occurrence; or (ii) reimburse the State for any costs in notifying the affected individuals; (d) in the case of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twenty-four (24) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) pay for any costs associated with the occurrence, including but not limited to any costs incurred by the State in investigating and resolving the occurrence, including reasonable attorney's fees associated with such investigation and resolution; (g) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (h) be responsible for recreating lost State Data in the manner and on the schedule set by the State without charge to the State; and (i) provide to the State a detailed plan within ten (10) calendar days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum: name and contact information of Contractor's representative; a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The State will have the option to review and approve any notification sent to affected individuals prior to its delivery. Notification to any other party, including but not limited to public media outlets, must be reviewed and approved by the State in writing prior to its dissemination. The parties agree that any damages relating to a breach of this **Section 31** are to be considered direct damages and not consequential damages. This section survives termination or expiration of this Contract.
  - f. **State's Governance, Risk and Compliance (GRC) platform.** Contractor is required to assist the State with its security accreditation process through the development, completion and ongoing updating of a system security plan using the State's automated GRC platform and implement any required safeguards or remediate any security vulnerabilities as identified by the results of the security accreditation process.
- 31. Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.
- a. **Meaning of Confidential Information.** For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of



## STANDARD CONTRACT TERMS

confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

- b. **Obligation of Confidentiality.** The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to 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 responsibilities; 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 or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
- c. **Cooperation to Prevent Disclosure of Confidential Information.** Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- d. **Remedies for Breach of Obligation of Confidentiality.** Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. **Surrender of Confidential Information upon Termination.** Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

### 32. Data Privacy and Information Security.

- a. **Undertaking by Contractor.** Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the

## STANDARD CONTRACT TERMS

safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.

- b. **Audit by Contractor.** No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.
- c. **Right of Audit by the State.** Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. During the providing of the Contract Activities, on an ongoing basis from time to time and without notice, the State, at its own expense, is entitled to perform, or to have performed, an on-site audit of Contractor's data privacy and information security program. In lieu of an on-site audit, upon request by the State, Contractor agrees to complete, within 45 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program.
- d. **Audit Findings.** Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. **State's Right to Termination for Deficiencies.** The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations under this Section.

### 33. RESERVED

### 34. RESERVED

35. **Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

36. **Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities; (e) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (f) the Contract signatory has the authority to enter into this Contract; (g) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; (h) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (i) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is

## STANDARD CONTRACT TERMS

considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.

- 37. Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.
- 38. Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations.
- 39. RESERVED**
- 40. RESERVED**
- 41. Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and [Executive Directive 2019-09](#). Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.
- 42. Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
- 43. Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.
- 44. Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
- 45. Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
- 46. Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.  
  
Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination



## STANDARD CONTRACT TERMS

that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.

- 47. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the 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 of the State.
- 48. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
- 49. **Schedules.** All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

Schedule ID	Schedule Name
Schedule A	Statement of Work
Schedule B	Pricing Schedule

- 50. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and schedules and exhibits which are hereby expressly incorporated, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.
- 51. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
- 52. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
- 53. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
- 54. **Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a "Contract Change Notice"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

# FEDERAL PROVISIONS ADDENDUM

This addendum applies to purchases that will be paid for in whole or in part with funds obtained from the federal government. The provisions below are required, and the language is not negotiable. If any provision below conflicts with the State's terms and conditions, including any attachments, schedules, or exhibits to the State's Contract, the provisions below take priority to the extent a provision is required by federal law; otherwise, the order of precedence set forth in the Contract applies. Hyperlinks are provided for convenience only; broken hyperlinks will not relieve Contractor from compliance with the law.

## 1. Equal Employment Opportunity

If this Contract is a “**federally assisted construction contract**” as defined in [41 CFR Part 60-1.3](#), and except as otherwise may be provided under [41 CFR Part 60](#), then during performance of this Contract, the Contractor agrees as follows:

- a. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:

Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

- b. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
- c. The Contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Contractor's legal duty to furnish information.
- d. The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- e. The Contractor will comply with all provisions of [Executive Order 11246](#) of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- f. The Contractor will furnish all information and reports required by [Executive Order 11246](#) of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- g. In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in [Executive Order 11246](#) of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in

# FEDERAL PROVISIONS ADDENDUM

[Executive Order 11246](#) of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

- h. The Contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of [Executive Order 11246](#) of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

Provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

The applicant further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: *Provided*, that if the applicant so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.

