NCS

Northeast Coalition of States

Regional Management Council (RMC)

Electronic Benefits Transfer

Request for Proposal

2012

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1. Introduction

1.1 Overview

The purpose of this Request for Proposals (RFP) is to acquire Electronic Benefit Transfer (EBT) services for the Supplemental Nutrition Assistance Program (SNAP) and Cash programs administered by the Northeast Coalition of States (NCS). The States of Connecticut, New Hampshire, New York, Rhode Island, Vermont and the Commonwealth of Massachusetts have joined to form the NCS for the purpose of procuring a cost effective regional EBT system.

The Code of Federal Regulations (CFR), Title 7, Volume 4, Section 274 establishes rules for approval and operation of EBT systems for the SNAP Program. In addition, the States deliver cash assistance for a variety of Federal and State assistance programs including, but not li

mited to Temporary Assistance to Needy Families (TANF), the Home Energy Assistance Program (HEAP), and State general assistance programs.

All the NCS members currently operate established EBT systems with an EBT contractor. This RFP is procuring an EBT system that will result in as little disruption or change to the States' current operations as possible and no changes to States' EBT interfaces, except as specified in this RFP. Throughout the length of the contract(s) resulting from this RFP, the participating NCS members will be represented on the Northeast Coalition of States Regional Management Council (NCS-RMC) to address issues of mutual concern related to EBT; to pursue additional opportunities afforded by EBT; and to provide oversight of the contractor in areas impacting the operation of the NCS EBT system.

The New York State Office of Temporary and Disability Assistance (OTDA), Center for Employment and Economic Supports (CEES) is issuing this EBT RFP on behalf of, and in cooperation with, the NCS-RMC members noted above.

Current NCS EBT Contract Dates		
State	Current EBT Contract Expiration Dates	Available Contract Extensions under the Current Contract
Commonwealth of Massachusetts	~~July~~ August 31, 2014 (amended 12/28/12)	
Connecticut	September 30, 2013	Two 12-month extensions
New Hampshire	June 30, 2013	Two 12-month extensions
New York	July 31, 2014	
Rhode Island	August 31, 2013	Two 12-month extensions
Vermont	August 31, 2013	Two 12-month extensions

The current EBT contracts for the NCS are due to expire on the dates specified in the preceding table. Some of the States have remaining contract extension options that may be executed. The NCS may contract with the EBT contractor selected through this procurement in advance of the current contract expiration date or in advance of any optional extension periods.

State specific contract start dates, base contract periods and optional extension periods for each State under this procurement will be determined during individual State contract negotiations. The NCS anticipates the following base contract and contract options periods under this procurement.

Anticipated NCS EBT Contract Periods		
State	Base Contract Period	Optional Extension Periods
Commonwealth of Massachusetts	7 Years	Two 12-month extensions
Connecticut	7 Years	Two 12-month extensions
New Hampshire	7 Years	Two 12-month extensions
New York	7 Years	Two 12-month extensions
Rhode Island	7 Years	Two 12-month extensions
Vermont	7 Years	Two 12-month extensions

1.2 Purpose

The purpose of this Request for Proposal, entitled, "Electronic Benefit Transfer Request for Proposal" (EBT RFP), is to secure the services of a vendor, hereinafter referred to as the contractor, to deliver EBT services in a common and state specific manner to NCS as described throughout this RFP.

In addition to providing the services described herein, the contractor must have the capability to be flexible in supporting the development of future enhancements or initiatives as required by law, regulation, technological advancements, or State or local operational changes. Where specified in this RFP, the selected EBT contractor will be required at minimum to meet Federal requirements and to meet State Specific or QUEST ® service requirements. Nationwide interoperability, in accordance with Federal Regulations for the SNAP program is a requirement of this RFP. Nationwide interoperability for the cash programs is also a requirement of this RFP.

The NCS prefers that one contractor be chosen to contract with and to implement the EBT services throughout the entire NCS. However, the Commonwealth of Massachusetts is accepting an individual state proposal in addition to participating in the NCS RFP process. For further clarification and instructions for the Commonwealth of Massachusetts please refer to the State Appendices section in this RFP.

1.3 Background

Current EBT services provide State and Federal government benefits and services to program recipients. Within the NCS, public assistance recipients are using the EBT magnetic stripe card technology and the debit card infrastructure to receive their cash benefits (e.g., TANF-Welfare Transition Program and Refugee Assistance) at automated teller machines (ATMs), point-of-sale (POS) and point of banking (POB) machines or their SNAP benefits at POS in federally authorized retailers.

Historical data on EBT benefit issuance amounts, transaction volumes; customer services calls, etc. are included in each of the separate State Appendices and summarized in Appendix 12.

1.4 Scope of Services

This RFP solicits the delivery of a full scope of EBT services. Offerors must have the capability, or establish subcontractor relationships, for the provision of all three categories of services – Core, Core Optional, and State Specific. All proposals must respond to each Core, Core Optional, and State Specific requirements as requested in this RFP and provide pricing for all Core and Core Optional and State Specific services. Due to ever-changing budget environments, States reserve the right to start and stop Core Optional and State Specific services at any time during the contract period.

1.4.1 Comprehensive Overview of the EBT System Solution

Each Offeror shall include a comprehensive overview of their proposed EBT system solution. The system overview must clearly describe the EBT system configuration including all processing components, database, interfaces, and participating entities. In particular, the Offeror shall clearly describe how the proposed solution meets each of the system requirements as specified in Section 4, Detailed Technical Requirements.

Each Offeror shall recommend the most effective and efficient technical configuration. Consideration must be given to the stability of the proposed configuration and the future direction of technology, confirming to the best of the Offeror‘s ability that the recommended approach is not short lived, has the flexibility to support changes in program requirements and is extendable to other programs that may be added to the EBT platform over the life of the contract. Several approaches may exist for hardware configurations, other products, and software. The Offeror shall provide a justification for its proposed hardware, product and software solution. The Offeror shall present explanations of benefits and merits of its proposed solution together with any accompanying services, maintenance, warranties, value added services or other criteria identified herein.

And finally, the Offeror shall provide a clear description of any options or alternatives proposed.

1.4.2 Core Services

Core services are those services that each NCS member must receive. These services include, but are not limited to, account creation and management, transaction processing, financial accounting, retailer management, card services and customer service call centers/support. Offerors are also encouraged to describe additional enhancements in their proposals to the core services, at no additional cost to the states.

1.4.3 Core Optional Services

Core optional services may be considered for purchase under the procurement by any member State or group of member State(s), at any time during contract negotiation or during the contract period.

1.4.4 State Specific Services

State specific services may be requested by an individual state, and may be requested at any time during the contract period. These services will be defined by the state requesting the service and will be noted within the RFP.

1.5 RFP Layout

The NCS has organized this document to facilitate Offerors in achieving adequate understanding of the current system design, new system requirements, and contractor deliverables. The NCS has attempted to cross-reference applicable sections and appendices to provide the reader with as much detail as possible. It will be the responsibility of the Offeror to thoroughly review and use all of the information provided in the RFP and associated appendices to develop their proposal. If a contractor has difficulty in understanding any portion of the RFP they will be expected to seek clarification through the Question and Answer process (Q&A) found in Section 2.6 of the RFP. Throughout the RFP all sections include (as applicable) requirements for core, core optional, and State specific services. Also included are any applicable performance requirements, reporting requirements, deliverables and any associated liquidated damages.

Section 1: includes a general, high-level background of the system and the types of services being sought in this procurement.

Section 2: includes detailed procurement information specific to the EBT RFP.

Section 3: describes the required qualification and experience requirements of prospective Offeror.

Section 4: includes descriptions of detailed technical requirements for the EBT system and data warehouse support.

Section 5: identifies the specific requirements for administrative functionality, direct deposit services and direct deposit alternate proposal – electronic payment cards.

Section 6: contains details on settlement and reconciliation, and system security policy.

Section 7: describes requirements for disaster preparation and contingency planning core and core optional services.

Section 8: details core optional requirements for WIC/EBT.

Section 9: details retailer management, cardholder and retailer customer service, training, New York State specific options and mass mailing options.

Section 10: details NCS cash access services.

Section 11: details the requirements for project planning and their phases, transition and conversion, change and release management.

Section 12: describes contract performance standards.

Section 13: describes requirements for proposals submitted in response to this RFP.

Section 14: describes pricing requirements.

Appendix 1 thru Appendix 6 are individual State Appendices that include background information such as file formats and layouts and current business processes specific to the state that Offerors should consult to develop their proposal.

Appendix 7A/B/C/D: includes all FNS File Layouts.

Appendix 8: includes FNS SNAP waivers that have been approved for the NCS.

Appendix 9: is a Glossary of Terms.

Appendix 10: is a compilation of required Deliverables and Events.

Appendix 11: is the sample resume format referred to in Section 3.

Appendix 12: includes a compilation of all NCS historical data, as well as each individual State's historical data.

Appendix 13: contains Contract Standard Terms and Conditions and includes;

Appendix A: Standard Clauses for New York State Contracts.

Appendix 14: contains Standard Response Forms that must be submitted.

Appendix 15: contains NCS Reporting Requirements.

1.6 Disclaimer

All statistical and fiscal information contained in this RFP, including any addenda or attachments, reflect data and records available to the NCS at the time the documents were prepared. The NCS or Contracting State Agency (CSA) does not warrant the accuracy of any such information and shall not be liable for any errors or omissions, or the results of errors or omissions, which may be discovered, at any time, to exist in those documents. Any statistical information is provided for background purposes only and may not be considered a guarantee.

2. Procurement Information

2.1 Title of RFP

RFP shall be identified as the Northeast Coalition of States (NCS) Electronic Benefit Transfer (EBT) RFP.

2.2 Issuing Agency

The New York State Office of Temporary and Disability Assistance (OTDA) is issuing the EBT RFP on behalf of the Northeast Coalition of States.

A Memorandum of Understanding (MOU) exists among the NCS that sets forth the essential understandings between the six member States to develop, implement, and operate the NCS EBT System. The contractor is not a legal beneficiary of this memorandum and it derives no entitlement or enforceable expectation from it except as may be provided in the individual State contracts.

The NCS prefer(s) that one contractor be chosen to contract with and to implement the EBT services throughout the entire NCS. ~~The selected contractor must be supported by a single processor for the entire NCS.~~ (Amended 12/7/12) The NCS, as a coalition, will evaluate and select an NCS-wide proposal. Offerors must be prepared to offer all services and a pricing bid in its NCS proposal to New York State and to any and all other member of the NCS that wish to select the NCS-wide proposal as the solution for that State(s).

The above information notwithstanding, the Commonwealth of Massachusetts is accepting individual state proposals in addition to participating in the NCS RFP process. Please refer to the State Appendix for the Commonwealth of Massachusetts for further clarification and instructions.

The information contained throughout this RFP is applicable to proposals offered for the entire NCS. Information received by OTDA that is not applicable to the entire NCS as specified in this RFP will be returned to the sender. OTDA is not responsible for accepting proposals, requests for information, responding to questions, or any other matters related to any proposals submitted for individual States.

Proposals that are submitted for the entire NCS are the only proposals that the States of Connecticut, New Hampshire, New York, Vermont and Rhode Island will consider.

New York, Connecticut, Vermont, New Hampshire and Rhode Island are not responsible for decisions made relative to proposals submitted other than those submitted on behalf of the entire NCS.

2.2.1 Procurement Point Of Contact

Pursuant to State Finance Law §§139-j and 139-k, this RFP includes and imposes certain restrictions on communications between OTDA and an Offeror during the procurement process. OTDA is required to record all contacts made by lobbyists and contractors about a governmental procurement so that the public knows who is contacting government agencies about procurements. Offerors are restricted from making oral, written or electronic contacts with OTDA employees under circumstances where a reasonable person would infer that the communication was intended to influence the government procurement, e.g., an attempt to persuade the agency to award a bid to a particular offeror, other than to the point of contact (POC) as designated below until Office of the State Comptroller (OSC) award approval. Statutory exceptions to Offeror contact with other than the designated point of contact set forth in State Finance Law §139-j (3) (a) are listed below:

- Submission of a written proposal in response to this RFP;
- Participation in any conference including the oral presentations described herein;
- Official Questions and Answers;
- Complaints filed by an Offeror to OTDA's Counsel's Office stating that the designated point of contact has failed to respond in a timely manner (any such complaints should be addressed to: Maria Vidal, General Counsel, 40 North Pearl Street, 16C, Albany, New York 12243);
- Negotiations following tentative award;

- Debriefings with Offerors that were not award recipients;
- Filing of an appeal or protest.

OTDA employees other than the designated POC who are contacted by an Offeror are required to obtain and record certain information when contacted that will be referred to the POC for inclusion in the procurement record. Impermissible contacts that are knowingly or willfully made could result in a finding of non-responsibility against the Offeror. Such a finding can result in a rejection of a contract award and, in the event of two findings within a four year period, the Offeror would become debarred from obtaining New York State contracts. Further information about these requirements can be found at the following link:

http://www.ogs.ny.gov/aboutOgs/regulations/defaultAdvisoryCouncil.html.

The Procurement Lobbying Act also requires that every procurement over $15,000 include a certification by the Offeror that all information provided to the agency is complete, true, and accurate with regard to prior non-responsibility determinations within the past four years based on (i) impermissible contacts or other violations of State Finance Law Section 139-j, or (ii) the intentional provision of false or incomplete information to a governmental entity.

The Point Of Contact for this Procurement is:

Alberto J. Rios

EBT Director

NYS Office of Temporary and Disability Assistance

Center for Employment and Economic Supports

40 North Pearl St., 9th Fl., Section C

Albany, NY 12243

Phone#: 518 – 474-9222

Fax#: 518-473-7993

Email Address: *otda.sm.cees.ebt.procurement@otda.ny.gov*

Other permissible Point Of Contact for the Offeror:

Norma MacDonald

Telephone #518-473-0401

Fax # 518-486-6138

Alternate:

Kathleen Perlee

Telephone #518-486-6352

Fax # 518-474-3233

2.3 Contract Duration

The maximum contract that any State will enter into will be for a term of seven years, subject to termination provisions as negotiated in the contract. The contract term shall commence upon receipt of required Contracting State Agency (CSA) approvals, or the negotiated start date, whichever is later. Up to two (2) extensions of up to twelve (12) months each may be required at the sole discretion of the (CSA). The terms and conditions of the contract will remain unchanged in the event of any such extension.

2.4 Timetable

Release of RFP		November 2, 2012
Due Date for Letter of Intent	Letters of intent must be submitted by 2:00 PM (Amended 12/7/12) to: Mr. Rios at the NYS OTDA, Center for Employment and Economic Support, 40 North Pearl St., 9th Floor, Section 9C, Albany NY 12243, Att: EBT Bureau.	~~November 16~~20 (Amended from November 16 to November 20, 2012 on 11/20/12) January 30, 2013 (Amended 12/7/12)
Due Date for Questions Submitted by Offerors	All questions must be submitted in writing via e-mail by 5:00 PM Eastern Time~~,~~ (Amended 11/8/12) and must cite the specific RFP section and paragraph number to which it refers. Questions should be as concise as possible.	~~November 23~~December 7 (Amended 11/20/12), 2012
Release of Official Written Answers to	All answers to questions received by the specified due date will be available at	December 28~~1~~ (Amended 11/20/12),

Offeror Questions	*www.otda.ny.gov/main/cgo/procurement_bid.htm*.	2012
Proposal Due Date	Proposals must be received by 2:00 PM Eastern Time. Those proposals received after the due date may not be accepted. A separate, sealed package must be submitted for each section of the Offeror's Proposal (Technical Proposal, Administrative Proposal and Financial Proposal). Each sealed package must include: one original, 20 printed copies (preferably double sided) and 20 electronic copies (in MS Word/Excel/Project format), stored on a Computer Disk (CD). The proposals must be prepared in accordance to Section 13 of this RFP. Faxed or electronic copies will not be accepted.	~~January 18~~February 1 (Amended 11/20/12), 2013
Proposal Evaluation Period		February 1~~January 18~~(Amended 11/20/12), 2013 through March 29, 2013
Dates for Oral Presentations		March 20 through March 22, 2013
Tentative Contract Award Announcement	**Contract negotiations may be scheduled immediately by each CSA.**	**April 5, 2013**

The OTDA reserves the right, upon notice to the Offerors, to modify any of the cited dates in the Timetable, Section 2.4.

2.5 Letter of Intent

Any Offeror intending to submit proposals in response to this RFP ~~should~~must (Amended 11/16/12) submit a letter of intent to the Agency Point of Contact, Mr. Rios, EBT Director, NYS OTDA, Center for Employment and Economic Support, 40 North Pearl, 9th Floor Section C, Albany NY 12243, Att: EBT Bureau or *otda.sm.cees.ebt.procurement@otda.ny.gov*. The letter of intent must reference the title of this RFP and should be submitted in accordance with the timetable in Section 2.4. Such letter should also include the name, email, mailing address, fax and phone number of the Company's primary point of contact for the procurement.

Note: Electronic submissions of any modifications or clarifications issued on or before the due date for the letter of intent will go to all entities that requested an RFP or were on the distribution list. Offerors will be directed to access the agency website for details. After the letter of intent due date, and until the proposal submission due date, electronic submissions of any modifications or clarifications will be confirmed as being added to firms that have;

a. Submitted a letter of intent;
b. Are included on the original distribution list; or
c. Which have made special arrangements to be kept apprised of RFP events.

If your firm would like to be placed on the distribution list, please contact the Agency Point of Contact, Mr. Rios, NYS OTDA, Center for Employment and Economic Support, 40 North Pearl, 9th Floor Section 9C, Albany NY 12243, Att: EBT Bureau or *otda.sm.cees.ebt.procurement@otda.ny.gov*.

2.6 Questions Regarding This Procurement

All questions regarding this procurement, to be given consideration by OTDA, must be submitted in writing to the primary point of contact, as identified in Section 2.2.1 herein, and received by 5:00 p.m., Eastern Standard Time on ~~November 23rd9th~~ (Amended from November 9th to November 23rd on 11/8/12) December 7 (Amended 11/20/12), 2012 as described in Section 2.4. Any questions received after that date and time will be answered only if OTDA determines that the interests of the procurement will be served by responding to such questions, given the late date by which Offerors will be receiving a response before the closing date for receipt of proposals.

Each Offeror's question must reference the specific RFP sections and paragraph numbers. The OTDA will make a good faith effort to post its official answers to the questions on OTDA's website at *otda.ny.gov/contracts/procurement-bid.asp* by the date described in Section 2.4. If you are unable to access the Questions and Answers, contact Kathleen Perlee at 518-486-6352 to receive a copy.

2.7 Proposals

2.7.1 Signature Pages

Each proposal must consist of three separate detail documents as described in Section 13 of this RFP. Each of the three sections must include a signature page signed by an official who is authorized to bind the Offeror to its provisions.

- Financial

- Administrative
- Technical

2.7.2 Proposal Submission

The Financial, Administrative and Technical sections must be submitted as described in Section 13 of this RFP.

2.8 Oral Presentations

Offerors may be requested to participate in oral presentations as part of the evaluation process described in this RFP. The NCS will prescribe the content of the presentation by providing the Offeror with the specific topics or subjects to be presented. This information will be supplied to each Offeror no less than two weeks (2) in advance of the scheduled presentation. Failure to participate as requested may disqualify the Offeror from further consideration by the NCS. Offerors must participate in oral presentations at their own expense.

2.9 State Rights

2.9.1 Intellectual Property and Public Information

All the proposals, upon submission, will become the property of the CSA and ordinarily will not be returned. Selection or rejection of any proposal does not affect this right. The CSA has the right to disclose all or any part of a proposal to public inspection based on its determination that disclosure will serve the public interest. Potential Offerors are further advised that, except for trade secrets, all parts of proposals must ultimately be disclosed to those members of the general public making inquiry under the New York State Freedom of Information Law (NYC Public Officers Law, Article 6) although proposal contents cannot ordinarily be disclosed by the CSA prior to bid award. Should an Offeror wish to request exception from public access to information contained in its proposal, the Offeror must specifically identify the information and explain in detail why public access to the information would be harmful to the Offeror. Use of generic trade secret legends encompassing substantial portions of the proposal or simple assertions of trade secret interest without substantive explanation of the basis therefore will be regarded as non-responsive requests for exception from public access and will not be considered by the CSA in the event of a Freedom of Information request for proposal information received.

Per the standard contractual terms and conditions, the contractor must grant the CSA the product rights, as described in the Article 8, Standard Terms and Conditions for the NCS.

2.9.2 RFP and Proposal Revisions

The NCS reserves the right to:

- Reject any or all proposals received in response to this RFP;
- Issue modifications to this RFP at any time;
- Reissue a modified version of this RFP at any time;
- Terminate this procurement at any time prior to the execution of a contract resulting from this RFP;
- Utilize any and all ideas submitted in the proposals received, unless legal or proprietary rights cover those ideas;
- Disqualify any Offeror whose conduct or proposal fails to conform to the requirements of this RFP;
- Direct any Offeror(s) to submit proposal modifications addressing subsequent RFP amendments;
- Accept all or part of a selected Offeror's proposal;
- The due date for receipt of proposal after such proposals have been received, to eliminate any requirement(s) unmet by <u>all</u> Offerors upon notice to all parties submitting proposals;
- Make typographical corrections to a proposal, with the concurrence of the Offeror;
- Correct computational errors with the written concurrence of the affected Offeror;
- Waive procedural technicalities in proposals received, upon notification to the Offeror involved;
- Change any of the scheduled dates, including start dates, stated herein upon notice to the Offerors;
- Re-solicit offers from the vendor community by republishing and advertising this RFP at any point in time;
- Award more than one contract in whole or in part;
- Submit questions for clarification from one or more proposals submitted by any Offeror;
- Provide responsive and responsible Offerers the opportunity to submit a "Best and Final Offer (BAFO)."

Note: Electronic notification of any modifications issued on or before the due date for the letter of intent will go to all entities that requested an RFP or were on the distribution list. Offerors will be directed to access the agency website for details. After the letter of intent due date, electronic notification of any

modifications or clarifications will only be forwarded to firms that have submitted a letter of intent, or were included on the original distribution list or those entities which have made special arrangement to be kept apprised of RFP events. The OTDA's right to issue modifications and clarifications permits any addition or deletion of requirements as the OTDA may deem appropriate, subject only to the bounds set forth in the *New York State Contract Reporter* issuance.

2.10 Costs of Preparing Proposals

Neither the State of New York, nor any other NCS member, is liable for any cost incurred by the Offerors in preparation, production, and submission of Offeror's proposal. Neither the State of New York, nor any other NCS member, is liable for any costs incurred by Offerors for the preparations or execution of any activities including, but not limited to, any oral presentation, demonstration, simulation, or laboratory session occurring prior to the approval of an executed contract as required by each NCS.

2.11 Content of Proposals

To be considered responsive, an Offeror must submit complete proposals that satisfy all of the requirements set forth in this RFP. Proposals not conforming to the outline, content, and sequence as specified in this RFP may be rejected as nonresponsive.

2.12 Period of Validity

Offeror's proposals must include a statement as to the period during which the provisions of the proposals will remain valid. The minimum requirement is 270 days from the date proposals were due as specified in this RFP.

2.13 Letter of Credit or Performance Bond

Within fifteen (15) business days of the CSA's applicable approval of the contract, the contractor will provide the CSA with and will maintain in force and effect for the benefit of the CSA an irrevocable Letter of Credit or Performance Bond as described in Article 3 of Standard Terms and Conditions. The institution that holds the Letter of Credit or Performance Bond may not have any financial affiliation with the Offeror.

Failure to provide proof of the required letter of credit or performance bond will result in termination for cause and OTDA, in consultation with the other NCS members, reserves the right to award a new contract to another Offeror that responded to the EBT RFP.

2.14 Notification of Award

After selection of the successful Offeror, all Offerors will be notified of the acceptance or rejection of their proposals. News releases relating to the EBT RFP or resulting contract may not be made by any Offeror or its agent without prior approval of the NCS.

2.15 Negotiated Changes

The NCS reserves the right to negotiate proposal changes with the selected Offeror that are in the best interest of the State(s), including soliciting Best and Final Offers. However, as determined by the NCS, if the scope or intent of the original RFP is significantly altered by such negotiated changes, all Offerors will be given an opportunity to modify and resubmit their proposal based on updated RFP specifications – except to the degree a modification results from the failure of all Offerors to achieve a specific RFP requirement.

2.16 Procedure for Handling Protest/Appeal of Bid Specifications and Proposed Awards

2.16.1 Formal Written Protests

Final agency decisions or recommendations for award generally may be reconsidered only in the context of a formal written protest as described below. Any Offeror or prospective Offeror who believes that there are errors or omissions in the procurement process or who otherwise has been aggrieved in the drafting or issuance of a bid solicitation, proposal evaluation, bid award, or contract award phases of the procurement, may present a formal complaint to the OTDA and request administrative relief concerning such action ("formal protest").

A formal protest must be submitted in writing to the OTDA, by ground mail, except where alternate arrangements have been made, to Mr. James Herrick, Director of the OTDA Bureau of Contract Management (BCM), 40 North Pearl Street, 13th Floor, Albany, NY 12243.

A formal protest must include a statement of all legal and/or factual grounds for disagreement with an OTDA specification or purchasing decision; a description of all remedies or relief requested; and copies of all applicable supporting documentation.

2.16.1.1 Deadline for Submission of Formal Protests

OTDA must receive formal protests concerning errors, omissions or prejudice including patently obvious errors in the bid specifications or

documents at least ten (10) calendar days before the date set in the solicitation for receipt of bids.

OTDA must receive formal protests concerning a pending contract award within seven (7) calendar days after the protesting party ("protestor") knows or should have known of the facts which form the basis of the protest.

2.16.2 Review and Final Determination of Protests

Protests will be resolved through written correspondence. However, the protester may request a meeting to discuss a formal protest or the OTDA may initiate a meeting on its own motion, at which time the participants may present their concerns. Either the protester or the OTDA may elect to decline such a meeting. Where further formal resolution is required, the Director of BCM shall designate an OTDA employee, usually one not involved in the procurement action ("designee"), to determine and undertake the initial resolution or settlement of any protest.

The designee will conduct a review of the records involved in the protest, and provide a memorandum to the Director of BCM summarizing the facts as determined by the designee, an analysis of the substance of the protest, and a preliminary recommendation. The Director of BCM shall: (a) evaluate the procurement team's findings and recommendations, (b) review the materials presented by the protesting party and/or any materials required of or submitted by other Offerors, (c) if necessary, consult with agency Counsel, and (d) prepare a response to the protest.

A copy of the protest decision, stating the reason(s) upon which it is based and informing the protester of the right to appeal an unfavorable decision to the Office of the State Comptroller (OSC) shall be sent to the protester or its agent within forty-five (45) calendar days of receipt of the protest, except that upon notice to the protester such period may be extended. The protest decision will be recorded and included in the procurement record, or otherwise forwarded to OSC upon issue.

2.16.3 Appeals

Upon receipt of OTDA's determination of a protest, a protester has ten business days to file an appeal of the determination with the OSC Bureau of Contracts. The appeal must be filed with Dan Ryan at the below address: New York State Office of the State Comptroller, Bureau of Contracts, 110 State Street, 11th Floor, Albany, NY 12236. The protester's appeal must contain an affirmation in writing that a copy of the appeal has been served on OTDA and any other party that participated in the protest. In its appeal, the interested party shall set forth the basis on which it

challenges the contracting agency's determination. The OSC Bureau of Contracts will conduct its determination of the appeal in accordance with its established policy.

2.16.4 Reservation of Rights and Responsibilities of the OTDA

The OTDA reserves the right to waive or extend the time requirements for protest submissions, decisions and appeals herein prescribed when, in its sole judgment, circumstances so warrant to serve the best interests of the State and OTDA. If the OTDA determines that there are compelling circumstances, including the need to proceed immediately with the contract award in the best interest of the State, then these protest procedures may be suspended and such decision shall be documented in the procurement record. The OTDA will consider all information relevant to the protest, and may, at its discretion, suspend, modify, or cancel the protested procurement action including solicitation of bids or withdraw the recommendation of contract award prior to issuance of a formal protest decision.

2.16.4.1 Procurement Activity Prior to Final Protest Activity

Receipt of a formal bid protest shall not stay on procurement unless otherwise determined by the OTDA. If a formal protest or appeal is received by the OTDA on a recommended award prior to the underlying contract being forwarded to the Office of the State Comptroller (OSC), notice of receipt of the protest and appeal must be included in the procurement record forwarded to the OSC. If a final protest decision or final decision on appeal has been reached prior to transmittal to the OSC, a copy of the final decision must be included in the procurement record and forwarded with the recommendation for award.

If a final protest decision is made after the transmittal of a bid package to the OSC, but prior to the OSC approval under SFL § 112, a copy of the final OTDA decision shall be forwarded to the OSC when issued, along with a letter either: a) confirming the original OTDA recommendation for award and supporting the request for final § 112 approval, b) modifying the proposed award recommendation in part and supporting a request for final § 112 approval as modified; or c) withdrawing the original award recommendation.

2.16.4.2 Record Retention of Bid Protests

All records related to formal Offeror protests and appeals shall be retained for at least one (1) year following resolution of the protest. All other records

concerning the procurement shall be retained according to the statutory requirements for records retention.

2.17 Contract

It is the intent to enter into a contract with a selected contractor. The terms and conditions in Appendix 13 and the requirements and specifications outlined in this RFP provide the terms and conditions for such contract.

2.18 Assurances

2.18.1 Federal Assurances

The contract to be awarded to the successful Offeror to the EBT RFP will contain a provision stating that the contractor must comply with Federal Executive Order 11246, the Copeland "Anti-Kickback Act" (18 USC 874), Section 306 of the Federal Clean Air Act, Section 306 of the Federal Clean Water Act, and that it must certify that neither it nor its principals are debarred or suspended from Federal financial assistance programs and activities and to complete and return in pursuit of such certification any appropriate form required by OTDA (see Federal Executive Order 12549 and 7 CFR Part 3017).

2.18.1.1 Drug Free Workplace

- The grantee agrees to make a good faith effort, on a continuing basis to maintain a drug-free workplace (including taking specific actions described at 7 CFR Part 3021.200 through 3021.230); and identify all workplace locations where work under the Federal award will be performed. Since Federal entities will no longer collect a paper certificate, this may include the following:
    a) Notifying all sub-grantees and contractors of the Drug Free Workplace rules
    b) Making conforming changes to internal procedures, directives, training materials, etc.
    c) Incorporating the new rules into sub-grantee monitoring practices

2.18.2 Ownership Rights

Pursuant to the contract awarded under this Procurement, the contractor must grant the state ownership rights as described in Article 8, of the Standard Terms and Conditions and as described in *Section 4.1.2 of the RFP*.

2.19 Multi-Agency Use

Any contract entered into pursuant to an award resulting from the EBT RFP must contain a provision that grants the option to a state to extend the terms and conditions of such contract to any other State agency as well as Local/County Human Services jurisdictions in the State for the provision of the services set forth herein.

2.20 Inspections, Audits and Investigations

Article 14, Disclosure and Audit of Agreement Records, located in Standard Terms and Conditions includes audit requirements.

2.21 Record Retention

Requirements regarding record retention are included in Article 13, Record Retention in Standard Terms and Conditions.

2.21.1 SSAE No. 16 Examination Report

Federal Regulation 7 CFR 274.1(i) requires that the contractor and any subcontractors have an independent auditor, on an annual basis, perform a Statement on Auditing Standards, No.16, Service Organizations (SSAE No. 16) on the issuance, redemption, and settlement of SNAP benefits. Auditors must follow EBT guidance in the Office of Management and Budget (OMB) Circular A-133 Compliance Supplement to the extent the guidelines refer to SNAP benefits.

The SSAE 16 report must report on the operating effectiveness of controls for SNAP benefits. Annual SSAE 16 audits are based on the contractor's fiscal year and may be shared if the State EBT systems are under the same control environment and on the same platform.

The contractor must provide the State(s) with the annual SSAE 16 report filed by the independent auditor within 30 days of receiving the report. The completion date for the first report will be determined during detail design.

2.22 Contacts with Employees

1. From the release date of this RFP until the resultant contract is approved by the Office of the State Comptroller, all Offeror contacts related to this procurement with OTDA staff must be authorized by the Primary Point of Contact, identified in Section 2.2.1.
2. Prospective Offerors may not approach OTDA personnel with offers of employment during the procurement period. Any Offeror who is aware of an OTDA employee who is considering employment with the Offeror should advise the Point of Contact forthwith.

2.23 Office for Technology Review

Prior to award selection, the EBT RFP and all responses thereto may be subject to review by the New York State Office for Technology (OFT). Offerors will cooperate with any and all requests from OFT for documentation and presentations.

2.24 Certification Form ST-220

Pursuant to Tax Law Section 5-a, the contractor must complete, sign, and file with the OTDA a properly completed form ST-220-CA, contained in Appendix 14. If awarded the resulting contract, prior to contract start date, Form ST-220-TD must be filed with the NYS Tax Department. The contractor must also submit a copy of the Certificate of Authority, if available, for itself and any affiliates required to register to collect State sales and compensating use tax. If Certificates of Authority are unavailable, the contractor, affiliate, subcontractor or affiliate of subcontractor must represent that it is registered and that it has confirmed such status with Department of Tax and Finance (DTF).

2.25 Debriefing Procedures

Upon OTDA's receipt of a written request within 60 calendar days of the award of this RFP, OTDA shall provide a debriefing to any unsuccessful Offeror that responded to this RFP regarding the reasons that the proposal or bid submitted by the unsuccessful Offeror was not selected for an award.

3. Contractor Qualifications and Organizational Core Requirements

The requirements detailed below apply to Offerors that are submitting proposals either for the NCS or for individual State(s). However, Offerors are responsible for reviewing any additional specific information detailed in State Appendices.

The NCS strongly encourages proposals from companies with experience in procurements of this type. Proposals from firms without appropriate experience and financial resources will be rejected. A qualified Offeror must be a single, totally responsible prime contractor. The exact roles of any proposed subcontractors or vendors in relation to the work outlined in this RFP must be specified within the Offeror's proposal. All proposed roles and responsibilities of the prime contractor and subcontractors must remain constant for the life of the contract.

This section of the RFP provides the requirements relating to contractor qualifications and organization. In this section of the proposal, the Offeror shall provide a proposed organization chart for the NCS EBT project defining how the Offeror shall organize, staff and manage the project. The Offeror shall provide detailed information, including resumes, of key staff members assigned to this project. The response shall include a discussion of the proposed lines of authority, and how the project management team of the Offeror shall be involved in the administration of the services, including the coordination and communication internally and among all subcontractors.

3.1 Contractor/Subcontractor Qualifications

An Offeror's experience, combined with that of any subcontractor's, must demonstrate capability to successfully meet the requirements of this RFP. A successful Offeror must be experienced in the development, implementation, operation and management of large scale and complex financial systems. An Offeror and any identified subcontractor(s) must have each had a minimum of three (3) commercial or Government clients that have purchased similar services to those that will be provided under this procurement.

For the purposes of this procurement and the resultant contract, a subcontractor is considered to be any entity that performs a portion of the prime contractor's obligation with the CSA under the terms of a written agreement with the prime contractor. Any vendor that exclusively provides only goods, supplies and/ or materials shall be considered exempt from this definition. Detailed information is required from any such vendor only in instances where projected payments by the contractor could exceed $1,000,000 over the life of the contract.

3.1.2 Prime Contractor Qualifications

In the technical response Offerors must provide the following:

- Offeror's name and address;
- Date the firm was established;
- Name of the firm when established, name changes and reasons for change (e.g. mergers, reorganization);
- State of incorporation;
- Current address of corporate headquarters, executive and lead (key) organization offices;
- Organization type (e.g. proprietorship, partnership, and corporation);
- Federal employer tax ID number;
- Nature of business;
- Name and title for corporate officers/directors, executives and division managers, and other upper management personnel, excluding project managers;
- Description of any prior and current litigation and/or formal administrative protests or actions such as notices of default, unsatisfactory performance involving state or federal government and private companies related to the quality or performance of EBT, Electronic Funds Transfer (EFT) or related services for any local, county, State or Federal government agency, public or private association, or private organization;
- Provide a detailed description and duration of all relevant financial system development, implementation and operating experience within the last ten years that demonstrates the Offeror's ability to satisfy the requirements of this RFP. For each prior and current contract engagement, identify whether the specified service(s) was performed or provided as the prime contractor or as a subcontractor. Responses must describe the Offeror's ability, based on past experience, to manage and deliver core and ancillary EBT/EFT services; and provision of uninterrupted transaction processing;
- List all governmental or commercial customers for whom the Offeror has provided within the last 5 years or currently provides relevant financial services. Provide references (contact names and telephone numbers) for a minimum of three (3) current customers who can speak to the Offeror's capabilities and qualifications.

3.1.3 Subcontractor Qualifications

For the purposes of this procurement and the resultant contract, a subcontractor is considered to be any company that performs a portion of the prime contractor's

obligation with the CSA under the terms of a written agreement with the prime contractor. Any vendor that exclusively provides only goods, supplies and/or materials shall be considered exempt from this definition. The following detail information along with all signed agreements/contracts resulting from this RFP must be provided to the CSA as requested on any such vendor over the life of the contract.

In the technical response Offerors must provide the following:

- Each subcontractor/vendor name and address;
- The specific service(s), including the type (e.g. EBT host transaction processing and database services; software development or maintenance; EBT call center support/customer service; EBT card/PIN production; EBT-only terminal driving and deployment; EBT transaction switching; and/or retailer management), scope and level of services the subcontractor/vendor will be performing;
- Identify if the service(s) which will be provided by the subcontractor/vendor are essential or ancillary;
- Evidence of each subcontractor/vendor's intent to participate, including a signed letter by an authorized representative;
- Date the firm was established;
- Name of the firm when established, name changes and reasons for change (e.g. mergers, reorganization);
- State of incorporation;
- Current address of corporate headquarters, executive and lead (key) organization offices;
- Organization type (e.g. proprietorship, partnership, corporation);
- Federal employer tax ID number;
- Nature of business;
- Name and title for corporate officers/directors; executives and division managers; and other upper management personnel, excluding project managers and below;
- Describe the subcontractor/vendor's experience in providing the same type(s), quality, and scope of services that will be provided to the NCS. Include a description and duration of past and current governmental and commercial service agreements and contracts and the subcontractor's roles and responsibilities. *Responses must include the subcontractor's experience in providing services similar to those which the subcontractor will be providing within the Offeror's proposal;*
- List all governmental or commercial customers for whom the subcontractor/vendor has provided within the last five years or currently provides services for which it will have responsibility for under this RFP. Provide references (contact names and telephone numbers) for a minimum of

three (3) current customers who can speak to the subcontractor/vendor's capabilities, qualifications, and performance;

- Provide narrative descriptions of each proposed subcontractor/vendor's involvement in current or past governmental and commercial projects relevant to the NCS EBT project. For each project, please provide the scope of work performed; effective project dates; scheduled and actual/expected completion dates; value of contract or service agreement; and subcontractor/vendor's roles and responsibilities. Please include if the identified subcontractor acted as a prime contractor or as a subcontractor/vendor for each project. Where the services were provided as a subcontractor/vendor; provide the primary contractor, including the name and address for a contact person; the share (%) of the total contract that was assigned to the subcontractor; the names of key project personnel assigned; and the time period during which the subcontractor was involved or will be involved in service delivery;
- A description of the contingency plan to cover any subcontractor/vendor stoppage.

3.2 Project Staffing

The contractor is required to:

- Have a sufficient number and mix of project staff (key personnel, technical staff and support managers) onsite and offsite at all times to ensure the successful and timely completion of the four phases and associated deliverables of the project;

- Provide one NCS Project Manager during transition/conversion, and NCS project operations throughout the term of each state contract period. In addition to the overall NCS Project Manager the contractor must provide *two* dedicated State Project Manager's for the entire length of the contract period to be shared among the remaining NCS members, subject to CSA approval;

- Maintain state-specific offices and workspaces during system transition/conversion for the NCS Project Manager and other key staff;

- Offeror must also provide a statement agreeing to comply fully with all OTDA security procedures. Offeror agrees that its officers, agents, employees and subcontractors may be required to consent to undergo background security clearances, to include fingerprinting and background checks, as determined by OTDA, prior to being authorized to work pursuant to the terms of this Agreement. If deemed necessary at the sole discretion of the State, OTDA shall arrange for the scheduling of fingerprinting and shall pay any processing fees, such as those prescribed by the New York State Division of Criminal Justice Services. Any fees otherwise related to conducting background checks will be paid by the Offeror.

3.2.1 Contractor Organization and Management

Within the technical section of the proposal, describe/provide the following:

Provide an organizational chart that depicts how the Offeror will staff and manage the contract.

- Describe the project management approach and structure that will be employed by the prime contractor. Discuss the proposed lines of authority, how management will be involved in the administration of the services, coordination, and communication internally and among all subcontractors.
-
- Describe the Offeror's risk management approach including proposed methodologies, tools and processes to identify, assess and resolve project risks. The response should describe the Offeror's past and current success in managing and mitigating risk in a project with a similar scope and volume as the NCS EBT system.
-
- Describe how the Offeror will make each subcontractor aware of all applicable performance requirements and how the Offeror will enforce subcontractor compliance with such requirements.

3.2.2 Proposed Key Personnel

Offerors shall propose a project team that is qualified to perform all required tasks identified in this RFP. Offerors must submit an organizational chart(s) that describes both contractor and subcontractor staff who will have a role in the EBT project. Personnel must be identified for both the NCS as well as each individual state.

Key personnel that must be identified in this RFP, at a minimum include:

- NCS Project Manager;
- State Project Manager(s);
- Technical Project Manager;
- Alternate Technical Manager/Assistance;
- Retail Manager;
- Conversion Coordinator/Manager.
-

If any of the proposed key personnel or project managers is not currently in the employ of the Offeror, a letter of intent to accept employment must be included in the proposal. Offerors should be aware that, if awarded the contract, all staff associated with the EBT Project must be identified during contract negotiations.

For the period spanning from the proposal due date until an award has been announced, in the event that any proposed key personnel identified within an Offeror's proposal becomes unwilling or unable to participate under the terms a resultant contract, the Offeror must formally notify the NCS within one business day of the time that the Offeror knew or should have known of the key personnel non-availability. Within five business days thereafter, the Offeror must then identify and substitute a replacement candidate with qualifications that are equal to or better than the original candidate as determined at the sole discretion of the CSA. Failure to meet either of these timelines will result in the Offeror's disqualification from award consideration unless the Offeror can demonstrate good cause for failure to comply with such time requirements. The original candidate's qualifications will remain the basis for proposal evaluation purposes

Within the technical section of the proposal, the Offeror must include the résumés of the proposed personnel for both the NCS and each individual State. At a minimum, the Offeror must provide relevant information on the NCS Project Manager; State Project Manager(s), Technical Project Manager, Alternate Technical Manager/Assistance, Retail Manager, and Conversion Coordinator/Manager. A sample résumé is included as Appendix 11. The Offeror is not required to use this form; however résumés submitted must include and clearly identify all the information included on the form.

3.2.3 NCS Project Manager

The project team must be headed by an overall NCS Project Manager who must act as the single point of contact for the contractor and is responsible for the overall project management of the tasks and activities in support of the contract. As such, the NCS Project Manager must be authorized by the contractor to make decisions, manage subcontractors and allocate resources for the EBT system. The NCS requires that the NCS Project Manager begin work and maintain periodic communications with each NCS Project Director on the effective date of the contract and remain assigned uninterrupted for the contract duration.

The NCS Project Manager must be available to the NCS during regular business hours and on an emergency basis. The contractor's NCS Project Manager must have five years project management experience. Preferably, at least three of the five years should be as the project manager for the development, implementation, integration and/or operation of an EBT/EFT or other large and complex financial system.

3.2.4 State Project Manager

Each NCS member must be provided with a dedicated State Project Manager during the transition/conversion period. A detailed description of the qualifications of the State Project Manager must be submitted to the NCS as part of the proposal. Offerors must submit to the NCS, as part of the proposal, a resume and completed Key Personnel Experience and Reference Information as described in Appendix 11. It is the responsibility of the Offeror to provide proof of experience and the capability for each of the State Project Managers proposed by the Offeror.

Each Offeror's proposed Project Manager will be required to participate in interviews with NCS staff during the proposal evaluation process and no less than four months prior to the completion of the Transition and Conversion period. While the approval process for these positions will not occur until after contract award, the NCS retains final approval of these proposed candidates until such time as the interviews are conducted. Approval for these positions will be based on, but not limited to, the qualifications as described in this section.

The State Project Manager must remain unchanged from the date the contract is signed until 60 days following successful conversion as determined by the CSA. The State Project Manager must start work on a State's project no later than 15 days after the effective date of the contract between the Offeror and the CSA and will continue through the State's written acceptance of the successful conversion of the current EBT system to the contractor's EBT system and into the contract period.

After a successful conversion New York State will continue to have an assigned State Project Manager for the entire length of the contract period. For states other than New York, the contractor must provide *two* dedicated State Project Manager's for the entire length of the contract period to be shared among the remaining NCS members, subject to CSA approval. The State Project Manager(s) must maintain regular and frequent contact with the CSA Program Director and designated staff members. The State Project Manager(s) will report to the NCS Project Manager.

During the contract, the State may request the replacement of the State Project Manager(s), subject to State approval, for any legitimate performance reason. Staff replacement occurring at the State's request shall be performed within 30 calendar days of receipt of the request.

The State Project Manager(s) must have three years project management experience. It is desirable that the individual will have served as the project manager for the development, implementation, integration, and/or operation of an EBT/EFT (preferred) or other financial transaction processing system.

3.2.5 Technical Manager and Alternate Technical Manager

The Offeror must provide a Technical Manager and an Alternate Technical Manager that will be responsible for technical system management activities, including but not limited to:

- Constructing and converting the database;
- Designing all system interfaces;
- Coordinating conversion at the beginning of the contract;
- Coordinating conversion at the end of the contract;
- Overseeing on-going technical operations.

The proposed Technical Manager must have *five years* of experience in providing the services listed above. The Alternate Technical Manager must have *three years* of experience in providing the services listed above. Preferably, the experience was as an employee or subcontractor of the Offeror for EBT/EFT services.

3.2.6 Retail Manager

The Offeror must provide a Retail Manager that will be responsible for overseeing and coordinating the retailer network and support services, including but not limited to the following activities:

- Retailer management;
- Retailer recruitment;
- Retailer contract management and negotiation;
- Equipment deployment;
- Equipment services/repair;
- Retailer training.

The proposed Retail Manager must have had three years of experience in providing services as listed above. Preferably, the experience was as an employee or subcontractor of the Offeror for EBT/EFT services.

3.2.7 Conversion Coordinator/Manager

The Offeror must provide a Conversion Coordinator/Manager that will be responsible for overseeing and coordinating the EBT conversion and transition activities in accordance with the NCS work plan and each CSA's work plan for the duration of the schedule described in each plan, including but not limited to the following activities:

- Coordinating and overseeing the tasks described in the plans;
- Reporting to the State Project Manager any issues that may cause delays in the work plan;
- Advising and reporting all changes to the timelines described in the work plans that will minimize any delays;
- Maintaining all working plans and reporting any changes to the NCS or the CSA;
- Obtaining prior approval from the NCS or the CSA to modify or prioritize any changes in the work plan;
- Participating in any detail design discussions with the CSA during the conversion period.

The proposed Conversion Coordinator/Manager must have had three years of experience in providing services as listed above. Preferably, the experience would be as an employee or subcontractor of the Offeror for EBT/EFT services. (Amended 1/4/13)

3.2.~~7~~8 Contractor Personnel Changes or Substitutions

The contractor must designate the same personnel identified in their NCS EBT proposal, effective with the date of contract execution and for the duration of the contract, unless otherwise agreed upon by the NCS. All contractor personnel designated in the as approved by the NCS upon contractor selection and contract award are considered to be essential to the Contactor's ability to successfully perform contract operations as required by this RFP.

In the event it becomes necessary to replace or temporarily substitute one of these key personnel during the project or during any absence of any key personnel, the contractor must:

- Notify the NCS of its intent, in writing no less than two weeks in advance of any changes or substitutions;
- Provide the NCS with documentation describing the circumstances of the need for the replacement;
- Provide the résumé(s) and references as described in Appendix 11 for proposed replacement personnel. The résumé must be in the same format as, or equivalent to, that required in response to this RFP;
- Obtain prior written approval for all contractor personal changes from either the NCS or the CSA as appropriate. Approval by the NCS shall not be unreasonably withheld.

3.2.~~8~~9 NCS Replacement of Existing Key Personnel

The CSA reserves the right to request replacement of key staff, regardless of their employer (contractor or subcontractor) during the contract period if their continued presence would be detrimental to the CSA or the success of the EBT project. All requests shall comply with applicable anti-discrimination and employment laws. CSA will submit such requests in writing and will not be unreasonable in its request(s).

The contractor will, within seven (7) calendar days of the request, either respond with detailed objections to the CSA's request or have said person(s) removed from the project and replaced as soon as possible with a qualified employee acceptable to the CSA.

In the event that the contractor objects and the CSA does not withdraw its request within seven (7) calendar days of receipt of the contractor's objections, the dispute shall be resolved by the interpretation and dispute procedure described in Article 10, Standard Terms and Conditions.

3.2.~~9~~10 Personnel Service Charges

Offerors must include in their Technical proposal a description of the experience that will be required for each of the following positions that may be filled to satisfy Change and Release Management assignments:

- Technical Director;
- Technical Project Leader;
- Database Analyst;
- Training Specialist;
- Senior Systems Analyst;
- System Analyst/Programmer;
- Other Titles.
-

Offerors must provide pricing in their financial proposal in Schedule 14.6.

3.2.~~10~~11 Statement of Competing Commitments

Each Offeror must provide a statement disclosing whether or not the Offeror or the proposed subcontractor(s) have competing contractual obligations that require effort on the part of the key personnel during the period in which these personnel will be working on the contract resulting from this RFP. If there are competing contractual obligations, a listing of such must be provided.

4 Detailed Technical Requirements

This section of the RFP contains specifications for the EBT system functionality and support services required by the NCS and/or individual CSA's. This section begins with a description of the governing regulations standards and rules. For each major content area thereafter, Core Requirements are described first. As needed, Core Requirements are followed by Core Optional Requirements, and State Specific Requirements. The Reporting Requirements are listed in the EBT Reporting Requirements Appendix 15 of this RFP.

4.1 Governing Regulations – Core Requirements

The contractor must comply with all applicable statutes, rules and regulations governing EBT systems, system operations, and software and equipment ownership, including any Federal requirements concerning the prohibition of outsourcing of any and all services provided under this RFP. The order of precedence of applicable statutes, rules and regulations is the following:

- Federal Statutes;
- Federal Regulations;
- State Rules;
- Quest Rules and/or applicable network rules;
- Prevailing Industry Standards or ISO and ANSI standards relating to financial transactions.

As Federal statutes and regulations and State regulations, and/or the Quest Operating Rules or applicable network rules are changed, the EBT system must be modified to meet the new requirements. The process for making such changes is described under Change Management in Section 11.9, and in paragraphs 11.9.3 "Conforming Changes", and 11.9.4 "Enhancing Changes".

If there is a conflict within the governing regulations and guidelines regarding a specific standard, the State(s) will determine the appropriate standard to which the contractor must adhere. In determining the appropriate standard, the State will allow consultation and input from the contractor, however the final decision will remain with the State.