The applicant agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

The applicant further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the applicant agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the applicant under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such applicant; and refer the case to the Department of Justice for appropriate legal proceedings.

## 2. Davis-Bacon Act (Prevailing Wage)

If this Contract is a **prime construction contract** in excess of \$2,000, the Contractor (and its Subcontractors) must comply with the Davis-Bacon Act ([40 USC 3141-3148](#)) as supplemented by Department of Labor regulations ([29 CFR Part 5](#), "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"), and during performance of this Contract the Contractor agrees as follows:

- a. All transactions regarding this contract shall be done in compliance with the Davis-Bacon Act (40 U.S.C. 3141- 3144, and 3146-3148) and the requirements of 29C.F.R. pt. 5 as may be applicable. The contractor shall comply with 40 U.S.C. 3141-3144, and 3146-3148 and the requirements of 29 C.F.R. pt. 5 as applicable.
- b. Contractors are required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor.
- c. Additionally, contractors are required to pay wages not less than once a week.

## 3. Copeland "Anti-Kickback" Act

## FEDERAL PROVISIONS ADDENDUM

If this Contract is a contract for construction or repair work in excess of \$2,000 where the Davis-Bacon Act applies, the Contractor must comply with the Copeland “Anti-Kickback” Act ([40 USC 3145](#)), as supplemented by Department of Labor regulations ([29 CFR Part 3](#), “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”), which prohibits the Contractor and subrecipients from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled, and during performance of this Contract the Contractor agrees as follows:

- (1) **Contractor.** The Contractor shall comply with 18 U.S.C. § 874, 40 U.S.C. § 3145, and the requirements of 29 C.F.R. pt. 3 as may be applicable, which are incorporated by reference into this contract.
- (2) **Subcontracts.** The Contractor or Subcontractor shall insert in any subcontracts the clause above and such other clauses as FEMA or the applicable federal awarding agency may by appropriate instructions require, and also a clause requiring the Subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all of these contract clauses.
- (3) **Breach.** A breach of the contract clauses above may be grounds for termination of the contract, and for debarment as a Contractor and Subcontractor as provided in 29 C.F.R. § 5.12.

#### 4. Contract Work Hours and Safety Standards Act

If the Contract is **in excess of \$100,000** and **involves the employment of mechanics or laborers**, the Contractor must comply with [40 USC 3702](#) and [3704](#), as supplemented by Department of Labor regulations ([29 CFR Part 5](#)), as applicable, and during performance of this Contract the Contractor agrees as follows:

- (1) **Overtime requirements.** No Contractor or Subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
- (2) **Violation; liability for unpaid wages; liquidated damages.** In the event of any violation of the clause set forth in paragraph (1) of this section the Contractor and any Subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such Contractor and Subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of \$27 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.
- (3) **Withholding for unpaid wages and liquidated damages.** The State shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Contractor or Subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.
- (4) **Subcontracts.** The Contractor or Subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1) through (4) of this section and also a clause requiring the Subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (1) through (4) of this section.

## FEDERAL PROVISIONS ADDENDUM

### 5. Rights to Inventions Made Under a Contract or Agreement

If the Contract is funded by a federal “funding agreement” as defined under [37 CFR §401.2 \(a\)](#) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with [37 CFR Part 401](#), “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

### 6. Clean Air Act and the Federal Water Pollution Control Act

If this Contract is **in excess of \$150,000**, the Contractor must comply with all applicable standards, orders, and regulations issued under the Clean Air Act ([42 USC 7401-7671q](#)) and the Federal Water Pollution Control Act ([33 USC 1251-1387](#)), and during performance of this Contract the Contractor agrees as follows:

#### Clean Air Act

1. The Contractor agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
2. The Contractor agrees to report each violation to the State and understands and agrees that the State will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency or the applicable federal awarding agency, and the appropriate Environmental Protection Agency Regional Office.
3. The Contractor agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FEMA or the applicable federal awarding agency.

#### Federal Water Pollution Control Act

1. The Contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
2. The Contractor agrees to report each violation to the State and understands and agrees that the State will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency or the applicable federal awarding agency, and the appropriate Environmental Protection Agency Regional Office.
3. The Contractor agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FEMA or the applicable federal awarding agency.