4.1.1 Federal Regulations

Offerors must ensure that they are in, or can achieve, compliance with USDA Food and Nutrition Service Federal Regulations regarding the Supplemental Nutrition Assistance Program (SNAP) (7CFR) and specifically:

- Part 274, Issuance and Use of Program Benefits;
- Direct Final Rule re: SNAP, Regulation Restructuring: Issuance Regulation Update and Reorganization to Reflect the End of Coupon Issuance Systems; Federal Register, Vol. 75, No. 69, Monday, April 12, 2010;
- Final Rule re: SNAP Reauthorization: EBT and Retail Food Stores Provisions of the Food Stamp Reauthorization Act of 2002; Vol. 70, No. 232, Monday, December 5, 2005;
- Final Rule and Interim Rule re: Regulatory Review: Standards for Approval and Operation of Food Stamp EBT Systems; Vol. 70, No. 68, Monday, April 11, 2005;
- Final Rule re: EBT Systems Interoperability and Portability; Vol. 68, No. 122, Wednesday, June 25, 2003;
- Final Rule re: SNAP: Electronic Benefit Transfer (EBT) Benefit Adjustments; Federal Register, Vol. 65, No. 129, Wednesday, July 5, 2000;
- Final Rule re: SNAP, Regulatory Review: EBT Provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; Vol. 65, No. 193, Wednesday, October 4, 2000;
- All changes, updates, revisions and policy interpretations of the Federal regulations as enacted by law or FNS;
- As applicable to each State, any waiver to the Federal regulations granted to the State by FNS for EBT purposes (see Appendix 8 for a current listing).
-

In addition, Offerors should be aware of all FNS SNAP and EBT guidelines, to include the EBT Reconciliation Guidance and EBT Disaster Planning Guide, published by FNS. The selected contractor must also comply with all instructions and formats for file transmissions required by FNS including, but not limited to, ALERT, AMA, REDE, and STARS Redemptions.

Refer to the following website for full text of applicable rules and regulations:

http://www.fns.usda.gov/snap/ebt/ebt_regulations.htm

FNS regulations have priority over Quest Operating Rules or other network rules, as appropriate. Offerors must ensure that they can achieve compliance with all applicable FNS Rules and Regulations.

4.1.2 Federal Regulation Requirements

The Offeror must be aware of the regulatory environment when submitting a proposal under this RFP. 7 CFR 274, *Issuance and Use of Program Benefits*, includes specific requirements on the following:

- System Functional Requirements;
- Household Participation;
- Retailer Participation;
- Performance and Technical Standards;
- Processing speeds;
- System availability and Reliability;
- System security;
- System ease-of-use;
- Third Party Processors;
- Minimum card requirements;
- Minimum transaction set;
- Interoperability;
- Concentrator Bank Responsibilities;
- Reconciliation, Management Reporting, Examination and Audits;
- Store and Forward; and
- Ownership Rights and Procurement Requirements.

4.1.3 Contractor Fiscal Liabilities

Federal and State or County funds may not be drawn down for over-issuances or transactions in excess of the authorized recipient benefit allotment. The contractor will be responsible for the following errors~~:~~described in Sections 4.14 and 4.15 of this RFP. (Amended 1/4/13)

4.1.4 Disbursement or Authorization of Funds

Liability with regard to authorization of State administered programs into a recipient account is described in 45 CFR 200, 45 CFR 74, and 7 CFR 276. Each member State is responsible for losses resulting from the provision of erroneous information by the State to the contractor.

4.1.5 Transaction Processing and Settlement

The contractor will bear all liability for any losses resulting from errors or omissions including fraud and abuse on the part of the contractor or its representatives or subcontractors. These liabilities include, but are not limited to:

- Any duplicate or erroneous postings of benefits or void actions to a cardholder account;
- Any losses from funds drawn from an account after the cardholder notified the contractor that the card had been lost or stolen;

- Any losses from transactions performed with cards issued but not activated by the cardholder and/or the contractor;
- Any losses from transactions completed using invalid retailer FNS authorization numbers;
- Any damages or losses suffered by a Federal or State agency due to negligence on the part of the contractor.

4.1.6 State Regulations

The contractor must follow all applicable State laws, rules, or policies relating to EBT and to information security, confidentiality, and privacy. State Appendices may include additional detail on applicable rules and regulations.

4.1.7 QUEST® Operating Rules

All of the NCS currently operate under the QUEST® mark. Therefore, as applicable, the selected contractor must adhere to the QUEST® Operating Rules which set forth the requirements for the distribution of government benefits under the QUEST® mark. QUEST® Operating Rules facilitate a seamless operating environment for EBT issuers and transaction acquirers. The most recent version of the rules is available at the following website:

http://www.nacha.org/s/quest/-operatingrules.html.

Offerors must ensure that they can achieve compliance with these or other applicable financial network rules and any published revisions.

The final individual CSA or NCS cash access solution may include network access in addition to QUEST access. As appropriate, the contractor must adhere to the applicable network operating rules for cash transactions performed through the non-Quest network.

4.1.8 ANSI and ISO Standards

The contractor must ensure that the EBT messaging standards promulgated by the American National Standards Institute (ANSI), ANSI X9.58 published in 2007, based on the International Standards Organization (ISO) Technical Standards 8583 and 9510. The contractor must comply with any future upgrades or changes to the applicable ISO and ANSI standards, including ISO 8583, and ANSI X9.58.

4.1.8.1 ANSI and ISO Standard Requirements

The Offeror must be aware of the system format when submitting a proposal under this RFP. ANSI and ISO standards provide guidance on the following:

- Message Structure;
- Message Flows;
- Message Formats;
- Data Element Definitions;
- Auto Reconciliation File Description.

4.1.9 Internal Revenue Service - Information Reporting for Payments Made in Settlement of Payment Card and Third Party Network Transactions

To support the Internal Revenue Service Information reporting requirements, the EBT contractor must ensure they are in compliance with the Department of Treasury – Internal Revenue Service reporting outlined in 26 CFR Parts 1, 31 and 301. The final regulation implemented section 6050W and related statutory changes enacted by the Housing Assistance Tax Act of 2008 that require payment settlement organizations to report payments in settlement of payment cards/EBT cards and third party network transactions for each calendar year beginning with 2010. The reporting must be supported at no cost to either the merchant community and/or their processors within the NCS region or the States within the NCS.

4.2 Host and Transaction Processing, Communications Facilities, and Hot Backup

4.2.1 Host and Transaction Processing, Communications Facilities, and Hot Backup – Core Requirements

4.2.1.1 EBT Host Processing

The contractor must comply with all relevant processing speed requirements as stated in 7 CFR §274.8(b)(1). For example the contractor system central computer must permit no more than 2 inaccurate EBT transactions for every 10,000 transactions processed as stated in 7 CFR §274.8 (b(2)(ii). The transactions used in measuring system accuracy shall include all SNAP transactions permitted at Point of Sale terminals and processed through the host computer, including manual transactions entered into the system,

credits to household accounts, and funds transfers to retailer accounts. In addition, the EBT host computer must process and respond to all on-line administrative terminal transaction requests within 2 seconds. A complete set of processing standards are described in the Performance Standard Section 12 of this RFP.

The EBT system is defined as the EBT functionality developed, operated, and maintained by the contractor and its subcontractors to accept, switch, and process transactions, maintain cardholder accounts, support administrative functionality, and perform settlement and reconciliation, and also refers to the complete configuration of hardware and software provided by, and under control of, the contractor and its subcontractors, including the host processor, gateway and EBT-only acquirer systems, as well as related interfaces connecting those points.

The contractor's EBT system must be available 99.9% of scheduled uptime, 24 hours a day, seven days per week. Scheduled uptime is defined as the time the contractor's EBT system is available and accessible for routing and processing transactions, and excludes scheduled downtime for routine maintenance. Unscheduled downtime includes problems that arise due to either partial or total hardware or software failure of the EBT processor, the EBT-only acquirer system, and/or the transaction switch. In addition, this condition includes failure of the telecommunications connections within the EBT system. This condition also exists if the system is unable to receive transactions due to insufficient telecommunication capacity.

The CSA shall approve scheduled downtime for all routine maintenance upon advance notification, which must occur during off-peak transaction periods. Off-peak transaction periods are recognized between the hours of 3:00 A.M and 5:00 A.M. EST where a minimum amount of transaction processing may be occuring. The contractor must provide the CSA with any scheduled downtime outside of the time required for routine maintenance. Such downtime must be arranged with and approved by the CSA.

Transaction processing occurs within 24-hour business and settlement processing cycles as described in this RFP. Offerors are required to describe in their technical proposals how they will track and update transaction activity as it relates to these processing cycles, with specific detail on how they will address suspense activity that occurs between the end of the settlement day and the end of the business day if any of those cycles end at different times.

4.2.1.1.1 Hardware and Database Platform(s)

Offeror must describe in the technical proposal the hardware and database platform(s) that will support the NCS and each individual state within the NCS.

4.2.2.1 Network Communications Facilities

4.2.2.1.1 Batch and Online

The contractor must support both batch transmissions and on-line, real time transmissions as required by each CSA, including host-to-host, client-to-host, file transfer, and browser technology. The provision of communications facilities for batch and on-line transmissions to and from the contractor and each CSA is the responsibility of the contractor, including any necessary hardware installed at the CSA's site(s) for this purpose. The contractor must use communication software and protocols compatible with those identified in each CSA's hardware/software configuration (refer to State Appendices). The contractor must determine, in conjunction with each CSA, the appropriate capacity for each type of communications facility (as noted above) that is installed, to ensure that all transmissions are completed within the time frames specified in this document. As requested by each CSA, the contractor must use the state's communications network to support on-line communications between remote sites and the EBT host. The contractor must provide network connectivity to and from each CSA's host system or systems and the contractor's host to support batch and on-line transfer of data between the two systems. The contractor must also provide connectivity with the contractor host to support the on-line transfer of administrative transaction data from the CSA's administrative terminals or desktop computers to and from the contractor's host. See State Appendices for individual State configuration.

The contractor must propose the communications infrastructure it intends to use for completing all batch and on-line telecommunications described in this document.

The Offeror must also describe the communications infrastructure it intends to use for completing all Federal batch updates and file downloads for ALERT, AMA, REDE and STARS redemptions, and to provide on-line connectivity for FNS and USDA OIG staff to access the contractor's administrative functionality in inquiry mode. The preferred method for federal administrative access connectivity is by direct link or to the FNS network or VPN.

4.2.2.1.2 Network Responsibilities

The NCS require that the EBT contractor provide the network in support of EBT. The Offeror must include in their technical and financial response to this RFP a proposed transport medium, the location of the destination of the real-time records and batch files, and a support plan for a network and all related costs.

The Offeror must identify in their response the redundancy and bandwidth assumptions utilized in designing the wide area network (WAN) between contractor processing sites and the CSA's data centers. The response must detail the specific wide area networking facilities proposed, and demonstrate how they meet the requirements of the RFP, including availability and transaction response time. The recurring and non-recurring costs of the WAN facilities must be detailed in the pricing schedules of this RFP. The CSA reserves the right to ask the contractor to procure some or all of the WAN facilities from a more cost effective source.

4.2.2.1.3 Bandwidth

The contractor must plan for and provide sufficient network capacity on their backup and primary network to accommodate the State's bandwidth needs, based on anticipated transaction volume levels, on-line database access, and proposed ad hoc reporting functionality.

4.2.2.1.4 Transport Medium

The hardware and software components that the user data will travel over between the State and the EBT contractor must be described.

4.2.2.1.5 Location

The geographic locale of the contractor's primary and hot backup sites must be provided.

4.2.2.1.6 Network Availability

The contractor must ensure that appropriate support staff is available to monitor traffic on the network 24 hours per day, 7 days a week. Support would consist of a list of contacts with an understanding of a resolution method of identifying network problems, and detailed

escalation procedures. The escalation procedures and information must be updated throughout the life of the contract to ensure that information is current and accurate.

4.2.2.1.7 Responsibility

The hardware and software components that comprise the network must be defined. The staff responsible for the support of these components must be fully trained in their operation.

4.2.2.1.8 Communications Protocol

Offerors must provide technical and financial proposals for providing:

- Standard batch file protocols such as FTP and any others required by the NCS must be supported.
- The contractor must also support Web Services that utilize SOAP message formats transmitted over http (SOAP/http). The web services provided by the State will be consistent with OTDA's SOAP architecture which incorporates ubiquitous standards such as WS-I Basic Profile v1.1 and WS-I Basic Security Profile v1.0.

4.2.2.2 Transaction Processing

Cardholders may be entitled to benefits under a number of programs. Each transaction must be allocated to either the cash or SNAP account. All benefits on a case must be debited on a first in, first out (FIFO), basis using the individual NCS member's defined Primary Program Designation hierarchy (see State Appendices) and appropriate availability date as defined by the CSA. Credit transactions cannot exceed the total value of a "spent" benefit to post a credit and must be applied in reverse order so that spent benefits are re-established or "refilled" beginning with the most recent and working backward in time toward the oldest available benefit.

The NCS requires that transaction activity be immediately updated to the contractor's host database at the benefit level. Offerors are required to describe in their technical proposals the methods by which they update transaction activity on their host databases.

Transaction authorization must require:

- Accepting transactions coming from an authorized transaction acquirer.
- Authorizing or denying transactions;
- Sending response messages back to the transaction acquirer authorizing or denying cardholder transactions;
- Logging the authorized/denied transactions for subsequent settlement and reconciliation processing, transaction reporting, and for viewing through transaction history;
- The EBT system must go through a series of checks to determine whether a transaction being initiated by a cardholder should be approved. These checks include determining whether:

    - The merchant has a valid FNS authorization number (if it is a SNAP transaction);
    - The card number (PAN) is verified and the card is active;
    - The number of consecutive failed PIN tries has not been exceeded;
    - The PIN is verified as being correct;
    - The account is active; and
    - The EBT account holds a sufficient balance in order to satisfy the transaction request.

If any one of the above conditions is not met, the contractor must deny the transaction. The contractor must ensure that cardholder benefit accounts are not overdrawn and must assume all liability if an account overdraft does occur. The system must return a message to the retailer/provider indicating the reason for denial (e.g., invalid PAN, invalid PIN, NSF, etc.). The contractor must also provide a summary report of denied transactions.

4.2.2.2.1 Merchant Validation (FNS Retailer Number)

For all SNAP transactions, the contractor must validate that the transactions originated at an FNS authorized retail location. The contractor must maintain a database of authorization numbers for all FNS authorized retailers in accordance with the retailer validation requirements specified in 7 CFR 274.8(b)(10)(v). The contractor must access the FNS REDE system daily to obtain updates of the national REDE files used to validate authorized FNS retailer numbers. The contractor must verify the retailer identification number is for an FNS authorized retailer prior to completing the transaction and assumes

liability if transactions are completed against invalid FNS auth numbers.

4.2.2.2.2 POS Transaction Sets

The EBT system must be able to accept EBT transactions from POS devices for both SNAP and cash benefits.

The POS terminal must display visual verification of:

- The transaction amount before a positive action is taken by the cardholder to release the message for authorization and settlement;
- The error message rejecting the transaction, such as but not limited to, the following:
    - Insufficient funds;
    - Incorrect PIN; and
    - Inactive card.

4.2.2.2.3 SNAP Transactions

The Offeror must be able to process, at a minimum, the following SNAP POS transaction types:

- SNAP Purchase (swiped or key-entered);
- SNAP Merchandise Refund;
- Manual Voucher Clear;
- Balance Inquiry;
- Voids;
- Adjustments; and
- Reversals.

USDA-FNS regulations prohibit the charging of a fee for any SNAP transactions. Therefore, cardholders must not be charged for any SNAP POS transactions. In addition, retailers may not limit the number of SNAP transactions conducted by the recipient.

4.2.2.2.4 SNAP Merchandise Return

The EBT contractor must provide FNS authorized retailers with functionality to process Point of Sale SNAP refund/return transactions. The CSA will place a transaction amount/value limit on SNAP refund/return transactions that may include a "refund/return" limit to the accompanying SNAP account, or as further defined by the CSA in detail design. Refund/return transactions will only be permitted to be applied to SNAP accounts.

4.2.2.2.5 Point of sale (POS) Cash Transactions (including Scrip Terminals)

The contractor's system must be able to process, at a minimum, the following cash transaction types:

- Cash Purchase (swiped or key-entered) (Note: Key-entered cash transactions must be supported by the contractor; however actual use is at the retailer's option. See section below, SNAP and Cash Key-entered Transactions.
- Purchase with Cash Back;
- Cash Only Withdrawal (cash received without purchase);
- Balance Inquiry;
- Voids;
- Adjustments; and
- Reversals.

4.2.2.2.6 SNAP and Cash Account Balances

Supplemental Nutrition Assistance Program (SNAP) and cash account balances must be printed on receipts for SNAP and cash Purchases, SNAP purchases with cash back, cash withdrawals, and balance inquiries. Currently, the NCS provides unlimited EBT-only Point of Sale (POS) withdrawal transactions at no charge to the cardholder. Under the contract resulting from this RFP, cardholders may not be charged for SNAP or cash purchases or purchases with cash back at POS devices, or cash-only transactions at EBT-only devices. The Offeror must ensure that the EBT system denies transactions if the balance of the SNAP or cash account does not support the requested withdrawal transaction amount. The contractor is required to truncate

the card number and only print the last four digits on the receipt. In addition, transaction receipt must include the date, merchant's name and location, transaction type, a unique transaction identifier (such as trace number), and transaction amount.

4.2.2.2.7 SNAP Manual Authorizations

The contractor must process manual SNAP transactions. The manual authorization process may be used by:

a. Retailers who do not have immediate access to a POS device at the time of purchase, including stationary food stores that choose to make home deliveries to FNS certified households, house-to-house trade routes that operate on standing orders from customers, food buying cooperatives, farmers markets, and other retailers authorized to participate in the SNAP Program.
b. Retailers who do not possess a POS terminal, such as those who do not qualify to receive State provided equipment because their total monthly SNAP sales are under $100.
c. Retailers who have POS equipment, but their POS terminals are inoperable, and there are problems with the telecommunications network between the POS terminal and the EBT host processor, or the EBT system is down or otherwise not available. This may also include instances of disaster.
d. The contractor must describe its process for authorizing manual vouchers relating to SNAP purchases and returns, explain how such transactions effect funds movement, and discuss how such transactions will be reported and addressed in end of day balancing. The contractor must describe how it will ensure that the following requirements are handled properly:

    i. A paper voucher must be designed and distributed by the contractor to FNS-authorized retailers for use in processing manual SNAP transactions. Retailers may utilize their own voucher forms as long as they include, at a minimum, the data elements on the voucher designed by the contractor. If the retailer opts to use the contractor's form, the contractor must provide an adequate supply of manual vouchers to the retailer at no additional cost to the retailer.
    ii. If the retailer is unable to obtain prior authorization because the contractor's EBT System is unavailable for authorization processing, then the contractor must

employ the **"Stand-in Processing"** function discussed below.

iii. If the retailer does not have access to a telephone (e.g., route vendor, farmers market), the retailer shall obtain (or attempt to obtain) a voice authorization as soon as possible after the purchase. Such transactions are performed "at the retailer's risk." The retailer shall be liable for declined transactions if the retailer fails to obtain prior authorization and the EBT account has insufficient funds to cover the purchase. In such instances, the retailer may immediately request that the balance of funds remaining in the account at that time be placed on "hold" as partial payment for the transaction. The retailer may subsequently clear the voucher only for the reduced amount that was authorized.

iv. If the manual transaction involves a SNAP return, the retailer is required to complete the manual voucher and is required to obtain a voice authorization prior to completing the transaction.

v. Whenever a paper voucher is used, the contractor must require the retailer to obtain the client's signature and the authorization number, provided by the contractor at the time the hold was placed on the EBT account, on the voucher as a condition for processing. Cardholders must also be required to produce their EBT card. A toll-free telephone number shall be provided to retailers to obtain authorizations for the manual vouchers for both SNAP purchases and returns. The authorization process must be automated as part of the help desk ARU functionality; however if the ARU is not accessible, retailers must be able to obtain manual authorizations from a Customer Service Representative (CSR). Contractors must not limit the number of manual authorizations that may be performed during a single call to the ARU, but may limit the number of authorizations performed through a CSR. The Offeror's proposal must specify any limits on voice authorizations that can be performed through a CSR.

vi. Upon providing a telephone authorization for a manual SNAP transaction, the contractor must place a

"hold" on the amount of benefits necessary to fund the transaction. The contractor must maintain the hold on SNAP benefits until the voucher transaction is "cleared", up to a maximum of 30 calendar days or as specified in the State Appendices, adjustable to a maximum of 90 calendar days in the event of a disaster or system outage. A retailer has to submit the voucher, either electronically or by paper copy, to complete the transaction. If the retailer fails to submit the voucher the hold must be released and the use of these funds shall revert back to the cardholder. The retailer or acquirer bears the liability for the transaction if the voucher is not cleared timely.

vii. The retailer shall not be allowed to clear any voucher for more than the authorized amount, nor shall the retailer be allowed to clear a voucher for a SNAP return transaction for less than the authorized amount.

viii. The contractor must have a process available to allow the retailer to:
    a. Clear a purchase voucher for less than the authorized amount.
    b. Cancel a purchase authorization completely before the hold period has expired (or clear the voucher for $0.00).

4.2.2.2.7.1 Retailer Manual Authorization Report

The contractor must provide a daily detail report of all voice (manual) authorizations of SNAP transactions performed by retailers. The report must contain, at a minimum, the retailer name and FNS number, the transaction amount and type, the date and time, the cardholder performing the transactions, and whether the retailer is a TPP or EBT-only retailer.

4.2.2.2.7.2 Stand-in Processing

If a SNAP authorized retailer cannot process Point of Sale (POS) SNAP transactions during an extended period where high call volumes or other related voice communication delays prevent the merchant from processing a manual voucher for voice authorization, the contractor must permit "stand-in" processing for SNAP purchases of up to $40 per cardholder per retailer per day (from 12:00 AM until 11:59

PM). The contractor shall be liable for up to $40 per transaction for insufficient funds resulting from stand-in processing manual voucher transactions. The retailer is required to complete a manual voucher and must obtain the cardholders' signature on the voucher. If the retailer processes an emergency stand-in transaction for more than $40, the contractor shall process the transaction if there are sufficient funds in the cardholder's account to settle the transaction. If there are not sufficient funds in the cardholder's account, the retailer shall be liable for any amount over $40. The Offeror's proposal must define under what circumstances they would consider their EBT system unavailable. Offeror's must have a process by which retailers would be immediately notified that "stand-in" processing is currently in effect and describe that process in their responses to this RFP. For both scheduled and unscheduled outages the contractor must propose in their responses how the processing and settlement of these transactions will be conducted.

Re-presentment of a manual voucher is not allowed. The contractor's system must be designed to prevent merchants from re-presenting vouchers at any time.

4.2.2.2.7.3 Voucher Clear

There are various methods by which a manual voucher can be cleared. If the authorized retailer has a POS device, the retailer will convert the manual transaction to an electronic transaction for transmission to the contractor when the POS device is again able to communicate with the EBT Host. If the retailer is a non-traditional or low-volume FNS authorized retailer who does not have a POS device, at the option of the contractor the voucher may be called in or mailed directly to the contractor for clearance and settlement. The contractor must process manual vouchers on the day the vouchers are received in the mail. If a retailer mails in a voucher for which prior authorization was not obtained, or the signature is not present on the manual voucher, the transaction must be declined and the retailer will be liable for the declined transaction.

See State Appendices and the NCS Historical Data Appendix for information on retailer manual authorization volumes.

4.2.2.2.8 ATM Transaction Sets

The contractor must maintain an EBT system that will process and authorize cash withdrawal transactions originating from ATMs. The Offeror must provide a system that has the capability to process the following ATM transaction types:

- Withdrawal from Cash Account;
- Balance Inquiry from Cash Account (at State option, **see ATM Balance Inquiries below**);
- Adjustments;
- Reversals; and
- Transaction Cancellations.

The contractor must ensure that the EBT system will deny transactions if the balance of the cash account does not support both the requested withdrawal/transaction amount and all allowable charges or fees. After conducting an ATM transaction, including a balance inquiry, a printed receipt showing the account balance shall be provided to the cardholder. The card number must be truncated on the receipt.

4.2.2.2.9 Exception Transactions

4.2.2.2.9.1 Voids or Cancellations

A transaction may be voided/cancelled by a retailer at a POS or POB device or by the cardholder at an ATM. The void/cancellation transaction message must include the trace number (if available), the exact dollar amount, and other identifying information from the original transaction, as specified by ANSI X9.58-2007 or subsequent revision. The contractor must accurately process the void or cancellation transaction and must reflect the void/cancelled transaction immediately and correctly in the cardholder's EBT account.

4.2.2.2.9.2 Reversals

A POS, POB or ATM transaction may be reversed if for some reason the completion of the transaction cannot take place at the originating device (e.g., communication failure with the device and/or a device malfunction, or a late response from the contractor). The entity (specifically the TPP, authorized retailer/benefit acquirer, or the ATM/POS/POB device) within the response chain where the transaction error is recognized must generate a reversal message back to the contractor. As defined within the ANSI X9.58-2007 standard or subsequent revision, the reversal message must include the trace number, the exact dollar amount, and other identifying information from the original transaction, as required for type 420 messages. The contractor must accurately process the reversal transaction and have the results reflected immediately and correctly in the cardholder's account.

4.2.2.2.9.3 Adjustment Processing

An adjustment claim request for a cash or SNAP benefit transaction may be initiated by the cardholder/issuer/state agency or the retailer/acquirer to resolve errors and out-of-balance situations that occur as a result of a system error. The contractor must adjust cardholder accounts to correct auditable, out-of-balance settlement conditions that result from a system error. A system error is defined as an auditable processing failure at any point in the redemption process that results in the improper crediting or debiting of an account or the failure to credit or debit an account. The adjustment transaction must reference the original transaction that is completely or partially erroneous. The contractor must provide data regarding the adjustment transaction as required by the CSA. The contractor must accurately process the adjustment transaction and reflect the results correctly in the cardholder's account. USDA-FNS requirements for handling SNAP transaction adjustments are found at CFR 274.2(g)(2).

The NCS received approval from USDA-FNS for a waiver from the "hold" provisions of the regulations. The contractor must comply with USDA-FNS regulations for SNAP

transaction adjustments and with the Quest operating rules for cash transaction adjustments. The contractor adjustment process must support each individual state's FNS Waivers (see Appendix containing FNS Waivers and QUEST Operating Rules. Additionally, if a State does not process under Quest, the contractor must support the individual State adjustment process for cash. Federal regulations and the Quest operating rules provide requirements and coverage for adjustments specifically related to system errors. Adjustments made by the contractor must cause funds to be moved either to or from the cardholder's EBT account, and must not adversely impact daily settlement.

The contractor must communicate cash and SNAP debit and credit adjustments and adjustment information including initiation, updates and disposition of the claim in an automated manner. The CSA will work with the contractor to define this process. The responsible state agency must have online inquiry access to the adjustment processing system that is utilized by the contractor to establish and manage the outstanding adjustment. This system will be utilized by the CSA to monitor the status of claims, and must include, but not be limited to, the following data elements:

- Claim reference number;
- Card number;
- Cardholder's first name;
- Cardholder's last name;
- Retailer/acquirer name;
- Card acceptor ID;
- FNS authorization number for SNAP claims;
- Date the claim was received by the contractor;
- Reason for claim;
- Status of the claim open/closed;
- Disposition of the claim approved/denied;
- Initial dollar amount of the claim;
- Adjustment transaction type;
- Adjustment amount actually credited to or debited from the cardholder;
- Program Type - Cash/SNAP;
- Who initiated the claim – retailer, TPP, Cardholder, State or contractor;

- Date claim resolved by contractor;
- The CSA reserves the right to request all documentation associated with denied adjustment claims for either program type;
- The CSA reserves the right to work with the cardholder and retailer/acquirers to resolve human error adjustment issues. The contractor must assist the CSA in resolving human error adjustment issues;
- The contractor may be required to provide retailer notices for certain adjustment actions and for research purposes. The CSA must approve the base language and requirements spelled out in a letter from the contractor to a retailer as the result of an adjustment action.

4.2.2.2.9.4 Store and Forward

At its option, a retailer may electronically store, and forward at a future time, a SNAP transaction, provided the retailer's equipment is capable of storing a cardholder's encrypted PIN. SNAP store and forward transactions are processed at the retailer's risk. If funds are unavailable at the time the transaction is forwarded, and the store and forward transaction is properly identified as such, the contractor must process the transaction and return the available balance, if any, according to the single transaction method described in the X9.58-2007 standards. The policy of the NCS for Store and Forward transactions is that the retailer may not resubmit the amount for payment at any time. The contractor system must prevent the use of store and forward as a way of accessing the cardholder's future benefits.

4.2.2.2.10 SNAP and Cash Key-entered Transactions

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

transaction to the EBT host for processing, the contractor must deny the transaction.

The contractor must adopt other security measures to prevent cardholder and retailer abuse/misuse of the key-entry feature. At a minimum, the contractor must:

- Ensure that the PAN printed on the transaction receipt is truncated;
- Be able to selectively disable or deny the capability of an EBT-only POS device from completing key-entered transactions at the CSA's or retailer's option;
- Track key-entered transactions by card number and by retailer site and utilize this information to identify and correct non-functioning EBT only POS terminals. The contractor must also provide this information to the CSA. (See EBT Reporting Requirements Appendix).

4.2.2.3 Hot Backup Site

The contractor must provide a hot backup, or secondary, site. A hot backup site is defined as a real-time, off-site, duplicate of a primary processing system. The backup site must maintain real-time transaction and account information. Moreover, it must be equipped with hardware and software identical to the primary site for processing, logging, and reporting transactions. The backup site must also provide similar telecommunication capacity available at its primary processing site so that satisfactory transaction volumes and TPP/direct retailer connections can be realized. Special consideration should be given to accommodating TPP, secondary telecommunication lines. In some cases, TPPs may choose to install backup telecommunication links between their systems and the processor's hot backup site. The contractor must plan for allowing alternative, in some cases redundant, telecommunication links to connect to its hot backup site.

4.2.2.4 Single Points of Failure Mitigation

In the Technical Section, Offerors must describe all potential single points of failure for the proposed EBT system.

Points of failure are defined as a designed module that is not redundantly supported and/or its failure could cause the following conditions:

- Unavailability of the authorization platform to perform its function for any reason including loss of access to databases that support it;
- Loss of telecommunication connectivity from third party processors or EBT-only stores that prevents on-line and help desk authorizations;
- Significant abnormal degradation of services for benefit cardholders, retailers, state users, or Customer Service Representatives;
- Prevention of computer communications between the states and the contractor;
- Prevention of computer communications to Federal systems including the STARS system, the ALERT system, the REDE system, the AMA system, and federal access to administrative functionality;
- Prevention of payments to retailers, TPPs, or network switches;
- Prevention of card or PIN issuance;
- The Offeror must describe mitigation and business continuity plans to overcome potential system obstacles. The contractor must provide the described mitigation and business continuity plans for the life of the contract regardless of changes made to the contractor's design.

4.2.2.5 System Operations Manual

The contractor must work in conjunction with State personnel to prepare a System Operations Manual that will describe interface procedures and processes, file transfers, and problem resolution/escalation plans with each State. This manual must include descriptions of the major processing components of the contractor's system and the State's system; daily and monthly processing schedules, with job/file names and processing order/times; recovery and escalation procedures; a contact list of key contractor and State personnel; a table of contents, a glossary of terms and acronyms, and an index. The contractor must submit a draft no later than 210 calendar days after each State's contract start date and the final System Operations manual no later than 60 calendar days after each State's successful conversion. The System Operations manual must be reviewed and updated quarterly throughout the life of the contract.

4.2.3 Host and Transaction Processing, Communications Facilities, and Hot Backup - Core Optional Requirements

4.2.3.1 Contractor Managed Adjustment Process

In addition to the core adjustment requirements, the contractor is responsible for all aspects of adjustments including cardholder notices, telephone

inquiries and system updates. Under this core optional item, the only portion of the adjustment process that will be state administered is the fair hearing management process including responding to a request for a fair hearing.

At State option, and in accordance with USDA CFR 274.2(g)(2) and Quest Rules, Chapter 5, the contractor must provide cardholder notice services for certain adjustment actions. The contractor must issue a notice to the cardholder for retailer initiated requests to debit the cardholder's account and must issue a notice to the cardholder for any cardholder-initiated claims that are denied. The State will provide a template for these notices that will include appropriate language text. Data elements to be inserted in the notice include, but are not limited to: transaction amount; merchant name and address; and transaction date. The contractor must print, fold, insert, and mail notices on a daily schedule. At State option, returned/undelivered notices will require to be returned to a State designated office for processing to the correct cardholder address.

4.2.3.2 Card Authentication Value Validation

The EBT system must determine whether the Card Authentication Value (CAV) is valid, if validation is required by the CSA. (See State Appendices).

4.2.3.3 ATM Balance Inquiries

At State option, the contractor must provide ATM balance inquiries at no additional cost to the state's cardholders. The contractor must propose a per transaction fee in the pricing charts. States may wish to limit the number of ATM balance inquiries.

4.2.3.4 ATM Usage Transaction Fees

The EBT system must provide cardholders with a State-specific number of successful cash ATM withdrawal transactions per month per case without assessment of ATM usage transaction fees by the contractor to the cardholder. Balance inquiry transactions, as well as transactions that are denied, reversed, voided or adjusted either partially or completely, do not count as one of the ATM usage transaction fee free ATM cash withdrawal transactions. Any ATM usage transaction fee accompanying reversed, voided or adjusted transactions must be credited back to the cardholder account. Once the cardholder has perfomed the allowed number of ATM

usage transaction fee-free cash withdrawal transactions, the cardholder is responsible for any additional ATM usage fees associated with cash withdrawals as charged by the contractor. The number of free ATM usage transactions is based on a calendar month and is not affected by the status of the account, nor whether the benefits were posted/deposited to the account during the month. The current cardholder ATM usage fee for an ATM cash withdrawal transaction after the allowed number of usage transaction fee free transactions is fifty cents ($.50). The NCS does not expect cardholder usage transaction fees to increase.

4.2.3.5 Restrictive Interchange Transaction Processing

P.L. 112-96 requires states, by February 22, 2014, to implement and maintain policies and practices to prevent access to federal Temporary Assistance to Needy Families (TANF) benefits through any electronic benefit transfer transactions at casinos, liquor stores and retail establishments which provide adult-oriented entertainment in which performers disrobe or perform in an unclothed state. The NCS will work with the contractor to define procedures and processes to identify, monitor and maintain a current list of prohibited locations. Specific control methods and/or system enhancements may include, but not be limited to:

a) Identifying locations where EBT transactions are prohibited;

b) Blocking ATM transactions at specified locations; and

c) Blocking EBT cash purchase transactions at specified locations.

At a minimum, the Offeror's response must describe its capacity to meet the requirements of P.L. 112-96.

Offerors are encouraged to recommend new and innovative technologies that will provide a solution that meets the needs of the NCS when formulating a response

4.2.4 Core Reports/Files/Inquiries

See Appendix 15, NCS Reporting Requirements for a complete listing and detail descriptions of the required core reports, files and inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

4.2.5 Host and Transaction Processing, Communications Facilities, and Hot Backup – Performance Standards

Refer to Section 12, Performance Standards.

4.3 Account Set-up, Account Maintenance and Benefit Authorization – Core Requirements

The account set-up and account maintenance functions require generation of an account set-up record, by the State, for the EBT system. Each State performs these functions based upon activity occurring within their eligibility systems and/or card issuance systems. The State transmits data that enables the contractor to establish an EBT account and associated cardholder record(s) according to the rules of each State. The EBT account is defined as the record kept and maintained by the EBT contractor for each program type (for example, cash, SNAP) that the cardholder receives.

The benefit authorization function requires generation and transmission of benefit authorization records, by the State, to the EBT system. Currently, States use file transfer, online entry, host to host, client to host or a combination of data transfer methods for account set-up, account maintenance and benefit authorization. Please see the State Appendices for current state processes.

Account and benefit processing occurs within 24 hour business and settlement processing cycles as described in the **Settlement Schedule** of this RFP. Offerors are required to describe in their technical proposals how they will track and update account set-up, account maintenance and benefit authorization activity as it relates to these processing cycles, with specific detail on how they will address suspense activity (that is activity that occurs between the end of the settlement and business day cycles, if they are different).

The contractor must design and implement the EBT account to ensure that:

- Account and benefit balances are accurately maintained;
- Benefits accessed by cardholders are drawn from the correct account;
- SNAP and Cash benefits are drawn on a first in, first out basis, based on available date and the individual NCS member's Primary Program Designation hierarchy (see State Appendices);
- Benefits within the account are drawn from the correct program and benefit type;
- Benefit accounts are not overdrawn at the account level or the individual benefit issuance level;
- Access may be limited by the State to either the cash and/or SNAP account(s);
- Billable case month units are properly accumulated and accounted for.

The contractor is liable for any of the following error conditions caused by the contractors' EBT host and transaction processing errors caused by the contractors' or subcontractors' acquiring networks; (1) Funds drawn from an incorrect account; (2) Overdraws of benefit accounts; (3) Incorrect debits and credits, including adjustments and reversals; (4) Failure to apply requested benefit cancellations; and (5) Incorrect postings of benefits to cardholder EBT accounts.

4.3.1 Account Set-up, Account Maintenance and Benefit Authorization

4.3.1.1 EBT Account Number Assignment

States may use a unique account identifier provided by the eligibility systems to establish accounts and authorize benefits on the EBT system. The contractor must support the unique account identifier as defined by the State in the detail design phase.

4.3.1.2 Use of Existing File Formats

Each State has defined formats established with the current EBT processor for the exchange of Case/Cardholder Maintenance (demographic data) records, Benefit Issuance records, and inbound batch files from the contractor (such as response files and daily account activity files). The current record descriptions are detailed within the State Appendices. The new EBT contractor must utilize the existing record formats as defined by each State for the exchange of this data, except as specified by the State. The intent of the States is to maintain the current interface file design and specifications to the greatest extent possible.

4.3.1.3 File and Record Transmissions

Offerors must describe the methods by which the EBT system will receive and update account set-up, account maintenance and benefit authorization activity on the host databases.

4.3.1.4 Batch Processing

To support batch processing (for account set-up, benefit authorization, etc.), the state and the contractor must agree to specific time frames during which daily batch files will be transmitted and received. The contractor must be able to accept and process transmissions from the State 24 hours per day, 7

days per week. Within one hour of receipt of a file, the contractor must promptly either confirm receipt of a complete and successfully transmitted file or contact the State and request the file be retransmitted. The contractor must confirm receipt of subsequent transmission(s) within 30 minutes of receipt until successful transmission/receipt has been completed. For Account Set-up and Benefit Authorization records sent in batch mode, the contractor must process the records, perform all edits, set-up and benefit posting processes, and make benefits available by times required in the NCS performance standards, Section 12 of this RFP.

The State may send batch files to the contractor for both daily and monthly updates to cardholder accounts. The number of files transmitted daily and monthly may increase with the addition of program benefits and services. The current file types and frequency of files for each State is located in the State Appendices.

The contractor must support the full range of functionality required by the State, including, but not limited to the following:

- EBT Account Set-up;
- EBT Account Maintenance;
- Benefit Authorization;
- Benefit Cancellation;
- Card Status Change;
- Card Issuance and Replacement;
- Collection of Card Fees;
- Repayment Functionality;
- Account Adjustment Processing;
- Account Status Change.

4.3.1.5 Real-time

The State may also transmit account set-up and maintenance records (including benefit and demographic updates) via an on-line host-to-host or client-to-host link, using a transfer protocol of its choosing. Where required by the State on an ongoing basis, the contractor must receive and process such records 24 hours per day, 7 days per week. The contractor must process the records, perform all edits, complete all set-up and maintenance processes, and reflect changes by times required in the NCS performance standards Section 12 of this RFP.

Real-time on-line host-to-host or client-to-host transmission of account set-up and maintenance information may also be required in disaster

circumstances. See also the **Disaster Preparation and Contingency Planning** section in this RFP.

4.3.1.6 Authorized Representatives and Authorized Payees

EBT primary cardholders are permitted to have authorized representatives or authorized payees as secondary cardholders. Access may be limited by the State to either the cash and/or SNAP account(s). The number of authorized representatives or authorized payees are outlined in the State Appendices.

4.3.1.7 Benefit Authorization and Cancellation

To authorize benefits, the State will generate benefit authorization records, containing, at a minimum, a unique benefit authorization number, benefit type, benefit amount and availability date information. Currently, some States also include an action (add/cancel) code. The contractor must receive and process these benefit authorization and cancellation records transmitted by the State. The contractor is required to accurately apply such authorizations or cancellations to the EBT database and post/deposit benefits to cardholder accounts according to the State's instructions.

The contractor must ensure that summary-level federal SNAP benefit authorizations and cancellations are correctly posted to the Account Management Agent (AMA) System.

File descriptions for benefit authorization are provided in the State Appendices.

Offerors are required to describe in the technical proposal the methods by which the EBT system will receive and update benefit authorization and cancellation records with current and future availability dates to the host database. Offerors must also describe all conditions that will cause a benefit authorization and/or cancellation to be rejected or fail to post in the host database, and how the State will be notified that such rejection/failure has occurred.

4.3.1.8 Benefit Availability

Benefits are not considered available unless they have 1) been posted to the contractor's host database and 2) reached or exceeded their availability date. The contractor must make benefits available to cardholders on a schedule as determined by the state. Current benefit availability schedules are included in the State Appendices.

4.3.1.9 Benefit Cancellations

The contractor must support the ability to cancel, as directed by the State, all or part of any cash benefit with a remaining balance.

With the exception of benefits posted to fraud investigator accounts, SNAP benefits may only be cancelled if they have not yet been made available to the client by meeting both of the conditions defined in the **Benefit Availability RFP section.**

Rules for cash benefit cancellation will be defined by the CSA during the detail design phase.

4.3.1.10 Benefit Aging and Expungement

On a schedule no less frequent than weekly, the contractor must provide this detailed report and/or extract file to each CSA of cardholders who have not accessed their benefits (that is, completed a successful cardholder transaction that reduces or places a manual voucher hold on all or part of the SNAP benefit balance) that fall into defined aging periods and expungement timeframes as specified by each CSA during detail design. Such timeframes must be parameter settings that can be readily modified as experience dictates. If required by the CSA, the report may require additional time periods and may be broken out by caseworker using State supplied criteria. A summary page that lists totals as defined by the States must be included with the file/report. Current benefit aging and expungement rules are included in the State Appendices.

The offeror must describe its processes for aging, and expunging including date, amounts, frequency, timing and reporting.

The contractor must be able to support benefit aging at the benefit level as defined by the CSA.

The contractor must be able to support aging based on the last-used time stamp,on the benefit available date, or both.

The contractor must support accurate conversion of aging/expungement data such that the original expungement dates are retained and expungements of benefits occur on time.

4.3.1.10.1 SNAP Benefits

The contractor's aging and expungement process for SNAP must be in compliance with Federal SNAP Regulations at 7 CFR 274.2(h) Stale Account Handling. The CSA core requirement for SNAP benefit level expungement is required at 365 days. The contractor must track aging at both the account and benefit level. Each SNAP benefit begins aging at the time it becomes available to the client in the account (by meeting both of the conditions defined in **Benefit Availability RFP section**. Subsequently, each time that the client completes an approved SNAP debit transaction, the account aging clock is reset to start anew, even if one or more benefits have been expunged.

No benefits may be expunged until the account aging clock has reached 365 calendar days. Once the account has reached expungement age, only those benefits that have been available to the client for 365 or more calendar days shall be expunged. If one or more subsequent benefit authorizations for the same client account have been available to the client for less than 365 calendar days they must remain online until each has reached full expungement age.

4.3.1.10.2 Cash Benefits

The contractor's aging process for cash benefits must conform to requirements as defined by the CSA (see State Appendices).

4.3.1.11 Additional Program Benefits

The contractor must support the CSA in pursuit of additional State and Federal program benefits to be posted into new or existing SNAP or Cash accounts.

The Offeror's proposed Cost-Per-Case-Month (CPCM) pricing for core services must apply to any future SNAP or Cash cases added as a result of additional program benefits. Any additional program benefits posted to existing SNAP or Cash cases will not be subject to an additional CPCM.

The Offeror's proposed pricing for core optional or state specific services must apply to the extent that the CSA elects the core optional or State specific services in support of additional State or Federal program benefits.

The contractor must agree to negotiate in good faith all design and development costs for implementing the receipt, posting, reconciliation, and reporting of additional State and Federal program benefits, based on the proposed change order request rates in Section 14 of the RFP. Additional Program descriptions may be contained and described in each individual State Appendix.

4.3.2 Account Set-up, Account Maintenance and Benefit Authorization Core Reports/Files/Inquiries

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

4.3.2.1 Batch Processing - Acknowledgement

The contractor must provide a standard set of batch processing response files or reports to be used by the contractor and the State to ensure the complete and accurate transfer of data during nightly batch processing. The response must include an acknowledgement summary for each file transmitted that provides a confirmation for the acceptance of the batch file(s). The summary must contain surface verification data, including the total number of records received in the batch; the total number of add records, the total number of cancel records, the total amount sent and other data intended to confirm the validity of the totals for each batch file prior to the posting of the detailed data to the contractor database. This response must be available within 30 minutes of receipt of each batch file.

4.3.2.2 Batch Exception Reporting

Subsequent to the posting of files to the database, the contractor must provide a batch exception file for all batch files received from the State. Batch exception files will contain a listing of all records received within a batch, which were <u>not</u> processed by the contractor. Each record included on the exception file will have a corresponding reason code indicating the cause of the rejection and any warnings or messages. In particular, duplicate case exceptions must be clearly identified. This report may be consolidated with the information in the Batch Processing Report described above if receipt of batch files and posting of those files occur simultaneously. A Batch Exception file must be received for each file sent by the state to the

contractor. The exception report must be transmitted to the State within 30 minutes of completion of the processing of each batch.

4.3.2.3 Benefit Posting Detail

The contractor must provide reporting on all benefit batch files authorized via state interface and posted to cardholder accounts. The report must include, at a minimum, the total number of records received in the batch; the total number of add records, the total number of cancel records, the total amount sent; the total amount posted; and the availability date. It must report any pending benefits (those which are posted but not available). Depending upon State requirements, the report must contain all the detail records received in the batch which were properly processed by the contractor at the time of transmission.

The reponse must also contain a summary of the processing of the transmission (the number of records accepted and the number of records rejected as identified in **Batch Exception Reporting** above).

This report may be consolidated with the information in the reports described in Batch Processing - Acknowledgment and Batch Exception Reporting above if the processing occurs simultaneously.

The posting report must be transmitted to the State within 30 minutes of the completion of the processing of each batch.

4.3.2.4 Retailer Manual Authorization

The contractor must provide a daily detail report of all voice (manual) authorizations of SNAP transactions performed by retailers. The report must contain, at a minimum, the retailer name and FNS number, the transaction amount and type, the date and time, the cardholder performing the transactions, and whether the retailer is a traditional or non-traditional (EBT-only) retailer.

4.3.3Account Setup, Account Maintenance and Benefit Authorization – Performance Standards

Refer to Section 12 Performance Standards.

4.4 Cards and PIN's – Core Requirements

4.4.1 Cards and PIN's

This section discusses core requirements specific to the plastic financial transaction cards and associated Personal Identification Numbers (PINs).

4.4.1.1 Functionality

All cards and PINs already issued by the NCS, or issued in the future by the NCS, will be operable with the contractor's EBT system. The EBT system must provide online, real time access to cardholders' EBT accounts via benefit access magnetic card swipe or keyed entry.

4.4.1.2 Database Support

The contractor will be required to maintain a centralized card database on behalf of each CSA. The contractor will provide a mechinism to purge card records per State specifications. The contractor will retain an offline card archive of all card records purged for the lfe of the contract.

4.4.1.3 Multiple Cards per Individual Account

Individuals may have more than one active card that can access their account at any time. Refer to the State Appendices for more detailed rules. There are several examples of situations requiring multiple active cards for an account. These include:

- Individuals with an authorized representative who occasionally shops for the EBT cardholder;
- Individuals issued a temporary card while awaiting arrival of a permanent card in the mail;
- Individuals whose card access may be limited by the State to either the cash and/or SNAP Account(s).

4.4.1.4 Magnetic Stripe Track 2 Format

All EBT cards must conform to ANSI/ISO standards 7810, 7811, 7812 and 7813. It is anticipated that the contractor will issue high-coercivity magnetic stripe cards unless otherwise specified.

Track 2 of the EBT benefit card(s) must be encoded in accordance with ISO 7813. The maximum character count in Track 2 will not exceed 40 characters, including all control characters. The layout of the Track 2 for the current EBT card is as follows:

Field No.	**Field Name**	**Min. Length**	**Max. Length**
1	Start Sentinel	1	1
2	Permanent Account Number	16	19
3	Field Separator	1	1
4	Expiration Date	4	4
5	Service Code	3	3
6	Card Authentication Value	3	3
7	End Sentinel	1	1
8	Longitudinal Redundancy Check	1	1

NCS cards currently have a non-expiring expiration date of "4912" encoded on Track 2. The expiration date does not imply eligibility or ineligibility for benefits and must not be embossed or printed on the face of the card. The Service Code field is encoded with a value of "120." Cards issued currently have a Card Authentication Value (CAV) encoded. The encryption keys utilized by the current contractor must be transferred to the *new* contractor. The contractor must continue to encode the CAV field on Track 2 with a cryptographic value to allow for the validation of the Track 2 data contents.

4.4.1.5 Card Deactivation

Cardholders are required to call the EBT Customer Service Help Desk to report a lost, stolen or non-functioning/damaged card. The contractor must deactivate the card immediately. To complete these transactions the contractors' customer service help desk must have tools which use demographic data on their system which will allow them to identify a caller who does not have (or know) his/her card number. Card deactivation will also be accepted as a command sent from the State. Deactivation may be indicated in the command either/or as a code specific to the purpose or via "void date" which indicates the date on which the card became unusable.

The contractor shall implement security measures to prevent card deactivation by the Automated Response Unit (ARU) and the EBT Customer Service Help Desk for an individual case upon the CSA's and/or the cardholder's request. Security measures may include, but not be limited

to applying a block to card deactivation or requiring a password, a security code or response to security questions. The contractor is encouraged to propose additional options to ensure the security of the ARU or Customer Service card deactivation process.

4.4.1.6 Card Number/Bank Identification Number (BIN) or Issuer Identification Number (IIN)

Each State already has its own BIN, as specified in the individual State Appendices. The *new* contractor must offer the option to issue EBT cards containing a 16 to 19 digit PAN that utilize the State's current BIN. For those States wherein the contractor calculates the PAN, contractor will be responsible for ensuring that new PANs must not interfere with or duplicate the existing card base being utilized by any individual NCS. In these cases, contractor will be liable for PAN errors resulting in erroneous access to benefits. The Offeror must describe the process by which it will generate the PANs for new EBT cards being issued.

4.4.1.7 Personal Identification Number

The PIN is made up of four (4) numeric characters. The PIN is selected by or assigned to the cardholder. In the NCS, the PIN verification must be conducted at the EBT host and a PIN offset may not be encoded on the stripe. The PIN must be stored encrypted and must not be stored in the clear.

4.4.1.8 Cardholder Selection and Assignment of PINs

This section describes the various methods of issuing/selecting a Personal Identification Number (PIN). The contractor must have the capabilities to support all the methods defined in this section and may propose additional methods of issuing/selecting PINs.

When a cardholder requests a new EBT card, individual states may require any of the following actions be taken by the EBT contractor. The contractor must be prepared to support any or all of these actions based on State requirements:

- Automatic transfer of the existing PIN to the other cards;

- Automatic assignment of a new PIN to the new card, possibly accompanied by the automatic mailing of that PIN to the cardholder;
- Leaving the new card un-PIN'ed until cardholder selection of PIN or State assignment or request of a new PIN;
- Issuance/selection of a PIN before any card has been issued to a cardholder;
- Issuance/selection of a PIN regardless of the card status;
- Separate business rules for PINs assigned to Authorized Representatives and their cards and PINs assigned to Recipients and their cards may apply;
- In the mailed PIN process a mechanism for either assigning a new PIN or retaining the old PIN of an existing accountholder must be supported by the contractor.
- A secure automated process that requires only one call by the cardholder to select a PIN via IVR/ARU.

4.4.1.9 Invalid PIN Attempts

The contractor's host system must deny SNAP and Cash transactions if the PIN is incorrectly entered after four (4) consecutive invalid PIN attempts. Cardholders card(s) must be temporarily blocked until 12:01 a.m. of the following day regardless of whether the attempts occur on the same day. SNAP manual vouchers must also be denied when calling for authorization if the account is blocked for invalid PIN attempts.

Offerors must propose mechanisms for unblocking the PIN which include automated processes requiring no State or worker input as well as manual processes which do require State or worker input.