### 7. Debarment and Suspension

A “contract award” (see [2 CFR 180.220](#)) must not be made to parties listed on the government-wide exclusions in the [System for Award Management](#) (SAM), in accordance with the OMB guidelines at [2 CFR 180](#) that implement [Executive Orders 12549](#) ([51 FR 6370; February 21, 1986](#)) and 12689 ([54 FR 34131; August 18, 1989](#)), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than [Executive Order 12549](#).

- a. This Contract is a covered transaction for purposes of 2 C.F.R. pt. 180 and 2 C.F.R. pt. 3000. As such, the Contractor is required to verify that none of the Contractor’s principals (defined at 2 C.F.R. § 180.995) or its affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).
- b. The Contractor must comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.

## FEDERAL PROVISIONS ADDENDUM

- c. This certification is a material representation of fact relied upon by the State. If it is later determined that the contractor did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, in addition to remedies available to the State, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment
- d. The bidder or proposer agrees to comply with the requirements of 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C while this offer is valid and throughout the period of any contract that may arise from this offer. The bidder or proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

### 8. Byrd Anti-Lobbying Amendment

Contractors who apply or bid for an award of **\$100,000 or more** shall file the required certification in Exhibit 1 – Byrd Anti-Lobbying Certification below. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, officer or employee of Congress, or an employee of a Member of Congress in connection with obtaining any Federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient who in turn will forward the certification(s) to the awarding agency.

### 9. Procurement of Recovered Materials

Under 2 CFR 200.322, Contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act.

- (1) In the performance of this contract, the Contractor shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired:
  - a. Competitively within a timeframe providing for compliance with the contract performance schedule;
  - b. Meeting contract performance requirements; or
  - c. At a reasonable price.
- (2) Information about this requirement, along with the list of EPA- designated items, is available at EPA's Comprehensive Procurement Guidelines web site, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>.
- (3) The Contractor also agrees to comply with all other applicable requirements of Section 6002 of the Solid Waste Disposal Act.

### 10. Additional FEMA Contract Provisions.

The following provisions apply to purchases that will be paid for in whole or in part with funds obtained from the Federal Emergency Management Agency (FEMA):

- 1. **Access to Records.** The following access to records requirements apply to this contract:
  - a. The Contractor agrees to provide the State, the FEMA Administrator, the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Contractor which are directly pertinent to this contract for the purposes of making audits, examinations, excerpts, and transcriptions
  - b. The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed
  - c. The Contractor agrees to provide the FEMA Administrator or his authorized representatives access to construction or other work sites pertaining to the work being completed under the contract



## FEDERAL PROVISIONS ADDENDUM

---

In compliance with the Disaster Recovery Act of 2018, the State and the Contractor acknowledge and agree that no language in this contract is intended to prohibit audits or internal reviews by the FEMA Administrator or the Comptroller General of the United States.

**2. Changes.**

1. See the provisions regarding modifications or change notice in the Contract Terms.

**3. DHS Seal Logo and Flags.**

2. The Contractor shall not use the DHS seal(s), logos, crests, or reproductions of flags or likenesses of DHS agency officials without specific FEMA pre-approval.

**4. Compliance with Federal Law, Regulations, and Executive Orders.**

This is an acknowledgement that FEMA financial assistance will be used to fund all or a portion of the contract. The Contractor will comply with all applicable Federal law, regulations, executive orders, FEMA policies, procedures, and directives.

**5. No Obligation by Federal Government.**

The Federal Government is not a party to this contract and is not subject to any obligations or liabilities to the State, Contractor, or any other party pertaining to any matter resulting from the Contract.”

**6. Program Fraud and False or Fraudulent Statements or Related Acts**

The Contractor acknowledges that 31 U.S.C. Chap. 38 (Administrative Remedies for False Claims and Statements) applies to the Contractor’s actions pertaining to this contract.

# EXHIBIT 1

## BYRD ANTI-LOBBYING CERTIFICATION

---

Contractor must complete this certification if the purchase will be paid for in whole or in part with funds obtained from the federal government and the purchase is greater than \$100,000.

### APPENDIX A, 44 C.F.R. PART 18 – CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.



# **EXHIBIT 1**

## **BYRD ANTI-LOBBYING CERTIFICATION**

---

The Contractor certifies or affirms the truthfulness s and accuracy of each statement of its certification and disclosure, if any. In addition, the Contractor understands and agrees that the provisions of 31 U.S.C. Chap. 38, Administrative Remedies for False Claims and Statements, apply to this certification and disclosure, if any.