4.4.1.10 PIN Audit Trail

The contractor must support a PIN audit trail available via the EBT administrative system. This system must provide a complete trail of the date/time and mechanism of each PIN selected by or for each cardholder and or each authorized representative. PINs will NOT be displayed via this mechanism, however each assignment or selection of PINs must be perpetually tracked and available for fraud and abuse research purposes. Information must be displayed by time sequence. Information tracked and displayed must include:

- Date, Time of PIN assignment/selection activity;

- Mechanism used (i.e. ARU, PIN selection device, mailing of existing PIN or mailing of changed PIN, client web portal, or any other mechanism used in each State);
- User ID and Device ID if PIN selected by PIN Selection device;
- Card number entered if PIN selected by PIN Selection device using a card;
- If mailed PIN indicate if re-mailing of existing PIN or new PIN assignment;
- If ARU PIN, the phone number of source, and card number;
- The contractor shall provide security measures to prevent card pinning by ARU for an individual case upon request by the CSA and/or cardholder. Security measures may include=, but not be limited to; applying a block to the ARU PIN select process, requiring a password, or, requiring a security code of response to security questions.
- The contractor is encouraged to propose in their response and at any time during the term of the contract any additional options to ensure the security of the ARU PIN select process.

4.4.1.11 Card Sponsorship in the Network

The contractor must sponsor and hold liability for EBT cards in the networks whether those cards are produced by the contractor as an optional Core Service, or produced by a third party under contract to the CSA. The contractor may be eligible for reimbursement for card liability to the networks only when cards are produced by a third party on behalf of the CSA.

4.4.1.12 Cards and PINs Core Reports/Files/Inquiries

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

4.5 Cards and PINs - Core Optional Requirements

4.5.1 Card Issuance Services

At State option, Card Issuance Services may be required as part of this procurement.

The Offeror must provide card pricing for the NCS as part of their bidding. States may choose to purchase card services at the beginning of the contract period, or any time thereafter. Using the Card Production Schedules in this RFP, Offerors must include State specific pricing for start-up costs, as well as State Specific volume tiered pricing for card production services. Tiered pricing refers to NCS-wide volumes in a given month. Start-up costs will be paid at the time the CSA initiates the option.

Rhode Island, Vermont and New Hampshire each currently purchase cards via the EBT contract. New York and Connecticut currently purchase cards using another mechanism. Massachusetts EBT currently purchases mail cards via the EBT contract direct to cardholders and purchases over the counter cards using another mechanism. All States reserve the right to opt in to purchasing cards via the EBT contract at any point in the contract.

The card request mechanism for Rhode Island and Vermont, and Rhode Island conforms to the descriptions in the EBT Card Stock Production RFP section, in conjunction with the embossing mechanism and equipment as described in the Over the Counter section of the RFP. Rhode Island and Vermont purchase embossing equipment for a single site.

The New York current card production environment (purchased outside of the EBT contract) is similar to that which is described for Card Mailing and Postage RFP section, in conjunction with the over the counter option. The Connecticut current card production environment (purchased outside of the EBT contract) is similar to that which is described in the mailed card option.

Refer to the State Appendices for more detailed descriptions of the State's current access cards.

4.5.2 Conversion to New EBT Card Stock

At State option, the contractor may be required to mass issue EBT cards to replace those currently used by the NCS. Issuance of new EBT cards must be completed no later than six (6) months after conversion to the new EBT system or six (6) months after the start date of any massive card issuance activity.

4.5.3 Card Issuance Processes

Specific States may select a mix of any of the following mechanisms for card issuance. In addition, each of the following may include a requirement for an interface to State systems for acquiring or verifying card production data. At State option, the contractor may be required to issue EBT cards when indicated by the

respective flag within each Case/Cardholder Maintenance Detail record, and/or via an online request, or via a batch request.

4.5.4 Card Mailing and Postage Requirements

All cards being mailed directly to the cardholder must be sent via U.S. Postal System 1st. class mail within the Continental United States in compliance with Federal Regulations at *7 CFR 274.6 (b) Providing Replacement EBT cards or PINs.* Cards mailed in this manner will be pre-sorted by Zip Code.

On May 30, 2012, FNS published in the *Federal Register (volume 77, number 104)* proposed regulations modifying 7 CFR 274.6 to require the State agency place the card in the mail "within 1 business day following notice by the household to the State agency that the card has been lost or stolen." If change becomes final, the contractor will be required to mail cards within 1 business day following receipt of the data by batch file or other means, including but not limited to, ARU, the EBT Customer Service Help Desk and the client portal. Therefore, a file received by the contractor before midnight must be processed, and the cards created and mailed the next business day. When the file is received on Friday, the CSA may require the cards be created and mailed on Saturday.

The calendar date of the receipt of the data by the contractor will be considered day zero. Following day zero, the first calendar day will be considered Day 1. Day 2 will be the next calendar day following calendar day one, and Day 3 will be the next calendar day following calendar day two. Cards will be measured as delayed if produced on calendar Day 3 or greater. With the exception of Federal holidays, Monday through Friday will be considered business days. To comply with the federal regulation, the CSA may require cards be produced and mailed on Saturday.

4.5.5 Blank EBT Card Stock Production

At State option, the contractor must provide EBT card stock. This stock will be used by the State in the production of their cards. The design of this card stock must have prior approval from the individual State selecting this option. At State option, the contractor must supply the State with card stock within six (6) weeks of a request for an initial supply. If the CSA requests a replenishment of card stock it must be provided within (2) weeks. At State option, at contract end or termination, the contractor must transfer unused card stock to the successor contractor or to the CSA.

4.5.6 Envelope Customization

At State option, the contractor may be required to customize 2 names on mailed card envelopes. The client name along with an "in care-of" name, or the client name along with an authorized representative name. Return addresses may be variable depending on unique state requirements.

4.5.7 Overnight Bulk Delivery of Cardholder Customized Card Stock

At the States option the cards produced by the EBT contractor must be drop shipped overnight to the CSA. All cards must be shipped using an overnight service of the State's choosing. The per-card price will include card customization, card insert and collating envelopes. The drop ship cost will be a pass through cost to the CSA.

4.5.8 Over-the-Counter (OTC) Cards

At State option, the contractor may be required to issue EBT cards in an over the counter environment. Each of the following options may also require cooperation and co-location of State and contractor staff at the OTC site(s). Each may also require that PIN selection/assignment devices be located at the OTC sites.

In those options below that require the contractor to provide the over the counter issuance location, the contractor is fully responsible for all aspects of site provision, including, but not limited to:

- Equipping the site(s) with all card issuance hardware, software and internal and external network capabilities needed for communicating with necessary contractor or State systems.
- Completed cards must be issued within one (1) hour of receipt of request data.
- Contractor staffing.
- Offerors must also present solutions that allow for the following options:
-
    - Cards issued OTC at State supplied locations using contractor supplied equipment and software and State staff;
    - Cards issued OTC at State supplied locations using State supplied equipment and software utilizing State staff;
    - Purchase or Lease of Card Embossing or Printing Equipment
-

At State option, the contractor must supply EBT card embossing or printing equipment and/or equipment maintenance. This can be done in a variety of ways including, but not limited to, in-house or using an outside contractor. This

maintenance must include, but will not be limited to, semi-annual cleaning, repair and replacement of broken or worn down parts.

At State option, the contractor will create software to link the EBT card printing and/or embossing equipment to the card production process so that the EBT card production process can be automated to the extent determined by the state requesting this option.

4.5.9 Retention of Current Card Production Process

At State option, the contractor must be able to use the same methodology for the creation of the EBT card that the State's current process uses; these can be found in the State Appendices. The contractor must ensure that there is no interruption in the production of cards during conversion.

4.5.10Replacement Card Issuance

In those States where the EBT contractor also provides cards, calls to the EBT Customer Service Help Desk to report a lost, stolen or non-functioning card will result in both the old card being deactivated immediately and, at the State's option, a new card being mailed in compliance with FNS 274.6(b) and State specific requirements.

4.5.11Cards Returned Undeliverable

At the State option, cards returned to the EBT contractor by the Postal Service as undeliverable or from any other source, such as Group Homes, should be assigned a status that identified it as such (thereby inactivating the card in the EBT system immediately). All such returned EBT cards must be returned to a secured environment and destroyed. A daily report, and/or data extract file, provided to the State will provide a detailed listing of each card returned.

Daily destruction of the returned cards is required however the entire process must be available for State audit and monitoring. Therefore occasional requests from the State may require retention of returned cards for brief periods.

4.5.12 Card Design

The award of the new EBT contract for EBT services may require the use of a new benefit access card for EBT. The contractor may be required to provide each NCS member state with a redesigned EBT card. Each State will provide input to the design process and reserves the right to approve the card design. Each State retains

the right to rename the new EBT card at any time. The face of the card must contain graphics as approved by each NCS member. Other security features, such as a hologram, four-color printing, fine line printing, or ultraviolet ink may be required for the card on an individual State basis. The Offeror's proposal must describe in detail its capabilities to design and/or manufacture each NCS benefit access cards and identify any third party or subcontractor involvement in the process. At a minimum the proposal must describe the minimum card requirements as described in *FNS 274.8(b)(5)(i) (Minimum card requirements)*. Also review the State Appendices for any individual state specifications.

At State request, All EBT cards may have the cardholder's name and the Permanent Account Number (PAN) either embossed on the face of the card or printed in flat graphics. The toll-free numbers for Cardholder and Retailer Assistance (pending NCS 1-800 retailer number on back of the card) will be printed on the card. A signature panel may be provided on the back of the card. To promote national recognition and acceptance, cards manufactured under a contract pursuant to this RFP may include the Quest™ logo.

Card samples must be submitted for each individual NCS approval whenever the card is redesigned or changed in any respect.

4.5.13 Card Types: Vault Cards, Un-Numbered Cards

At State option, vault cards may be delivered in bulk to the State. Vault cards will be delivered customized with State graphics and with unique numbers both encoded on the magnetic stripe and pre-printed on the front. No recipient demographics will be printed on the vault card when delivered to the States. Each State will link these cards to cardholders using processes either provided by the contractor or by the State.

4.5.14Card Sleeves

In those States in which the EBT contractor is also the card contractor the sleeves will be made available along with each card issued at no additional cost. In those States where the EBT contractor does not produce the cards, the contractor may be required to provide card sleeves in bulk to the State. Prices must be provided for both low and high grade materials. The material used must be designed to prevent card scratching. At a minimum, card sleeves must be printed containing an abbreviated civil rights statement of nondiscrimination. The information must be printed at an educational level suitable for SNAP households, the text to be pre-printed on each sleeve will be provided by each participating State.

4.5.15 Local District, Group Home, OTCs or Congregate Facility PIN Selection via Hardware Device

The contractor must offer a secured mechanism to support card PIN selection at local district offices, Group Home or Congregate Care facilities using a PIN selection device/system that interfaces with the EBT system in real time. The proposed price must include the telecommunication costs.

The device and system must be capable of supporting the following functionality:

- Attach a PIN to a known card or an unknown card using a single transaction.
- In order to minimize transaction time it is preferable that Plain Old Telephone Service (POTS) based PIN selection devices will be capable of an extended sign on. Bidders are also encouraged to propose digital phone line capability and networked PIN selection device or software such as Voice over IP (VoIP). VoIP systems employ session control protocols to control the set-up and teardown of calls, which encode speech-allowing transmission over an IP network as digital audio via an audio stream. In either event anticipated transaction time must be 45 seconds or less and described in the technical proposal along with pricing contained in the proposal.
- PIN selection devices will be available from 7 a.m. to 9 p.m. Monday through Saturday for the life of the contract.
- Attach a PIN to a recipient prior to card issuance. Retain the PIN and attach it to the cardholder's card when a card is issued.
- Verify that the CAV on the magnetic stripe is valid using the DES CAV encryption keys and algorithm.

4.5.16 EBT Mailed PIN

The contractor must offer an option through batch or on-line request, as defined in the State Appendices, to support the assignment and mailing of PINs to new and existing account holders and/or their authorized representative and/or those needing a replacement PIN. PIN mailers for authorized representatives must have both the client and authorized representative name printed on the PIN mailer.

All mailed PINs must be produced and mailed within the continental United States within one (1) business day of receipt of request data. If a mailed card and mailed PIN are requested at the same time, the mailing of the PIN shall be delayed to the business day following the mailing of the card. The date of the receipt of the data will be considered day zero. The following business day is day one.

4.5.17 Cards and PINs Core Optional Reports/Files/Inquiries

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

4.5.18 Cards and PINs - Performance Standards

Refer to Section 12, Performance Standards.

5 EBT Administrative Functionality

The contractor must provide access to the EBT administrative functionality as defined by the CSA. These transactions will be supported online from an EBT Administrative Terminal, a host-to-host configuration, a client to host configuration and offline through batch process. The final configuration will consist of a combination of offline and on-line functionality as defined by the State during design. The final individual State design may include multiple online solutions.

5.1 Administrative Functionality - Core Requirements

For administrative terminal solutions, the Offeror must provide EBT administrative terminal browser based applications and communication protocols to State offices. The functions must be capable of running on the CSA's existing hardware and network configurations presently supported by the CSA. The contractor must work with the CSA to ensure firewall protection on each side.

For all on-line solutions the functionality must include multi-level access controls to ensure that only authorized individuals can process administrative transactions or access cardholder account information. The Offeror must clearly explain in their proposal how they will provide online functionality, including access controls.

Separately, the contractor must provide administrative functionality access to Federal agencies as designated by the State and arrange for such access to be implemented when the State's EBT system is implemented. FNS will require on-line access to the administrative system, and support as required for USDA staff. At a minimum USDA staff will require access in the designated FNS field offices, the NERO regional office, the FNS Compliance office, and the OIG investigative office. The contractor must also provide FNS communication protocols necessary to connect staff on the FNS and OIG networks to the contractor's administrative system via the Internet or a leased direct connection to the USDA network. FNS' preferred method is VPN. The contractor must work with FNS to ensure adequate firewall protection on each side. The Offeror must detail its planned approach for supporting these requirements in this section.

5.1.1 User Profiles

The contractor must supply an acceptable user interface method to allow the State agency to administer their EBT administrative system security functionality. This system must allow for the State to control all components of security for the EBT administrative terminal.

The contractor must provide EBT administrative system access and communication protocols to State and County offices as required by each NCS member. This system must include the ability to set-up at least twenty-five (25) different user profiles and the ability to assign different functions and rights to each profile as designated by the State. The CSA and the contractor will be involved in the process for defining the "User Profiles" during detail design. The contractor must periodically work with the CSA to re-examine user profiles for any changes required by the CSA during the life of the contract.

For instance, an inquiry only profile would only have inquiry capabilities for some or all screens, while a card worker profile would allow the user to have access to all pertinent card information as designated by the CSA's selected rights.

The CSA must have the ability to modify a user profile and that profile's rights at any time without undue delay. No costs will be incurred by the CSA for changing, adding or deleting user profiles.

The system must also allow the State to set-up their own individual user accounts. These user accounts would be assigned a login ID by the State agency and also have an encrypted user select password. These user accounts will then be assigned a user profile by the state agency that the account must follow. The system must have the functionality to allow State agencies to deactivate, reactivate, add, and delete user IDs. There must also be a process in which the system will automatically deactivate inactive user accounts based on State parameters. The system must also have the capabilities of allowing a State agency the ability to reset user passwords. The system must also provide the capability of tracking all actions taken by any user that may be subject to audits, and must be able to support the lockout threshold for excessive invalid access attempts on the system. In addition, the administrative functionality must support automatic timeout after no more than fifteen minutes of user inactivity.

The system must also allow FNS to set up its own individual inquiry only user accounts in a manner similar to that described above, including the functionality to add, delete, *deactivate and reactivate IDs, and to assign and reset passwords. FNS must be provided* with at least two user profiles, one for security administration and one with inquiry only access to all screens. This may be accomplished by adding the State to an existing centralized FNS security process.

5.1.2 Security Administrator

The administration of the on-line security system must lie with the State or FNS EBT Administrative Security Officer or designee(s). The Security Officer and designee(s) will be assigned by each NCS member and will be required to

coordinate all duties with the contractor. The contractor is responsible for training the State Security Officer and its designee(s). FNS will coordinate its own needs, including training if required, directly with the contractor.

5.1.3 Functionality

The Offeror must describe their administrative functionality in terms of navigation and data presentation. At a minimum, the administrative transaction set must include:

- EBT Account Set-up;
- EBT Account Maintenance;
- Benefit Authorization;
- Benefit Cancellation/Voids;
- Benefit Status Change;
- Card Status Change;
- Card Issuance and Replacement;
- Cardholder Search (by name, card, case, SSN);
- Cardholder Account Information Inquiry (Cardholder demographics, Benefit data);
- Card Inquiry.
- Client Status Change;
- Client Access Profile Change;
- Generating/Removing a Client CSR Password;
- Transaction History Inquiry (by PAN, Case number;
- Repayment Functionality;
- Retrieval of Archived Data;
- Adjustment Rule Functionality;
- Card Replacement Fee Tracking and Collection;
- PIN Status Change;
- PIN Unlock Functionality;
- PIN Issuance/Select;
- PIN Restriction;
- Account Status Change;
- Retailer Search (by FNS authorization number);
- NCS also prefers Retailer Search (by store name and store address);
- Daily Clearing Report Inquiry; and
- Daily Balancing Report Inquiry.

5.1.4 Inquiry Functionality

Navigation and data formatting must be easy to use and understand without memorizing a list of action and status codes. NCS prefers ad-hoc inquiry functionality that would utilize all the data elements (individually or combined) identified in the Three (3) Year On-line History section of the RFP. At a minimum the contractor must provide access based on, but not limited to, the following:

- PAN;
- SSN;
- SNAP Voucher#;
- Name;
- Case ID;
- FNS Number;
- Contractor-assigned Store Number (if used as a unique identifier in the system);
- Benefit Authorization Number;
- Cardholder Name (the name search function must be designated to bring back exact matches and closest matches); and
- The contractor must also propose a subset of predefined queries for access data requested on a regular basis.

5.1.5 Update Functionality

Access to update screen functionality is limited to appropriate personnel within each State. States may update the EBT system through a combination of batch files, administrative terminal functionality, host-to-host functionality and/or client-to-host functionality. Each individual State's current process and proposed process are described in each State Appendix. Final determination will be determined by the State during detail design. The final design will most likely include multiple ways of utilizing the functionality of the EBT system, including updates via administrative functionality.

5.1.6 3-Year On-Line History

The NCS requires a consecutive three-year daily on-line history of benefits and transactions through the administrative system for each account. After three years benefit and transaction history data must be maintained off-line by the contractor for the life of the contract including contract extensions, or longer if required by FNS or Federal legislation. At a minimum, data within the benefit and transaction history inquiries must include:

- PAN (card number);
- Contractor-assigned EBT account number;
- Cardholder case identification numbers;
- Benefit program identifier;
- Retailer identification numbers (both FNS and acquirer) and Regulation E data for retailer information;
- Regulation E data for retailer information (including individual store name).
- Terminal identification number;
- Transaction type (File transaction types must be unique for each function (Point of Sale or ATM) and must be consistent to the Administrative screen transaction codes);
- Transaction method;
- Transaction amount;
- Total account balance after each transaction;
- Value of each incremental debit/credit applied to each individual benefit for the transaction;
- Balance remaining in each benefit authorization affected by the transaction;
- Manual voucher information;
- Transaction date and time (both at host and at terminal);
- Transaction Results (approval code or denial reason);
- Date transaction settled through primary switch; and
- Unique transaction or trace ID.

5.1.7 Card Replacement Fee Tracking Functionality

Offerors must describe the administrative functionality to determine if a card replacement is chargeable based on prior card issuance. Rules for making the determination must be parameter driven to allow the CSA to decide how many fee-free cards have been issued before charging a fee and the lapsed time since the previous replacement. Once the determination is made the card fee Administrative functionality will be made available. The functionality must have an option to waive the fee. Card fees may be debited from SNAP accounts providing there are sufficient funds to support the transaction at the time the fee is being applied. If SNAP benefits are not available at the time of the fee the next SNAP benefit posting may be used to debit the SNAP account. The functionality to process this transaction must be described in the proposal to this requirement. An option to debit a Cash account must also be supported that follow the same rules as a SNAP account deduction. The collection process involves a settling transaction where SNAP funds are drawn from FNS through the ASAP process and credited to a designated CSA account via an ACH process. The contractor must also include

these transactions in the benefit redemption summary file transmitted to the FNS STARS system. Those states electing to support this functionality will provide any additional details during detail design discussions.

5.1.7.1 Card Fee

The contractor must provide a daily detail report to identify all transactions to those states that assess card replacement fees to cardholder accounts by program (Cash or SNAP).

The report data elements must include, but not be limited to, the following:

- card owner (client number or case number);
- account number;
- account type;
- new card number;
- account balance prior to transaction;
- transaction amount;
- transaction date and time;
- account balance following transaction; and
- user identifier of staff performing the transaction.

Reports should be sorted by client or case number, with dollar amount totals within profile, if applicable.

5.1.8 Repayment Functionality

All repayments must be processed as non-settling transactions that reduce the value of the outstanding liability, rather than transferring funds. The repayment function must include a code to identify the reason for the repayment. At a minimum, the reasons must include SNAP recipient claim, cash recipient claim, investigative account benefit cancellation, and other. The cash recipient claim code must not be available for repayments from the SNAP account.

5.1.8.1 Repayment Reporting

The contractor must provide a daily detail report to identify all repayment transactions broken out according to each States' requirements.

The report data elements will include, but not be limited to, the following: case number, card number, transaction date and time, transaction amount,

benefit type, reason code, user identifier of staff performing the transaction. Reports should be sorted by card or case number within user identifier, with subtotals by user identifier.

5.1.9 PIN Restriction Functionality

The contractor must provide Administrative System Functionality to transmit a transaction that will add or remove a flag to a card or account preventing access to the PIN ARU. If the account(s) are linked to multiple cards, the flag must be set for every active card. If a new card is issued, then the flag must remain in effect without requiring an administrative transaction to reset the flag for any subsequent reissued card. The flag must be viewable on the administrative account/card inquiry screen(s).

The administrative transaction must be restricted to the designated user profile assigned by the CSA's EBT Administrative Security Officer or designee(s). The CSA must have the ability to modify the user profile and that profile's rights within 2 hours. No costs will be incurred by the CSA for changing, adding or deleting the profile. This functionality must provide an audit component for tracking and reporting purposes.

5.1.10 Administrative System Manual

The Offeror must provide to each NCS a detailed manual of Administrative System functionality in both hard copy and electronic media. Information must be provided on the Administrative System Application functionality, including;

- Description of all Administrative System screen functions, menu access, field definitions, and the on-line reports functions;
- Flow charts of Administrative System screen hierarchies;
- Definitions of terminology and codes used on Administrative System screens;
- EBT system security procedures and access control;
- A draft of the Administrative System Manual must include a table of contents, and index, a glossary of terms and acronyms, and must be provided no later than 210 calendar days after a State's contract start date and the final 60 calendar days after each State's successful conversion.
-
- As part of the final draft requirement, the contractor must provide an electronic copy of the Administrative System Manual on a compact disc in Microsoft Word. The Offeror is encouraged to recommend for consideration any approach that may provide the CSA and FNS on-line access to the Administrative System Manual and its updates.

5.1.11 Fraud Investigator Accounts

The Offeror must cooperate with USDA and authorized NCS investigative agencies (local law enforcement agencies and district attorneys), regarding any retailer investigation. To support Federal and State fraud investigators, the contractor must provide the capability to establish accounts, post SNAP and cash benefits, and if the state opts for card issuance services, issue cards for the purpose of investigating fraudulent use of SNAP and cash benefits. Such accounts and all transactions related to such accounts must be maintained in a secure and confidential manner. Only authorized personnel will have access to these accounts.

EBT Administrative functionality must be provided to set up accounts, and to authorize and remove benefits. At a minimum, it will be necessary for the contractor to provide access for the purpose of establishing accounts, posting SNAP and cash benefits, reconciling transactions, deleting remaining available benefits, closing accounts, and providing the required transaction reporting for accounts and benefits. The reporting must consist of separate entries created for fraud investigative SNAP benefit activity as defined in the AMA Entry Report or Inquiry in this RFP. Funds for SNAP investigative transactions will be drawn through ASAP. Funds for cash transactions will be drawn from the State. Refer to each State Appendix for additional functionality, reporting, and transaction file requirements.

5.1.12 State Administrative System Training Materials

The Offeror must provide written Administrative System training materials which include detailed descriptions of all functionality supported by the EBT Administrative System. Specifically, the materials must consist of a table of contents, glossary of terms and acronyms, tables describing the various transaction related codes and definitions, security features within the system, detailed explanation of the screens and functions supported by the application, and an index. Updates and revisions of the training materials must be provided in a timely manner, in quantities specified by each State, whenever the contractor modifies functionality of the EBT system. Technical support, as a result of any changes to the system and its functions, must be supported during regular business hours. In addition, training materials must be provided in electronic media using Microsoft Office Suite products. Administrative System training materials must include individual differences that may exist among the States' administrative functionality.

5.1.13 Administrative System Software Updates

The contractor, at a minimum, must offer each CSA any updates and enhancements to the EBT administrative system that are available or are currently in use as an

option to other states. The CSA reserves the right to accept or reject these updates and enhancements. These updates will be provided at no additional cost to the CSA requesting software update changes.

5.1.14 Access to Archive Information

The Offeror must provide a mechanism to access off-line/archived transaction history data. The data must be made available to the CSA within fourteen (14) calendar days of the request for the data by the CSA. Offerors must describe in their proposal the mechanism for providing access to off-line/archived data including the timeframes in which this data will be formatted and provided to the CSA. The NCS prefers that this requirement not be dependent upon proprietary software to read and understand the data.

5.1.15 Administrative Functionality Core Reports/Files/Inquiries

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

The contractor is responsible for distributing appropriate daily, weekly and monthly reports/files to FNS and the State. FNS staff must have access to their own set of security reports/files. States must also have access to the entire set of administrative security reports/files**.** The distribution of reports/files must be in an electronic format, but the method for distribution of reports/files will be finalized during system design/development activities. However, the Offeror in its response to this RFP must state its preferred method for distributing reports/files. The contractor must also be able to support the retransmission of previously produced reports/files to the State or FNS as requested. The contractor must support requests for two previous generations for monthly reports/files (i.e., last two months), and last thirty business days for daily reports/files.

Categories of contractor supplied reports/files have been identified and are described in the EBT Reporting Requirements Appendix. Individual reports/files currently received by each State are defined in the individual State Appendices. Although it is not expected that the formatting of the reports/files be duplicated, it is expected and required that the contractor duplicate the data being presented. Each State will have approval rights over all reports/files being provided by the contractor.

5.2 Direct Deposit/Electronic Payment Card – Core Optional Requirements

NCS members may have self-managed direct deposit systems currently in place. Increases or decreases in direct deposit participation may have direct impact on the EBT cash caseload.

5.2.1 Direct Deposit Services

The States desire the option to implement a program whereby cardholders who have a bank account can have cash received from the State directly deposited into their bank accounts. In its response, the Offeror must describe their system of handling direct deposits of cash payments.

The Offeror must propose ACH payment functionality to support the direct deposit of cash benefits into client-designated bank accounts. To support ACH payment services, the EBT contractor, or its designated Financial Agent, must have an ACH originating Depository Financial Institution (ODFI) membership in the ACH network. The EBT contractor must initiate the settlement of direct deposit payments through the settlement procedures specified by individual States. The EBT contractor must maintain ACH activity records on client accounts, including date, amount and banking information.

The Offeror must provide pricing per deposit for direct deposit services. A price per deposit must be billed only for a month in which a direct deposit is made.

The Offeror must also describe in their proposal how they will document and account for case month billing on cases which participate in direct deposit programs.

Maintain Direct Deposit information - The CSA will obtain bank account and routing information from the recipients and provide it to the contractor for set-up of the ACH payment. The contractor is required to maintain bank account and routing information for direct deposit recipients.

Support electronic funds transfer of recipient cash benefits to the direct deposit accounts. All direct deposit benefits will be included in the benefit files transmitted to the EBT contractor. On the day preceding the benefit availability date, the EBT contractor must process through ACH a credit to the cardholder's direct deposit institution account and a corresponding debit against the State/Local District account to affect the direct deposit. This action must be based on active direct deposit account information on the contractor's database.

Process Direct Deposit Returns - Returns are live dollar payments that are not accepted by the recipient's designated bank account. It is critical that returns be handled in a timely and expeditious manner. The contractor must make returned benefits available to the recipient within 24 hours either by posting the benefits into an EBT cash account or by other means. The Offeror must propose methods for handling returns and making necessary corrections.

Support Pre-Notes - A pre-note for new direct deposit recipients is required. Any rejected or returned pre-notes require pre-noting with correct account information prior to a live dollar transfer being attempted. Pre-notes are also required for direct deposit recipients whose bank account information is changed.

Support Cardholder Customer Service Inquiry - For those cardholders with direct deposit, the contractor Customer Service call center must be able to assist Cardholders on transfers made to direct deposit accounts and problems with transfers. This must be the same Customer Service call center that is available to all EBT recipients as described in the Cardholder Customer Service Section of this RFP.

5.2.2 Direct Deposit Enrollment Management Services

The Offeror must also provide pricing for and describe proposed functionality to support contractor receipt, entry, and maintenance of all direct deposit enrollment information and provision of the following services. For these services, a price per month for each case enrolled in direct deposit will be paid to the contractor for each month in which a direct deposit payment is made.

Supply and distribute enrollment forms to Local District offices.

Provide initial set up and change or error correction entry of recipient enrollment information, including but not limited to bank routing number, account number, effective start date, and stop date. The contractor must accommodate changes to bank information resulting from bank mergers. The contractor must also provide functionality for cardholders to change from direct deposit to EBT benefit at no cost to the NCS member, Local District or the cardholder.

Maintain a central inquiry file of enrollment information. Support administrative terminal inquiry by State recipient/case number, by bank, and by bank account number. Specific requirements will be developed in the design phase of the project. The contractor must maintain the cardholder's bank information in its database for 6 years. The State envisions a process whereby bank information will be entered into the EBT system after an EBT account for the cardholder has been established on the EBT System. The recipient will provide bank account and routing information to the State for setup of the ACH payment.

5.2.3 Direct Deposit Alternate Proposals; Electronic Payment Cards

In addition to addressing the Direct Deposit requirements outlined above, Offerors must propose alternate solutions that would provide cardholders with a low cost debit/payment card that is "branded" to ensure maximum points of access through POS, POB and ATM locations for purchases and cash withdrawals. These products shall be branded (e.g., Visa or MasterCard). Each cardholder account shall have full 12 CFR 205 Regulation E: Electronic Funds Transfers protection and full Federal Deposit Insurance Corporation (FDIC) coverage up to $100,000 per cardholder account, and as such, the contractor must assume all responsibility for the product. A "zero liability" policy must be provided to electronic payment cardholders and the States. The electronic payment cardholder must not be able to obtain or negotiate checks against the card or the underlying account. Offerors shall specify whether they will provide additional services to electronic payment cardholders such as bill pay, deposit and account balance information via-email or text message to a cardholder's cell phone. A selection of products with incrementally greater service may also be offered to recipients. Recipients who voluntarily choose a product with more than the basic service may be charged appropriate fees. The CSA will not pay for and will not be responsible for additional services provided by the Bank to the recipient. A selection of products with incrementally greater service may also be offered to recipients. The CSA will not pay for and will not be responsible for additional services provided by the Bank to the recipient.

The Debit Card system shall be an industry standard application, primarily using the existing commercial networks and retailers' POS devices. The Vendor and/or its banking partner shall have the capability to perform Electronic Funds Transfer (EFT) using National Automated Clearinghouse Association (NACHA) standards.

Each cardholder's account balance shall be Federal Deposit Insurance Corporation (FDIC) insured up to $100,000. A "zero liability" policy shall be provided to cardholders and the State. The Vendor and/or its banking partner shall provide evidence of certification, membership and/or compliance with FDIC rules and regulations.

The Vendor shall provide all manuals for State staff prior to Debit Card system operations as described in this RFP.

How would the contractor determine which applications for these accounts would be accepted, or would all applications referred by the State be accepted?

The State will transmit all account and deposit data to the Vendor nightly in batch via a secure connection to the Vendor's system.

The Vendor shall process and edit files, based on design requirements, and correctly apply deposits to the proper account.

A processing return file shall be provided to the State confirming the accounts that were successfully created and providing error information for any accounts and deposits that could not be processed due to problems with the transmission or files.

Required Files - The following table represents the files to be sent between the State and the Vendor:

Account Maintenance File: The data records contained in this file will be used to set up and establish new accounts in the Vendor's Debit Card transaction processing environment and to perform maintenance action(s) on established accounts, which includes the changing of personal demographic information.

Account Maintenance Reject File: The data records contained in this file identify any account maintenance records that were rejected by the Vendor during processing of the Account Maintenance File received from the State.

Account Maintenance Summary File: The data records contained in this file are the actual Account Maintenance File processing summary report generated by the Vendor during processing of the Account Maintenance File received from the State.

Deposit File: The data records contained in this file identify detail information for deposits to be posted to the Vendor's Debit Card system.

Deposit Reject File: The data records contained in this file identify any deposit records that were rejected by the Vendor during processing of the Deposit File received from the State.

Account Status File: Every calendar day, the Vendor shall provide to the State an Account Status File for each division within each State agency. The data records contained in this file identify newly established accounts and Cardholder PIN selection activities (both initial PIN and any subsequent PIN activity).

Account Change File: Every calendar day, the Vendor shall provide to the State an Account Change File for each division within each State agency. The data records contained in this file identify any change to a recipient's demographic record processed via the Vendor's System Administrative Terminal, including the user identifying information of the user that made the change.

Deposit Confirmation File: Every calendar day, the Vendor shall provide to the State a Deposit Confirmation File for each division within each State agency. The data records contained in this file identify detail information for each individual

deposit posted and available to the cardholder on the Vendor's Debit Card System on the prior settlement day.

Undeliverable Card File: Every calendar day, the Vendor shall provide to the State an Undeliverable Card File for each division within each State agency. The data records contained in this file identify any debit cards that have been mailed and later determined to be undeliverable by the USPS, whereby the Vendor has given the card a status "returned" and destroyed it.

Address Change Alert File: Every calendar day, the Vendor shall provide to the State an Address Change Alert File for each division within each State agency. The data records contained in this file provide the State with the USPS forwarding address information found on "returned" card envelopes processed by the Vendor, whereby the Vendor has captured this forwarding address information prior to the "returned" card envelope being destroyed.

Card Mailer File: Every calendar day, the Vendor shall provide to the State a Card Mailer File for each division within each State agency. The data records contained in this file identify any cards requests processed by the Vendor (i.e., initial or replacement cards) as the result of the processing of the Account Maintenance File or a cardholder's request via the Vendor's Cardholder Help Desk. This file is a copy of the file submitted to the Vendor's Card Production Unit.

Cardholder Reconciliation File: On the 1st day of each calendar month, the Vendor shall provide to the State a Cardholder Reconciliation File. The data records contained in this file identify the detail of each cardholder account established on the Vendor's Debit Card system as of midnight Central Time on the last day of each calendar month.

5.2.4 Card Specifications

- The State will provide input to the design process and shall approve the card design.
- The card shall be a branded VISA or MasterCard® card, shall operate via the VISA or MasterCard® network and shall be accepted by any participating merchant.
- The card shall allow for PIN-based and signature-based purchases.
- The card shall operate as a debit card or another electronic payment-type card and have no line of credit associated with it. The cardholder, or any other entities not authorized by the State, shall not be able to make deposits or add value to the Debit Card, with the exception of merchants making refunds or adjustments.

- The Vendor's proposal shall describe in detail its capabilities to design the State's debit card and identify any third party vendor or subcontractor involvement in the process.
- The State requires a magnetic card which is fully compliant with all federal laws and regulations, meeting industry standards for quality.
- The card shall be similar in design and technology to any bank-issued ATM card.
- The card shall include security features to activate the card and to prevent counterfeiting.
- The primary individual's name and Permanent Account Number (PAN) shall be embossed on the face of the card. The primary cardholders name to be embossed will be identified in the account maintenance file sent by the State.
- A statement that clearly states, "Do Not Write PIN on Card" shall be reflected on the back of the card.
- A toll-free telephone number for cardholders to contact the 24-hour Help Desk for card and account assistance shall be reflected on the back of the card.
- A statement that directs the cardholder to the Vendor's Cardholder Web Site to check their account balance shall be reflected on the back of the card.
- A tamper-evident signature panel shall be reflected on the back of the card for the cardholder signature.
- The card's expiration or "Good Thru" date shall be embossed on the face of the card.
- The Vendor shall be responsible for card production and issuance of both initial and replacement cards. An initial card shall be provided to the cardholder when their account is established at no cost to the State or cardholder. How, and in what timeframes would electronic payment cards be made available to recipients?
- Once the cardholder has selected a PIN activating their initial card, the first replacement card requested each year thereafter (i.e., based on their initial card activation date) shall be provided to the cardholder at no cost to the State or cardholder, if requested by the cardholder. Any subsequent replacement card requested during the year shall be subject to a card replacement fee assessed to the cardholder.
- Initial and replacement cards shall ~~be issued to the cardholder within 48 hours after receipt of account maintenance files from the State.~~be produced and mailed in the same fashion as an EBT card per Section 4.5.4, Card Mailing and Postage Requirements of this RFP. (Amended 1/4/13)
- The State shall have final approval for the design and content of the card mailer and instructional materials associated with the usage of the account and card, including the card activation sticker.
- The Vendor shall describe its card activation sticker. The card activation sticker shall be in English and Spanish and shall indicate that receipt of the

debit card does not guarantee that the cardholder meets State program eligibility criteria or that the cardholder will receive a benefit or payment.

- The Vendor shall include a description of the card distribution process and how it will meet this timeframe.
- The Vendor shall clearly describe what constitutes a replacement card (e.g., lost; stolen or damaged card) and the policy for replacement and re-issuance, including how cardholders can report a lost, stolen or damaged card. In addition, the Vendor shall clearly describe the procedures for expediting a replacement card at the request of a cardholder and any associated fee to the cardholder.

5.2.5 Electronic Payment Returned Cards

Returned/undeliverable cards shall be forwarded to a secure location selected by the contractor for handling in the United States. The contractor shall describe how it intends to meet the returned card requirement and the geographic location of where the function will be performed.

All returned cards shall be given a status of "returned" by the contractor and destroyed. This may be accomplished manually through the Administrative Terminal of the contractor's Debit Card System or in an automated fashion.

The contractor shall status a card as "returned" by the card's Permanent Account Number (PAN), which may or may not be the latest or current card PAN on the cardholder's account. This requirement is meant to prevent the wrong Debit Card from being given a status of "returned" in error in the event the cardholder has since updated their address and has been issued a replacement Debit Card prior to the contractor receiving the "returned" card.

The contractor shall provide the Undeliverable Card File to the State on a daily basis which contains notifications of account numbers that have a PAN status as "returned" the prior day; this includes any new or replacement cards that are given a "returned" status.

The contractor shall capture and provide USPS forwarding address information in electronic format from an Address Change Alert File when provided on "returned" card envelopes; this file shall follow the same batch file interface requirements as any other contractor supplied batch interface file. The State will use this file to "alert" the appropriate caseworker of their recipient's address change as reported by the USPS. (The State shall determine the recipient's correct address and send any address updates via an Account Maintenance File to the contractor).

The contractor shall **not** update the account's address in its Debit Card system based on USPS forwarding address information provided on "returned" card envelopes. The State may, at its option, elect to allow the contractor to update an account's mailing address via the contractor's debit card system's Administrative terminal in the future based on State approved procedures if it is determined to be in the best interest of the State or its recipients.

5.2.6 Electronic Payment Expired Cards

The contractor shall automatically track the card expiration date for all cards and mail a new replacement card with a new "unique." PAN to each cardholder prior to the card expiration date that meets the following minimum replacement criteria:

- The current card status is REGISTERED or EXPIRED.
- The current card account address status is GOOD.
- The current date is greater than the replacement period start date (i.e., card expiration date or "Good Thru" date minus 30 days).
- The cardholder's account balance is greater than $0 or there has been activity within the last 365 days; activity is defined as having at least one (1) of the following transaction types:

    - ATM Cash Withdrawal;
    - ATM Balance Inquiry;
    - Cash Purchase;
    - Cash Purchase with Cash Back;
    - Cash Withdrawal;
    - Pre-Authorization; or
    - Deposit.
-

The Contractor shall keep the existing card active while a new card with a new "unique" PAN is mailed (prior to existing card's expiration date).

The new cards shall be mailed 30 days before the existing card's expiration date.

The new cards shall be deactivated upon activation of the new card.

The new card shall be provided without a card replacement fee when replacement is due to expiration.

The Contractor shall clearly describe its card replacement process and state the number of years a card is valid before expiration.

5.2.7 Electronic Payment Personal Identification Number (PIN) Management

- The State requires that each cardholder have a PIN to ensure that only the intended cardholder can obtain the authorized deposits.
- The PIN shall be a series of four numeric characters.
- The Contractor will validate the PIN at the host for all electronic transactions processed as cash back transactions and ATM's. Signature-based transactions will not require the validation of a PIN.

5.2.8 Electronic Payment Automated Response Unit (ARU) PIN Selection

- Cards shall be created without an assigned PIN. However, the cardholder shall be required to select their PIN before the card can be used.
- The Contractor shall provide cardholders with the ability to select their PIN using an ARU PIN selection option.
- The Contractor shall allow a PIN to be changed by allowing the cardholder to enter the last four digits of their Social Security Number (SSN) and Date of Birth (DOB) to validate a caller's identity.
- The Contractor is encouraged to propose additional options to ensure the security of the ARU process.

5.2.9 Electronic Payment Account Set-up and Maintenance

- An account record shall be established prior to receipt of any deposit records.
- Describe in detail the mechanism(s) offered for account establishment.
- The contractor will be required to accept benefit deposits to Electronic Payment cardholder accounts either through a States pre-existing EFT/FTP process or by direct transmission from the State to the contractor. Please describe how, and on what schedule the contractor would process benefits for electronic payment cardholder accounts. The contractor must describe how they would handle rejected deposits for electronic payment cardholder accounts.
- What mechanisms would be available to States for exchanging enrollment data with the contractor?
- The contractor shall issue a replacement card if it determines the record is an address update and the existing card on the account is given in "returned" status.

- The contractor shall not assess a replacement card fee for replacement cards generated by an incoming Account Maintenance File record update for "returned" cards.

5.2.10 Electronic Payment Account Update

The State will send Account Maintenance File records to trigger updates to recipient's demographic information. The update record will contain the entire recipient demographic information. The contractor's system shall overlay the information on the database for the recipient with the information in the record.

5.2.11 Electronic Payment Account Maintenance and Closure

The contractor shall clearly describe the cardholder account maintenance and closure process. The description should detail a process that:

- Assures each cardholder account remains available for deposits until the State advises that it no longer intends to make deposits to that cardholder account; and
- Shall not have charges or fees associated with the level of cardholder account activity or inactivity.

5.2.12 International Addresses

The contractor shall accept, process, and distribute cards for international addresses utilizing the same requirements in effect for domestic addresses.

- The contractor shall receive and process all deposit records transmitted by the State and shall have procedures in place to prevent duplicate deposit posting.
- The contractor shall enforce duplicate deposit validation at the unique document identifier/authorization number level across all accounts in the contractor's debit card system (not just a single account but across all accounts).
- Should a duplicate deposit occur, the contractor shall be responsible for restoring deposit amounts to their approved levels within 48 hours and any funds expended prior to restoration of authorized deposit levels prior to availability date.
- The contractor shall process deposits and post the deposit amounts to the appropriate debit card accounts, based on the unique account numbers, program type, and unique document identifier/authorization number generated by the State for each payment/benefit authorization.

- The contractor shall provide the State and/or Federal auditors with bank statements, and any other relevant documents detailing all deposits that have been made into the contractor's Demand Deposit Account (DDA) in support of the ~~Mississippi~~ CSA (Amended 1/4/13) Debit Card Program.

5.2.13 Electronic Payment Availability Date and Time

- The State will provide an availability date and time, which is included in the deposit detail record submitted to the contractor, in the nightly batch files. The contractor shall clearly state the timeframe after receipt of the deposit files when funds will be loaded to the debit card accounts and available for cardholder use.
- Availability dates and times can be in the past or the future. The contractor shall post all deposits with a date and time in the past upon receipt and settlement.
- All deposits with a future availability date and time shall be made available at the specified date and time in Central Time.

5.2.14 Cardholder Requirements

- Use of Cardholder Information - All cardholder information and cardholder account information created as a result of any contract that results from this RFP shall remain confidential and shall not be sold or otherwise shared with any other entity not associated with the contract, or for any purpose other than the execution of the contract, unless required by law. In addition, the contractor and any subcontractors ~~shall not use cardholder information or cardholder account information to solicit other business, and~~ (Amended 1/4/13) must ensure that cardholder information and cardholder account information is protected and kept confidential.
- The CSA may request that certain types of transactions be blocked such as car rentals or pay at the pump gas purchases. The Offeror must propose in the response to this RFP if they have the capability of providing this level of restriction.

5.2.15 Cardholder Changes

- The contractor shall provide a 90-calendar day advance written notice to the State of changes affecting cardholders.
- The contractor shall provide a 30-calendar day advance written notice to cardholders of changes affecting them.
- The State shall have final pre-approval of the contents of all notifications to its cardholders. Cardholder changes include any changes made by the contractor

or its subcontractors to the debit card policies or procedures, program rules or any adjustments to the cardholder's account balance.

5.2.16 Electronic Payment Cardholder Portal

- The contractor shall provide cardholders with a secure web-based management tool to obtain on-line statements of detailed financial transactions posted to their account.
- The site shall give detail deposit information by program and shall be free of charge.
- The site shall also include all cardholder notification materials, collaterals; Frequently Asked Questions (FAQs), Cardholder Help Desk contact information, and links to the State shall also be available to all cardholders.
- The State shall have final approval of the design and contents of program material on (Amended 1/4/13) the website.

5.2.16.1 Additional Cardholder Services

The contractor shall describe how they will meet the following requirements:

- How the State is notified of changes in policy or procedures affecting the Cardholders.
- How Cardholders are notified of changes in policy or procedures that affect them.
- How Cardholders are notified of adjustments to their account balances when adjustments are required and performed by the contractor.
- How Cardholder complaints and disputes are resolved and the timeframes associated with the process. List the types of issues anticipated and explain how each will be resolved.
- How errors (provide specific examples of errors) are resolved and timeframes associated with the process.
- Provide detail of all other services the contractor will provide to Cardholder.
- Describe the process for accessing the cardholder portal and how Cardholder's will navigate through the portal.
- Describe any limitations placed on the Cardholder, such as amount available to withdraw daily, number of transactions permitted daily and minimum withdrawal amounts at teller windows.

5.2.17 Electronic Payment Account Access

5.2.17.1 ATM Access

The contractor shall describe in their proposal how they will meet the following access requirements and all ATM usage fees for transactions.

- The Debit Card shall perform through an operating ATM network and allow for nationwide and international ATM access and the withdrawal of cash through a normal ATM transaction.
- The system shall allow at least two (2) free ATM transactions per month. However, it is desirable that at least three (3) free transactions be allowed per month. The contractor shall specify the number of free transactions allowed per month.
- For additional consideration, the contractor shall describe other options available that benefit the Cardholder, for example, rolling over for future use any free unused ATM transactions from any previous month(s).
- The contractor shall describe its ATM network and provide the total number of network ATM locations.
- The contractor shall describe how it will offer ATM access to cardholders who reside outside the CSA or outside the Continental U.S.A.
- The contractor shall describe any fees or surcharges that will apply to a Cardholder or indicate if there are no fees or surcharges.
- The contractor shall describe the extent of surcharge-free ATM access available to the cardholders. The contractor shall describe where cardholders can use their card without incurring an ATM surcharge and provide the total number of surcharge free ATM locations.
- The contractor shall describe how the Debit Card, at the CSA's option, will be designed to preclude the ability for the Debit Card, and any subsequent replacement Debit Card(s), to be used to withdraw cash at ATM's through the proposed ATM network.

5.2.17.2 POS Access

- Cardholder shall be able to use the Debit Card to purchase goods and services anywhere the brand (Visa/MasterCard®) is accepted, including internet, mail order, and telephone order.
- The operating network shall query the Cardholder's available balance at the time of any PIN-based POS transaction and disallow those that would exceed the Cardholder's balance.
- The Cardholder shall be able receive cash back with a POS transaction based on either the store limit or the negotiated cash-back withdrawal limit.

- The contractor shall describe in its proposal how its Debit Card solution will allow PIN-based and signature-based purchases and/or transactions. There shall not be any fee to a cardholder or the State for any POS transaction.
- The contractor shall describe in its proposal how its Debit Card will be accepted by any participating merchant or service provider network using a POS device.
- The contractor shall describe in its proposal how its Debit Card transaction process, at CSA's option will be designed to preclude the ability for the Debit Card, and any subsequent replacement Debit Card(s), to be used to provided cash at POS from the account where the card is linked.
- The contractor shall describe in its proposal how its Debit Card transaction process, at CSA's option, will be designed to preclude the ability for the Debit Card, and any subsequent replacement Debit Card(s) to be used to purchase specific items and/or product categories to be identified by the CSA during detail design.

Bank Teller Cash Advance Access:

- At CSA option, the contractor shall support bank teller cash advance access. The contractor should clearly describe this process and propose if teller cash restrictions can be supported on its Debit Card.
- The contractor shall describe how its Debit Card will be accepted by any participating bank location for bank teller cash advance access, including any minimum withdrawal limits, and any cash advance restrictions that may be imposed and report the total number of bank locations where the Debit Card is accepted.

5.2.17.3 Electronic Payment Transaction Processing

The contractor shall describe its transaction processing process. At a minimum, the following transactions;

- Accepting transactions coming from an authorized transaction acquirer;
- Authorizing or denying transactions including any transactions that will be disallowed, or transactions that may cause the cardholder to exceed the amount available in their account;
- Sending response messages back to the transaction acquirer authorizing or rejecting cardholder transactions;
- Logging the authorized/denied transactions for subsequent settlement and reconciliation processing, transaction reporting, and viewing through transaction history.

The contractor shall validate the following minimum information before processing a transaction:

- Verify recipient card number (PAN) is active;
- Verify PIN is correctly entered;
- Verify number of consecutive failed PIN tries (maximum of four) has not been exceeded;
- Verify sufficient recipient balance to complete transaction to ensure that each deposit is properly posted based upon availability of funds;
- The transaction shall be denied if any of the conditions listed above are not met.
- Any Debit Card restrictions imposed by the CSA shall be described further during detail design with the CSA electing to support the Electronic Payment Card.

5.2.18 Electronic Payment Customer Services

5.2.18.1 Cardholder Help Desk

The contractor shall provide Cardholder Help Desk 24 hours a day, 7 days per week to provide current debit card account, deposit and transaction history information via a toll-free "1-800" number and shall provide a toll-free international number.

The contractor shall have the capability to provide Cardholder customer services in English and Spanish. The individuals providing customer services shall be proficient in spoken and written English; and have a clear comprehension of the English language.

The contractor shall provide Teletypewriter (TTY) capability to Cardholders with hearing disabilities. The contractor shall describe how its customer services include the TTY and communications relay capability as described in the Americans with Disabilities Act.

Performance standards regarding number of rings prior to answer and average time on hold shall be consistent with call center industry standards.

The contractor shall provide CSR's to resolve cardholder issues that cannot be resolved by the ARU, including requests for adjustments and disputes.

The contractor shall provide sufficient CSR capacity to meet the contractual service standards for cardholder calls referred to a CSR and shall provide English and Spanish speaking CSR's.

The contractor shall describe the procedures it employs to verify the identity of the Cardholder using the Cardholder Help Desk or by the Cardholder On-line Web Portal.

The contractor shall clearly describe its monitoring capabilities for both live CSR and ARU calls to ensure quality customer service, including how the EBT Project Director (or designee) may access live CSR and ARU calls for monitoring purposes (unlimited, 24 hours a day, or 365 days a year). The contractor shall define and include sample information that it will provide to enable the State to review any cardholder related service complaints.

5.2.18.2 Electronic Payment Automated Response Unit

Performance standards regarding number of rings prior to answer and average time on hold for the ARU shall be consistent with call center industry standards.

In its proposal, the contractor shall describe how it will achieve these standards. In addition, the contractor's proposal shall describe exception reports used to monitor compliance with these standards and proposed procedures to handle exceptions.

For reporting purposes, the contractor shall provide the State with monthly Automated Response Unit (ARU), Cardholder Help Desk activity data reports and Cardholder Dispute Reports.

The State reserves the right to review and approve the transaction flow and content of all ARU messages, prompts, and customer service scripts prior to their implementation.

The contractor shall not change ARU messages or menu functions without prior approval of the State.

The ARU shall contain the ability for cardholders to opt out to a CSR at anytime.

The ARU and Cardholder Help Desk shall support the following functions:

- Card Activation;
- Cardholders shall select their PIN by using a PIN select ARU;
- The contractor is required to propose a secure ARU PIN select procedure;
- The contractor may offer the capability to provide Cardholders the option of establishing a password, when requested. The contractor shall clearly describe its card activation process.

5.2.18.3 Electronic Payment Report a Lost/Stolen/Damaged Card

Prior to disabling the card, the Cardholder's identity shall be confirmed. The contractor shall describe its procedures for determining the identity of a caller prior to providing account information.

The contractor shall also display the date and local time that the Cardholder made the report.

5.2.18.4 Current Balance Inquiry

- Current Balance shall provide real-time account balance information but shall not include deposits with a future availability date.
- On-Line Transaction History - Transaction History shall provide information about the last ten (10) transactions (i.e. transaction number, amount and deposits by program).

5.2.18.5 Additional Transaction History

In addition to the on-line transaction history, a Cardholder shall be able to request statements, at no charge, of transaction history by account for their debit card account to be mailed to the Cardholder mailing address on the contractor's Debit Card system within two (2) business days.

5.2.18.6 PIN Change

PIN Change callers shall be given information needed about PIN re-selection procedures. The contractor shall clearly describe how the cardholder is able to choose or change their PIN using the ARU.

Report Unauthorized Card Use - Cardholders selecting this option shall be transferred to a Customer Service Representative (CSR) for assistance in reporting unauthorized card use.

5.2.18.7 Other Services

The contractor shall clearly describe how funds remaining in accounts of deceased cardholders are processed, including how the accounts are frozen.

The contractor shall clearly describe how and when the funds are made available to the deceased cardholder's estates or next of kin, and how the State will be notified of such transactions.

The contractor shall clearly describe its fraud detection processes and procedures, including: how potential fraudulent transactions are identified; and the procedures for handling and reporting any potential fraudulent transactions.

Reporting - The contractor shall clearly describe its reporting process and capabilities as well as experience in providing reports in other state Debit Card programs. The contractor shall provide the State with detailed reporting to the extent permissible under 12 CFR 205 Regulation E and industry guidelines.

5.2.19 Electronic Payment Financial

Financial audit reports are needed by the State in order to account, reconcile and balance, and audit the debit card system operations. All daily reports shall be provided by 6:00 A.M. Eastern Time for the previous day's activity.

All weekly financial reports shall be provided by close of business on Mondays.

All monthly financial reports shall be provided by close of business on the 5th of the following month.

System Accounting Report - This daily report shows the settlement activity for the selected settlement date by Program. A report shall be created for each participating program.

Deposit File Summary Report - This report is generated each time a deposit file is transmitted and identifies the count and dollar value of the deposit records posted in the contractor's system and the count and dollar value of the records rejected.

5.2.20 Electronic Payment Customer Service Statistics Reports

On a monthly basis the contractor must provide reporting, no later than 10 business days after the end of the preceding month, that report on the statistics and effectiveness of the customer service functions for Cardholder Help Desk lines by customer service levels identified in this RFP. Statistics for both the ARU and Customer Service Representatives (CSR) must be reported.

The contractor shall deliver the Monthly Customer Service Help Desk Statistics report that provides a summary of the number of calls received on the Cardholder Help Desk by reason (such as lost card, stolen card, balance inquiry, transaction history, etc.) for both ARU and CSR.

Daily statistics regarding the Cardholder Help Desk performance (i.e., number of calls, number of rings before answered, number of abandoned calls, number of busy signals received and length of time calls are placed on hold) shall be collected and reported.

5.2.21 Training Material

The contractor shall provide instructional materials to the Cardholders written in English and Spanish, at a reading level no higher than the 5th grade. The State shall have final approval of instructional materials provided with the debit card.

The contractor shall fully describe and submit examples of all materials that will be sent to the Cardholder at card issuance.

Training materials shall be included in the card issuance packet to ensure that the Cardholder understands how to activate the account, their rights and responsibilities, how to use the card, identification of any associated fees, and where to call in case of questions for reporting of disputes, claims or issues.

The contractor shall fully describe and include samples of all Web Pages, instructional materials, marketing materials, statements, dispute forms and any other forms related to the Debit Card process in its proposal response.

5.2.22 Fraud and Abuse

The contractor shall describe methods it employs to protect information pertaining to payee accounts and the methods it employs to detect attempts to gain unauthorized access to its systems with intent to committing fraud upon the State or its Cardholders. This shall include security features associated with Debit Card activation, counterfeit prevention and fraud prevention, including procedures for preventing identity theft.

Please describe the contractor's system security for electronic payment cardholder and State agency access.

5.2.23 Electronic Payment Project Work Plan

A project work plan is a mandatory component of the contractor's response to this RFP. The contractor shall use the detail in this section as an outline for preparing the initial project work plan to be included with the proposal.

The initial project work plan shall include a schedule of all tasks and deliverables required from beginning to completion of the project.

The initial plan should identify the individual tasks and deliverables by project phase, as defined below.

The initial plan shall identify all critical path and dependency tasks.

The initial plan shall delineate the responsibilities of the contractor, the State and Federal agencies in person-estimate for each deliverable and work activity, show contractor and State project team effort separately.

The initial plan shall include a detailed narrative description and calendar-based Gant charts that summarize the level of effort for the entire project including any due dates, plans, reports, quality assurance checkpoints, and milestones.

The contractor's narrative shall also include significant detail describing and explaining its rationale for conversion strategies, conversion risks and risk mitigation measures throughout the project work plan, as well as assumptions and constraints.

The contractor shall define the anticipated timelines and estimated completion dates for the project deliverables within each phase in the initial work plan submitted with the contractor's response.

Please describe the contractor's disaster recovery plan to insure minimal interruption of service to electronic payment cardholders.

5.2.24 Electronic Payment Card Services Cost

The CSA is interested in its cardholders receiving at no cost or the lowest possible cost the set of services associated with use of the debit card. These services would include: point of sale use, point of sale with cash-back use, ATM access to cash, teller access to cash and balance inquiry by telephone and ATM.

The Debit Card Program shall be a turnkey system, fully installed and operational including, but not limited to, software, system modifications and development, documentation, implementation, data conversion, interfaces, training, warranty,

phase-in/phase-out activities (including all work performed during transition periods before contract start date and after contract end date) and all maintenance as specified by the RFP.

The CSA will not accept cost proposals that specify costs to the State to implement or operate the Debit Card program.

The contractor shall provide a pricing schedule that itemizes the individual costs and fees associated with this program that will be borne by the cardholder (e.g., ATM withdrawal fee; etc.).

The contractor shall clearly describe any terms associated with how the fee would be assessed. For example, whether a particular fee would only be charged after a certain number of withdrawal transactions or whether a particular fee would be waived under certain conditions or situations.

The contractor shall also indicate any changes to the amount of the fee depending on volume.

The price breaks shall be stated in terms of total dollars loaded to all debit card accounts in use by the State.

The contractor shall include any pricing options considered as alternative pricing schedules.

The State will consider any suggestions or recommendations the contractor wishes to propose to reduce costs to the State and its cardholders.

5.2.25 Electronic Funds Transfer for Contractor Payments

The contractor must provide, at State option, an electronic funds transfer method of payment to support indirect payment of contractor or provider bills or service fees including but not limited to rent, fuel, utilities, foster care, day care, and adoption subsidies. The contractor must process through ACH a credit to a contractor or provider bank account and corresponding debit to a State or Local District bank account based on payment instructions received from the State.

5.2.26 Electronic Funds Transfer

An optional electronic funds transfer method of payment will be developed by States as an alternative to indirect (contractor) check production. The EBT contractor must affect the actual funds transfers from the State or Local District

designated account to a contractor and provider bank account through ACH based on EFT payment files transmitted to the contractor from the State.

The data necessary to affect the funds transfer from the local district bank account to the contractor bank account will be included in the file to the contractor. This data will include the bank routing number and account number to be debited, the bank routing number and account number to be credited, and the amount of the payment. The transfer must be processed by the contractor in the next ACH cycle. The contractor will be required to provide reporting back to the State in confirmation of each file received and to report the transfers completed and transfers not completed.

The CSA will pay the contractor a fee for each transfer successfully completed. No other fees will be paid for this service. For example, any account management fees, rejected payment fees or any other fees beyond the initial transfer fee for each successful transaction.

The contractor will be held liable for erroneous transfers as required in this RFP.

5.2.27 Direct Deposit - Core Optional Reports/Files/Inquiries

At this time, Direct Deposit Reports are not needed for all of the NCS members. However, the contractor must support the requests for Direct Deposit reports from NCS members that request them on a timely basis. The reports will be paid for by the State on an hourly rate. The Offeror must provide in their response the process to be used to request Direct Deposit Reports and the expected timeframe in which the request will be satisfied.

5.2.28 Direct Deposit Inquiry

The EBT contractor will be required to maintain a central inquiry file of enrollment information for recipients participating in Direct Deposit. The contractor will be required to support administrative terminal inquiry by State recipient/case number, by bank, and by bank account number. Specific requirements will be developed in the design phase of the project.

5.2.29 Direct Deposit Activity Reports

The EBT contractor must provide direct deposit activity reports to the participating State and Local Districts. This will include district specific enrollment reports - showing both the details of individual enrollment and summary data, and direct deposit activity reports showing specific amounts transferred to recipient accounts

and summary data by financial institution. Statewide aggregate data reporting will also be required.

Direct Deposit monthly billing totals must also be reported.

5.2.30 Direct Deposit - Performance Standards

Refer to Section 12, Performance Standards

5.3 Data Warehouse Functionality – Core Optional Requirements

1. The EBT contractor shall be required to provide each NCS member that selects this functionality with an EBT data warehouse. The EBT data warehouse will contain all transactional data relating to a State‘s EBT SNAP and Cash accounts.

2. For the purposes of this RFP and the contracts deriving from it, the EBT data warehouse is defined as an electronic repository of a State's detailed EBT transaction and account data, separate from the on-line or operational data base. The contractor shall work with qualified State staff to establish the architectural goals of the warehouse, and to design the data relations that will allow the quickest response to any required complex user queries.

3. The succeeding contractor shall accept and convert all available transaction history data from the current EBT contractor to populate the data warehouse. The conversion of data and population of the data warehouse shall be completed and tested *30 days* prior to the system conversion date. The Offeror‘s response shall indicate their capability to meet or exceed the requirement to provide access to all available transaction history data.

4. The contractor shall be required to provide data warehouse capability that will allow appropriate State staff to access the data warehouse through administrative terminals, screens and/or systems or through an Internet browser application.

5. This information is meant to demonstrate to Offerors, the minimum type and extent of data each NCS member expects their data warehouses to contain. Rather than being the definitive list, it represents the minimum expectation of the stored data elements. Offerors should indicate their ability to meet or exceed these data requirements. The data warehouse should include at a minimum, but not necessarily be limited to, the following data elements.

Data Warehouse Elements	Description
Access Type	Account access allowed for a cardholder
Access Type Description	Description of account access type
Account Balance	Account balance for the account as of the completion of the transaction.
Account Number	Identifier for the specific account.
Acquirer ID	Acquirer ID associated with this transaction.
Applied Amount	Amount of the total transaction amount that was applied to a grant.
Applied Grant Number	Grant number against which a transaction was charged.
Authorization Response Number	Authorization number for the transaction.
Benefit Month	Month for which the benefit was issued

Card Entry Type	Identifies whether the card used for a transaction was swiped or manually entered.
Card Expiration Date	Expiration date for the card.
Card Issue Date	Date card issued.
Card Number	Card number of the client or authorized representative.
Cardholder DOB	Cardholder date of birth.
Cardholder Full Address	Cardholder Full Address.
Cardholder Name	Cardholder Full Name.
Cardholder Phone Number	Cardholder phone number.
Cardholder primary/alternate indicator	Cardholder primary/alternate indicator.
Cardholder Service Site	State specific code indicating which office a cardholder is serviced from.
Cardholder SSN	Cardholder social security number.
Cash back Amount	Cash back amount for the transaction.
Completed Issuer Fee Amount	Fee amount actually completed for the transaction.
Completed Surcharge Amount	Surcharge amount actually completed for the transaction.
Completed Transaction Amount	Completed dollar amount of the transaction that was approved; the transaction amount actually completed.
Current Account Balance	Account balance as of the completion of the most current transaction.
FNS Number	Retailer's Food and Nutrition Services assigned Number.
Grant Funding Source	Indicates if the grant is federally or State funded.
Grant Funding Source Description	Description of the grant funding source.
Grant Number	Authorization number for the grant.
Local Date	Local date for this transaction as determined by the terminal driver.
Local Time	Host time that EBT contractor logged the processing of the transaction.
Local Time	Local time for this transaction as determined by the terminal driver.
Log Date	Host log date that EBT contractor logged the processing of the transaction.
Merchant Full Address	Merchant Full Address.
Message Type	Type of message sent on the inbound ISO 8583 message.
Original Authorization Number	Manual authorization approval number or, on reversal transactions, the original approval number of the transaction being reversed
Program Type	Program type for a transaction.
Received Benefit Type	State supplied benefit type for this grant.
Reference Number	Device and switch provided trace numbers. Only available for ATM and POS transactions.
Rejected Transaction	Indicates whether or not a transaction was accepted or rejected.
Reply Code	Response code for a transaction.
Reply Code Description	Description of the reply code.

Requested Issuer Fee	Amount Fee amount requested for the transaction.
Requested Transaction Surcharge Amount	Surcharge amount requested for the transaction.
Requested Transaction Amount	Original request amount for this transaction; the transaction amount requested.
Restaurant Indicator	Indicates whether or not the cardholder is authorized for usage of EBT benefits in approved restaurants.
Restaurant Indicator Description	Description of the restaurant indicator.
Retailer Type Code	Identifies the business type code for the retailer.
Retailer Type Code Description	Description for the retailer type code.
Settlement Date	Settlement date for the transaction.
State Code	Two character State code identifier.
State Unique ID Number	State unique identifier (also referred to as Cardholder Case Claim Number).
Terminal ID	ID of the ATM or POS terminal submitting the transaction
Terminal Merchant Name	Store name received in the ISO 8583 message.
Trace Number	Device and switch provided trace numbers.
Transaction Amount	Total amount of the transaction.
Transaction Method	Keyed, Swiped, Other.
Transaction Type	Identifies the transaction type.
Transaction Type Description	Description of the action performed by the transaction.
User ID	User performing the administrative transaction, if available.
Voucher ID	Manual voucher ID associated with the transaction.

6. The CSA must have the capability to sort and manipulate this data as necessary to meet their needs. At a minimum, sort capability shall be provided at the CSA, benefit program, and local office, county and/or geo-admin levels. In addition, CSA's should be able to access data sorted by CSA selected parameters including but not limited to transaction type, transaction time period, out-of-state transactions, card status, key entered transactions, etc.

7. The contractor shall provide the CSA with a suite of pre-developed queries or reports to facilitate frequent or "standard" queries. Examples of these shall include, but are not limited to:

- Transactions by Client account number with user definable date range;
- Transactions by FNS number with user definable date range;
- Transactions by Case number (or State's equivalent) with user definable date range;
- Transactions by EBT card number with user definable date range;
- Transactions by Benefit/Grant number with user definable date range;
- Transactions by Social Security Number (or State's equivalent) with user definable date range;
- Transactions by Zip Code with user definable date range;

- Out-of State transactions with user definable date range and State; and
- Account administrative actions with user definable date range and service site or office location.
- Transactions by Retailer name and/or location.

8. CSA users will normally fall into one of two categories: "standard users", who are State staff, empowered to use already constructed queries/reports, and "power users", who are a limited number of State staff, empowered to create custom queries or reports using the tools provided by the contractor. The EBT contractor shall work with States to facilitate the development of standard queries or reports. The EBT contractor shall provide the ability for the NCS to share standard queries or reports (not data) between themselves, as well as provide the ability for a power user to make a custom query or report available to the State's "standard" users.

9. The contractor is expected to use, and make available to the State's power users, industry-standard reporting and data mining tools such as Crystal Reports and/or Business Objects. Any standard queries developed for one NCS member shall be provided at no cost to all NCS members. Access to the data warehouse shall be limited to authorized State users and should be secured through standard access control measures. It is understood that the architecture of a data warehouse differs from that of an operational system. Because of this, States recognize that a data warehouse, by definition, may not be "real time"; however, the contractor is expected to keep the data warehouse current with no more than 36 hours of elapsed time between a transaction's occurrence and its loading into the data warehouse. Typically, EBT data warehouses are updated once every 24 hours.

10. The contractor shall also be responsible for paying the license fees, if any, for the States' users. The Offeror shall indicate the number of users in each user category that the Offeror will support. It is further desired that retailer location data stored in the data warehouse be normalized so that it is in agreement with FNS REDE data.

11. Finally, States recognize that an EBT data warehouse has the potential to be extremely useful for combating fraud. Offerors are encouraged to offer approaches to this need through use of the data warehouse they propose to provide. The Offeror's response shall fully describe their approach for providing the data warehouse functionality to the NCS. The response shall indicate the Offeror's approach for implementing a data warehouse staff training program based on the type of user and job function specifying training content and duration

5.3.1 Ad-hoc Reporting Capability

To make use of the Data Warehouse functionality, the EBT contractor shall be required to provide the NCS with a robust ad-hoc reporting capability. The contractor may propose either a web based reporting application or an on-line reporting application and may propose a commercial off the shelf (COTS) reporting

package such as Crystal Reports. The Offeror's response shall fully describe their approach for providing ad hoc functionality to the NCS. The proposed ad hoc reporting capability must provide access to transaction history data referred in the Data Warehouse section of this RFP via the data warehouse. The EBT contractor shall provide parameter driven-access to permit, at a minimum, data inquiry, sorting and extraction capability as follows:

- By account, summary credit, debit, and current balance information;
- By account, detail information on all cash or SNAP transactions for a specified period of time, listing such as date, time, location, and amount;
- By account, detail information on all transactions for a specific retailer, POS terminal, or ATM;
- By account, EBT card status, card issuance, and card replacement history including account balances at time of replacement and summary statistics on card replacements over specified time periods;
- By retailer, detail information on all cash or SNAP transactions for a specified period of time, listing such information as: account numbers, dates, times, locations, terminals, and amounts; and
- By retailer, detail information on all transactions for a particular account.

The Offeror's response shall indicate their capability to meet or exceed these data inquiry, sorting and extraction requirement. Due to changing and evolving business needs, the report formats and data requirements of the NCS and the Federal Program agencies are subject to change. A comprehensive EBT Data Warehouse and Ad-hoc Reporting Tool will accommodate evolving reporting requirements. Nevertheless, the EBT contractor shall be required to support these changing reporting needs. The Offeror's approach to supporting State or FNS-driven changes in reporting requirements shall be specified in the proposal.

5.4 Electronic Funds Transfer (EFT) Child Support Payments, *New Hampshire State Specific Option*

At this time no other NCS State is seeking this Child Support State Disbursement Unit (SDU) option. The startup pricing for this section will be applicable only to the State of NH but ongoing maintenance costs that are not pass through will be applicable to any NCS State that chooses to use the NCS contract for their SDU.

5.4.1 Purpose

The State of New Hampshire, acting through the Northeast Coalition of States (NCS) RFP, is soliciting pricing for the provision of a SDU to collect and disperse child support payments on behalf of NH Division of Child Support Services

(DCSS). The specific services required by DCSS are: the management and administration of child support billing to payers, the management and administration of child support billing to employers, the posting of child support collections, the imaging and transmission of all payment information to DCSS, and all related services.

Currently the NH State Child Support Disbursement Unit is handled under a separate contract, but there are future plans to merge the contractual functions of the SDU into New Hampshire's NCS EBT contract.

The current Child Support SDU contract is in place until June 30, 2015 with the potential of a one-year extension.

5.4.2 New Hampshire Project Overview

1. The New Hampshire Division of Child Support Services is responsible for the establishment and enforcement of approximately 37,700 child support cases statewide. Over the past two (2) years, the caseload has remained fairly stable. Averages of 33,500 child support financial transactions are received for deposit each month. An average of 49,600 child support transactions are processed at the SDU monthly, including an average of 15,660 EFT transactions. It is anticipated that receipts, EFT transactions and payments may increase during the Contract period.

2. The major categories of payments that require imaging and processing (both automated and manual) are: direct payments; wage withholding payments; payments received from out-of-state agencies; and liens. Currently, there are approximately 75% of the payments that are wage withholding, 14% direct and 11% out-of-state or other. The majority of payments are remitted directly to the SDU. Occasionally, payments are received by a DCSS District Office and then forwarded to the SDU.

3. In direct payment cases, DCSS produces and provides to the Contractor, in the middle of every month, an electronic file sent by File Transfer Protocol (FTP), from which the Contractor prepares monthly billing. The Contractor shall produce and mail a bill containing a statement of each payer's account and payment coupons for a one-month period, to the payer's at least one week prior to the start of the next month. The Contractor shall provide envelopes or address labels for this billing. The payer receives the entire month's document(s) and then uses a payment coupon to document payments consistent with the ordered frequency. Court orders create obligations that may require weekly, bi-weekly, semi-monthly, or monthly payments. Currently, in direct

payment cases, approximately 11,280 bills are produced monthly which result in approximately 6,440 transactions per month. Individual bill and coupons are not mailed to payer's who are subject to wage withholding. Items received by the Contractor with direct payment transactions include payments and/or correspondence.

4. In wage withholding cases, every week the Contractor shall produce and mail Income Withholding Coupons to the employers of payer's who are subject to wage withholding. The employer, based on the employer's payroll frequency, returns the coupon with the payments to the SDU. The date the payment is received at the SDU is the date that shall be recorded as the receipt date by the Contractor. Currently, the Contractor produces approximately 6,450 coupons per week, which results in approximately 33,365 transactions per month. There are an additional 11,427 EFT wage-withholding transactions received per month. Items received by the Contractor with wage withholding transactions include payments and/or correspondence.

5. Out-of-State (OST) cases are those cases where there are payments received from agencies and other entities in other states. The Contractor shall process child support payments received from these agencies. OST payments include EFT, approximately 4,269 per month, and 620 financial transactions issued by child support agencies and other entities such as courts, and county agencies.

6. For all categories of payment, the Contractor shall complete imaging, conduct an analysis, and determine whether a payment can be processed, either by an automated process or manually, and act according to the appropriate DCSS directions and requirements. The Contractor shall transmit daily all process able payment information and provide a report of such information to DCSS. The Contractor shall also make at minimum, daily deposits to the DCSS account. The Contractor shall, on a daily basis forward all payments that cannot be deposited because the payment is non-negotiable, to the Departments Finance office with accompanying documentation. Termination of employment information received from employers shall also be forwarded to DCSS daily. An image of all deposited financial instruments and all supporting documentation shall be forwarded to DCSS. The method of delivery of payment information, reports, documents, correspondence, termination information and images shall be specified in the response to this RFP.

7. The Contractor shall have the ability to provide Electronic Funds Transfer and Electronic Data Interchange (EFT/EDI) transactions for the collection of child support payments. The current number of EFT/EDI transactions is approximately 15,696 per month but it is an expectation that during the term of

the Contract the number will increase and the number of transactions handled manually via the SDU will decrease. The Contractor shall accept cost recovery payments and shall include both CTX/820 and CCD+ formats and converts to an acceptable DCSS format.

8. The following is the last six months Debit Card information for New Hampshire Child Support cases (August 1, 2011 to January 31, 2012): 8,048 Debit Cards Issued, 7,256 Debit Cards PINed, 811 new Debit cards issued.

9. The contractor will not be responsible for providing an SDU call center; state staff will handle all questions about Child Support Case information.

10. With the goals of reducing prices charged to DCSS, improving efficiency, and improving services to payer's and payees, DCSS is interested in receiving proposals that not only address the processes described above but also propose new and innovative alternative SDU procedures or technologies.

11. When, at the sole discretion of the Director of DCSS, or any of his/her designees, there is a disaster, the Contractor shall immediately communicate with the Business Recovery Services contractor selected by DCSS. Currently the Business Recovery Services contractor to DCSS is IBM. The successful bidder shall perform all its duties pursuant to this RFP, and pursuant to any subsequent Contract, in cooperation with IBM, or a subsequent Business Recovery Services contractor, and at the direction of OIT until such time as OIT's mainframe is fully operational. Information regarding the Point-of-Contact at IBM, or a subsequent Business Recovery Services contractor, shall be provided by DCSS during startup implementation.

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5.4.3 Project Requirements

1. For purposes of day-to-day operation of SDU services, it is a requirement of DCSS that the successful bidder continue to use the United States Postal Service post office boxes with an in state mailing addresses already established for purposes of the collection of child support payments.

2. The State requires that the core services provided by the SDU office be located within the State borders.

3. The Contractor shall develop, design, print, produce, fold, stuff, and mail monthly bills containing payment coupons for direct child support payments from payer's. Payment coupons, bills and all other required documents shall be printed by laser printer, or meet an equivalent standard. Bills and payment coupons shall meet DCSS' design specifications and shall receive DCSS' acceptance and approval prior to printing.

4. All mail shall be opened, imaged and processed by the Contractor on the day received. Mail shall be sorted into the four (4) categories: "Regular' (direct payment), "Wage" (wage withholding payments), "Out-of-State" (OST) and "Lien" (Lien payments). The Contractor shall examine each financial instrument to ensure that it has been made payable to State agency or other payee acceptable to DCSS. The Contractor shall accept and deposit payments denominated in foreign currency. Upon receiving payments denominated in foreign currency, the SDU shall immediately initiate conversion to United State dollars. The date of receipt shall be the date that the payment converted to United States dollars is received by the SDU. The Contractor shall not process non-negotiable financial instruments including, but not limited to, checks that are: made out to the wrong payee, postdated, unsigned, unreadable, damaged, stale dated (older than six (6) months) and checks that have a legal line that does not match the courtesy line, except as otherwise directed by DCSS. EFT payments must also be processed the day received.

5. The Contractor shall pick up the contents of the postal boxes no less than two (2) times per day between the hours of 6:00 a.m. and 1:00 p.m. The Contractor shall use bonded and insured couriers for this purpose

6. The Contractor shall provide to the Departments Finance Office or the designated State entity a daily report of all payments that were processed with all required data elements. All original documents related to the processing of payments shall be imaged and the images forwarded to Finance, together with

the daily report, after payments have been reconciled. All originals are to be retained for sixty (60) days and then destroyed by shredding or incineration. The documents and daily report are to be forwarded no later than the day following processing of a payment.

7. The Contractor must separate out lien payments from other payments and forward them to the Departments Finance Office. The process and procedure for handling lien payments will be established during the contract implementation.

8. The Contractor shall provide a separate monthly report with daily, and weekly itemizations for Regular (direct payments), Wage (wage withholding payments), and Out-of-State (including Out-of-State tax Intercept payments), which identify the total number of processing services performed each day within those categories in that month

9. The Contractor shall perform research processing on all child support payments received at the State Disbursement Unit that has incomplete or invalid payment information. Research processing shall be an "in-stream" activity occurring on the day the payment is received and processed at the State Disbursement Unit. The Research function shall consist of examining the data sources to determine the appropriate identifying information for the payment to ensure that it is posted to the correct account. The contractor's child support payment processing system shall have the capacity to support all of the features necessary to conduct research.

10. Non-sufficient Funds Check Tracking - Proposals submitted in response to this RFP must describe the procedures that will be implemented to screen and track NSF checks. DCSS will provide notice to the Contractor of all payer's for whom personal checks may no longer be accepted. After this notice is received, the Contractor shall indemnify and hold harmless DCSS for any checks not honored by the bank. The amount of the indemnity shall include, but not be limited to, the amount of the check and all fees and associated costs.

11. The Contractor shall be responsible for correctly analyzing, classifying, recording and posting all payments. Incorrectly recorded or posted payments can result in incorrect distribution of payments. The Contractor shall be held liable for these errors. The Contractor shall reimburse DCSS for errors made by the Contractor in recording or posting payments that result in incorrect distributions. DCSS will provide written notice of the Contractor's errors. This notice will specify the amount, date, Social Security Number and Case Identification Number and/or Payer ID Number. The cost of the Contractor's posting errors shall be deducted from the Contractor's monthly invoice

12. Employer Electronic Payments (EFT)-The Contractor shall provide a method or methods to be used by employers in remitting child support payments by electronic means. The method or methods used shall permit the employer to convert the information to either CCD+ or CTX/820 format. The method or methods used shall be the means for the employer to prepare the EFT/EDI file to be sent to the bank in a format that conforms to the NACHA standard.

13. Other Payment options - Bidders are encouraged to submit proposals that offer web-based payment options and payments by credit cards

14. Early Intervention - Bidders are encouraged to submit proposals that offer early intervention services. Early intervention services shall be designed to improve and expand customer service, remind Non-Custodial Parents of appointments, hearings, and the first time that payments are due.

15. The Contractor is required to offer Child Support recipient's three primary methods of payment, EFT, Debit Card, and in hardship cases check. The State agency may consider at some point to eliminate hardship check payments and instead move these payments to the State EBT card.

16. The Contractor shall retain a copy of all payments deposited for a period of not less than seven (7) years. The copies shall be retained on an appropriate medium. The Contractor shall provide DCSS with access to any retained image upon request. This provision shall survive the life of the Contract

17. DCSS shall be responsible for notifying the Contractor of any policy and/or procedural changes affecting the SDU services at least thirty (30) days prior to the implementation of such policy and/or procedure. The Contractor shall implement the changes on the date specified by DCSS.

5.4.4 Project Reporting Requirements

The contractor agrees to submit progress reports, work plans, narratives, and financial and/or statistical reports of project activities to the state on a prescribed schedule approved by the state. Progress reports will summarize the activity of the contractor for the reporting period and identify any scheduling changes. The specific processes, including reporting, documentation and time frame requirements will be delineated during detail design discussions subject to State approval.

5.4.5 Project Data (Transfer) Inbound Transmission File

1. DCSS shall receive the transmission of the keyed information and EFT receipt file on the date of the processing. The deadline for the exchange is critical. Currently, the deadline for keyed information is 7:00 P.M. The deadline for the EFT receipt file is 7:00 P.M. An earlier transmission is permissible, but transmissions shall be received no later than 7:00 P.M.

2. The file layout for regular, wage, and Out-of-State receipts will be addressed in startup detailed design.

3. The file transmissions between the Contractor and DCSS shall be secure, such as SecurePro, and shall be encrypted

4. The contractor must ensure that all data transmitted to the State is free of computer viruses. The contractor will be held liable for liquidated damages up to the actual cost associated with system or data cleanup if a virus is detected from a transmitted data file.

5.4.6 Project Change Order Request Requirement

1. The State or the contractor may at any time, with reasonable and specific written notice, request changes in the level of the work or in the timeframes of the contract. Within thirty (30) days of a written request the contractor must develop a proposal outlining the change order deliverables to be provided, and associated timeframes and the cost. The decision by the State on whether to accept or reject the proposed change including the proposed rate is final. No work related to the change order is to be done until the state approves the contractor's proposed change order in writing.

5.4.7 Project State Disbursement Unit (SDU) Contractor Personnel Service

1. The Contractor shall agree that all services required by the Contract shall be performed by employees of the Contractor, or by State approved subcontractors. The Contractor shall guarantee that all personnel providing the services required by the Contract are qualified to perform their assigned tasks.

2. The contractor may, with prior written permission from the State, enter into subcontracts with third parties for its performance of any part of contractor's duties and obligations, provided, that in no event shall the existence of the subcontract operate to release or reduce the liability of contractor to the State for

any breach in the performance of contractors duties. Copies of subcontracts and agreements between sub-contractors and service providers will be provided to the State as requested.

3. DCSS shall be advised of, and approve in writing, any permanent or temporary changes to or deletions from the Contractor's management, supervisory, and key professional personnel, who directly impact the SDU services, at least ten (10) days in advance of such change.

4. The contractor must cooperate with other related contractors and help facilitate interfaces, file transfers, and any other transactions for the provision of services between two or more contractors, and between contractors and the state. The failure to cooperate with the state or with any other state contractor, or the withholding of any information or documentation required by the state or any other state contractor shall constitute a material breach of the contract, subjecting the contractor to liability for any direct damages incurred by the state because of such failure.

5.4.8 Project Physical Security Requirements

1. During the period of performance of the Contract, the Contractor shall comply with all physical security requirements that are mandated by federal and/or state laws, rules, or regulations. The Contractor shall permit access to the SDU by agents of the State or federal government for the purpose of ascertaining compliance with all applicable laws, rules, regulations and the conditions of the Contract.

2. The Contractor shall make every effort to protect the SDU from damage by accident, theft, malicious intent, fire, loss of utilities, environmental hazards such as flood and hurricanes, vandalism, and unauthorized access.

3. Access to the SDU area shall be restricted and located in a self-contained area that only performs SDU functions.

4. The SDU processing center shall have security doors, and a locking system for all doors such as card key locks, or push button code type locks.

5. All employees shall enter and exit the SDU through one access point and visitors' entry shall be controlled at the main entrance reception station. All visitors to the facility shall be required to register at the reception area and shall be escorted by SDU personnel.

6. The SDU shall have floor to ceiling walls, or walls that are at least eight (8) feet high and joined to a ceiling made of impenetrable steel, expanded steel mesh or similar material.

7. The Contractor shall limit access to the SDU processing center to the following: SDU processing center staff, appropriate and authorized accounting and management staff employed by the Contractor, authorized subcontractors, auditors designated by the Contractor, federal and state auditors, DCSS staff and other authorized by the Director of DCSS.

8. All SDU employees who have access to or control over funds collected under the child support enforcement program shall be covered by a bond against loss resulting from employee dishonesty.

9. All payments processing activities that involve financial instruments and all other payment processing activities including but not limited to the opening of the mail, shall take place within the SDU processing center.

10. At all times when work in accordance with this RFP is being performed, there shall be no fewer than two (2) people in the SDU, one of whom shall be a supervisor. A security camera shall monitor all business operations within the SDU.

11. The SDU processing center shall have a fireproof, immovable safe for safeguarding processed financial instruments until transported to the bank for deposit.

12. Prior to a prospective employees' first day of work, the Contractor shall conduct and receive a comprehensive drug screening and background check, including a criminal records check, on any employee who shall perform duties under this Contract. A copy of said background check shall be provided to DCSS upon request. This background check process applies to temporary employees each time they start or re-start work with the Contractor. The background check shall include at a minimum, identify verification, including Social Security Number trace, felony and misdemeanor records from county of current residence.

13. SDU employees shall work at desks without drawers and all personal belongings shall be kept outside the SDU.

14. All SDU employees, permanent and temporary, shall sign and disclose any relationship of their own or a member if their immediate family to the process of receiving or paying child support. These disclosure forms shall immediately be shared with DCSS. SDU employees shall be strictly prohibited from accessing the system to check the status of cases to which they have a personal

relationship. No employee shall process payments or documents related to cases to which they have a personal relationship.

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5.4.9 Project Statement on Standards for Attestation Engagements (SSAE 16)

1. No later than forty (40) working days after the end of the State Fiscal Year on June 30, the Contractor shall provide the State agency with a "SCO 1" Type 2 report in accordance with American Institute of Certified Public Accountants, Statement on Standards for Attestation Engagements (SSAE) No. 16, Reporting on Controls at a Service Organization. The report will assess the design of internal controls and their operating effectiveness. The reporting period shall cover the previous twelve (12) months or the entire period since the previous reporting period. The State agency will share the entire report with internal and external auditors of the State of New Hampshire and federal oversight agencies

2. The Contractor shall require the service auditor to perform an audit that conforms to SSAE-No.16, (Statement on Standards for Attestation Engagements) in strict compliance to the methods and standards for a Type II review based on criteria established by the American Institute of Certified Public Accountants.

3. Audit Liabilities - In addition to and not in any way in limitation of the obligation of the contract, it is understood and agreed by the contractor that the contractor shall be held liable for any state or federal audit exceptions in which acts or omissions of the contract are cited and administratively adjudicated, the contractor shall return to the state all payments made under the contract to which exception has been taken and proven or which have been disallowed because of such an exception.

5.4.10 Project Transition and Conversion of State Disbursement Unit (SDU) Contractor Personnel Service

1. Bidders must describe their proposed plan from transitioning from the current SDU system. At a minimum:

- **a.** The timeframe and approach for hiring all key staff including the Transition Project Team, and the timeframe and approach for hiring SDU operations staff.
- **b.** The timeframe and approach for securing a SDU site location, installing equipment, hardware and software at the site location.
- **c.** The timeframe and approach for testing electronic file and report transfers, testing software and hardware
- **d.** Describe a contingency planning approach for any delays encountered during transition.
- **e.** The timeframe and approach for transitioning all current debit cardholders and debit card functions to a new bank.
- **f.** The timeframes and approach to transition customers and employers to a new SDU location and/or debit card services.

2. During transition/conversion the system baseline will be established between the state and contractor. During this time detailed design documents of file formats, state required reports, and forms, will be established along with standard operating procedures. Once this is completed the contract will enter into the operational phase. Once in the operational phase any changes will need to comply with the Change Order requirement.

3. The contractor must cooperate with and help facilitate any transition for the provision of services to a different contractor or to the state for six (6) months prior to the expiration of the contract. Failure to cooperate or the withholding of any information or documentation requested by the state or a different contractor that impairs in any way the transition of the provision of related services to a different party shall constitute a material breach of the contract, subjecting the contractor to liability for all damages incurred by the state because of such failure.

6 Settlement and Reconciliation

6.1 Settlement and Reconciliation - Core Requirements

For accounting purposes, the contractor's EBT system must operate on a 24-hour processing cycle. The contractor's system must provide a clear and accurate accounting of all processing and movement of EBT funds within each 24 hour processing cycle. For each cycle, the contractor must:

- Perform settlement processing based upon transaction activity in cardholder accounts;
- Provide documentation of, and balance and reconcile for;
    - beginning balance of the funds in the system;
    - funds entering the system (deposits and credit transactions);
    - funds leaving the system (withdrawals and debit transactions); and
    - funds remaining in the system (ending or outstanding balance).

6.1.1 Settlement

6.1.1.2 Contractor Responsibilities

The EBT contractor is responsible for the daily settlement of funds to benefit providers (retailers and ATM owners), either directly or through financial intermediaries such as Third Party Processors (TPPs) and ATM Networks. Settlement must be through the existing commercial banking Automated Clearing House (ACH) infrastructure. The contractor (and/or any subcontracted settlement agents, including switches and acquirers that settle directly to TPPs, ATM networks, directly connected retailers or EBT-only retailers) must own and reconcile the bank accounts used for the daily draw down and settlement. The contractor must have an originating and receiving relationship with the ACH, either directly or through one of its subcontractors. See 7 CFR 274.4(a) for concentrator bank responsibilities.

6.1.1.3 Time Frames for Settlement Switch Processing and Host EBT Business End-of-Day

The contractor, in consultation with the state agency, must designate standard daily cutoff times for the host EBT business day, and also for the primary settlement switch (first line switch to TPPs, ATM networks, directly connected retailers and/or EBT-only acquirer if separate, etc.) day. The 24-hour period between the contractor's host cutoff time on Day 1 and

Day 2 constitutes the host EBT business day. The specified cutoff must be no earlier than 5:00 p.m. ET (or as otherwise described in each State Appendices) to ensure that all on-line (administrative, host-to-host, etc.) issuances, repayments and settling transactions (card fees) are reflected in the proper day's reports.

The 24-hour period between the primary settlement switch cutoff time on Day 1 and Day 2 constitutes the settlement switch day. The specified cutoff time must allow the contractor sufficient time to originate ACH payments for next day settlement. It is also preferred that the host EBT business day cutoff coincide as closely as possible with the settlement switch day cutoff time, to minimize carry over or next day suspense accounting. Transactions that occur between the settlement switch day cutoff and the host EBT business day cutoff, referred to as host EBT business day suspense in this RFP, require special accounting.

The NCS prefers that, at a minimum, EBT-only retailers be given the opportunity to define their own transaction or processing day (i.e. internal cutoff), as they are currently able to do. The contractor is encouraged to make all reasonable efforts to accommodate the retailers. Transactions that occur between the settlement switch day cutoff and the retailer's cutoff, referred to as retailer suspense in this RFP, require special accounting.

6.1.1.4 Settlement Processing

For each 24 hour settlement switch day processing cycle, the contractor must perform settlement processing based upon transaction activity in cardholder accounts:

- to draw cash funds from state or county treasury accounts;
- to draw SNAP funds from the USDA Letter of Credit (LOC);
- to draw funds either from state treasury accounts or from the USDA Letter of Credit, as determined by the CSA; and
- This must include processing to make EFT payments to the contractors (e.g. Optional Group Living Arrangement Accounts) on behalf of EBT recipients.

For retailers, third parties, or other benefit providers that are directly connected to the contractor's primary switch, the contractor or its subcontracted switch operator must originate an ACH credit for the total balance due for EBT benefits provided during the just closed settlement switch day. The benefit provider credits must be entered into the ACH for settlement on the next banking day, unless the contractor has established a

retailer-specific cutoff for that provider at the primary switch. In that case, the contractor must be able to identify, by retailer and in total, the value of retailer suspense activity that was carried over from the previous settlement switch day, and that carried over to the next settlement switch day.

If responsibility for EBT-only acquiring and settlement has been subcontracted, the contractor must ensure that the subcontractor also meets the timeframes and requirements identified in the previous paragraph.

The contractor must follow the FNS required procedures for draw down of federal funds as well as the state draw down options and cash draw processes outlined in the State Appendices.

Credits due to EBT benefit providers who are connected to the contractor through a transaction switch, TPP, or national network must settle using the applicable network rules and/or Quest Operating Rules. Chapter Six – Settlement of the Quest Operating Rules specifies "Transactions performed during a Business Day prior to the standard cut-off time shall be settled by the Issuer to the Acquirer on the next Business Day."

6.1.1.5 Settlement Schedule

Federal settlement requirements are defined in 7 CFR 274.3(a)(3). These requirements must also govern settlement of State and other government agency funds unless otherwise specified by the State.

The EBT system must provide credits to the financial institutions holding the accounts for retailers or third party processors within two business days of the daily settlement switch day cutoff. If responsibility for EBT-only acquiring and settlement has been subcontracted, the contractor must ensure that the subcontractor also meets the timeframes and requirements identified in this paragraph.

6.1.1.6 Funds Movement Methods (ACH, Fed Wire), Settlement Errors, and Service Charges

The Offeror must specify the method(s) they propose to use for moving funds for settlement. The EBT contractor must bear all liability for routine fees associated with successful funds transfers.

The Offeror must specify the method(s) they propose to use for making corrections to settlement errors, including but not limited to:

- Funds transfer rejects due to transmission failures, insufficient funds, or incorrect account information; and
- Settlement errors due to duplicate transfers, incorrect amounts, or incorrect account information.

6.1.1.7 Rejected ACH SNAP and Cash Settlement

ACH settlement, rejected due to inaccurate account information or closed accounts, must be researched by the contractor, and when possible, corrected and re-sent to the food retailer or the Third Party Processor (TPP) of the retailer account. Situations where the contractor cannot ultimately locate and settle the funds to the retailer or the TPP, the contractor must return any funds to USDA-FNS that could not be settled within 90 calendar days of the initial ACH transmission. If the responsibility for EBT-only acquiring is subcontracted, the subcontractor must also return any rejected settlement funds to USDA-FNS. These funds must be returned to USDA-FNS within 10 calendar days after the Federal Fiscal Quarter (FFQ) in which the unsettled funds met the 90 day resolution period.

At a minimum the contractor must provide Quarterly reporting for each unsettled payment to the CSA. The disposition and reporting of unsettled *cash* funds will depend on individual State Law and will be reviwed during the design phase. The processing of unsettled funds including the reporting described in the Reporting Requirements Appendix must be supported at no additional cost to the CSA.

During the design phase and based on pending FNS requirements, the contractor will be expected to follow FNS requirements once they are finalized. Individual States may also decide not to receive this information.

6.1.1.8 Federal Interfaces

The contractor will be responsible for drawing funds for SNAP settlement through the U.S. Treasury's Automated Standard Application for Payments (ASAP) system.

The contractor will be responsible to interface with FNS to exchange retailer demographic data with the FNS database of certified merchants. See Appendix 7A, REDE Start-Up Package. The contractor will be responsible for daily submissions of retailer EBT transaction data for the Anti-fraud Locator of EBT Retailer Transactions (ALERT) Subsystem. See Appendix 7B, Specifications for the Submission of the ALERT EBT Detail Transaction File.

The contractor will be responsible for providing requisite data on reimbursements to merchants for daily EBT transaction activity to Food and Nutrition Service (FNS) via the Store Tracking and Redemption Subsystem (STARS) file. See Appendix 7C, File Format for STARS System. The Federal Reserve Bank must serve as the Account Management Agent (AMA) for the FNS SNAP EBT benefit account. The AMA interfaces with the Treasury Department's ASAP, and must establish and monitor ASAP account funding limits for the State for SNAP EBT activity, and perform reconciliations required by FNS. Consequently, the EBT contractor must interface with the AMA and provide the necessary data for funds projection and for FSP reconciliation. This data must be provided in a formatted file, as specified in Appendix 7D, AMA – Record Format for Batch Issuance File from Processor.

6.1.1.9 Reporting

The contractor must provide a daily report or inquiry of settlement totals and processing status to detail each funds transfer that affects each respective funding account. Settlement totals must be made available to funding parties by 7:00 a.m. Eastern Time (ET) on the settlement day in advance of the actual transfers to allow for replenishment of zero balance accounts. Should the electronic reports or inquiries be unavailable, the contractor must fax the cash settlement totals for each funding account to the state by 7:30 a.m. ET. An online history of daily settlement data must be maintained for a length of time to be agreed upon with each CSA. See requirements under *6.1.5* directed to Settlement and Reconciliation Processing Report or Inquiry within the reporting Appendix section of this RFP.

6.1.1.10 Accountability

The contractor must maintain audit trails throughout the settlement process. The Offeror must specify in the technical proposal the procedures for maintaining audit trails throughout the settlement processes.

6.1.1.11 Liability

Funds may not be drawn for over-issuances or transactions in excess of the authorized recipient benefit allotment. In the exceptional circumstance that a transaction legitimately draws funds in excess of state authorized benefits due to returned SNAP credits processed during initial implementation, the transaction must be clearly documented and reported to the State for audit purposes.

The contractor must bear all liability for any losses resulting from errors or omissions including fraud and abuse on the part of the contractor or its representatives, or subcontractors. These liabilities must include, but are not limited to:

- Any duplicate or erroneous postings to a cardholder account, including inaccurate transactions that draw funds in excess of authorized benefits, and including inaccurate processing of authorizations to void benefits and benefit cancellations;
- Any losses from funds drawn from an account after the cardholder has notified the contractor that the card had been lost or stolen;
- Any losses from transactions performed with cards issued, but not activated by the cardholder and/or the contractor;
- Any erroneous payments for SNAP transactions that cannot be traced to a valid FNS authorization number (result of transactions approved without confirming against valid current national REDE file);
- Any damages or losses suffered by a Federal or CSA due to negligence on the part of the contractor;
- Any loss of benefits caused by fraud or abuse by the contractor or its representatives or subcontractors; and
- Any processing fees or bank charges incurred due to errors or fraud and abuse by the contractor.

6.1.2 Reconciliation

The Offeror must identify and describe all the components, either proprietary or subcontracted, that make up their EBT system, including EBT functionality developed, operated, and maintained by the contractor, their host databases, and the transaction processors and switches, regardless of whether the switches are subcontractors, that allow the EBT processor to receive transactions from POS terminals that are either state-owned or those owned and operated by other Third Party Processors.

The Offeror must describe in detail in their technical proposal the methods they will employ to:

- ensure that the various components of the EBT system remain in balance;
- document, account for, accumulate, and correct variances as they occur at the account, benefit, and program (cash or SNAP) levels;
- ensure reconciliation integrity during and after transfer to a backup host for processing if warranted; and

- The contractor must identify and report any system errors that cause variances, so that a complete audit trail is maintained, and correct them at no extra charge to the State.

6.1.2.1 Funds Flow and Balancing

The contractor must meet SNAP reconciliation requirements of 7 CFR 274.4(a)(1) and the FNS Reconciliation Guidance[1], as amended. The contractor must also use the SNAP reconciliation requirements to perform reconciliation for all EBT programs, unless otherwise specified by the State.

6.1.2.2 Daily Reconciliation

The EBT contractor is required to perform a daily automated reconciliation of cash and SNAP funds entering, leaving, and remaining in the system for each 24 hour processing cycle.

Funds entering the system (deposits and credit transactions):

- Benefits received from State systems or authorized via the contractor's administrative system functionality must be reconciled to benefits deposited into cardholder accounts.

The Offeror must describe in their technical proposal their method of reconciling, reporting and ensuring accurate posting of benefits from State systems, including their methods of accounting for, tracking, and reporting to AMA:

- benefits that may be received but not posted to recipient accounts (unlinked), and /or un-cashable;
- benefits that may be posted to recipient accounts prior to their availability dates;
- benefits that may be received and subsequently cancelled or voided; and
- benefits that may be authorized for direct deposit to recipient bank accounts.

The Offeror must also describe their methods for reconciling their daily deposit totals to AMA issuance totals.

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[1] *EBT Reconciliation - Guidance for State Agencies, 8/99*

The Offeror must also explain how SNAP refunds and adjustment credits are handled, including their methods to ensure accurate account postings for, tracking, settlement, reconciliation, and report on all transactions as part of the daily balancing process.

Funds leaving the system (settling and non-settling withdrawals and debit transactions):

- The Offeror must describe in their technical proposal their method of reconciling, reporting and ensuring accurate posting of non-settling transactions that reduce the outstanding liability for benefits from State systems, including their methods of accounting for, tracking, and reporting expunged benefits and repayments to AMA.
- Cardholder net redemptions must be reconciled to draws from funding accounts and also to retailer/acquirer settlement values.
- The net settlement value of all SNAP transactions must be reconciled to the sum of the net settlement value for SNAP.
- The net settlement value of all cash transactions must be reconciled to the sum of the net settlement value for the State and for New York the combined County treasuries.
- Each day's settlement draws from each Government treasury cash account and from the USDA Letter of Credit (LOC) via ASAP and in accordance with ASAP requirements must be reconciled to settlement deposits to retailer/provider accounts at the program (SNAP and cash) level.
- The Offeror must describe in their technical proposal how adjustment debits, ATM transaction fees, ATM surcharges and manual SNAP authorizations, clears and expirations are each handled, including their methods to ensure accurate account postings for, tracking, settlement, reconciliation, and report on all transactions as part of the daily balancing process. The Offeror must also describe in their technical proposal their method of ensuring accurate draws from recipient account balances and funding accounts, and accurate settlements to retailers and acquirers.

Funds remaining in the system (ending or outstanding balance):

- Cardholder account daily beginning balance and net draws must be reconciled to the sum of ending balances for all accounts on the contractor's EBT host. The total net change in program-wide obligations outstanding must be reconciled to the sum of the net change in obligations outstanding for all benefit types.
- The contractor must support procedures for reconciliation of EBT system activity to government agency database(s).
- The total net change in program wide obligations outstanding must be reconciled to the sum of the net change in obligations outstanding for all

Government agencies. This applies to all bank accounts that the contractor needs to draw from, which means any and all political sub-divisions.

- The contractor must reconcile end of day balances for cardholder accounts on the EBT host and accumulated daily transaction activity to the outstanding balance of the US Treasury's ASAP system, operated by the Federal Reserve Bank (FRB) of Richmond. This process will also include a reconciliation of all benefit activity posted to and accounted for by the AMA system.
- The Offeror must describe in their technical proposal their procedures for determining outstanding liability at end of day, starting with the logic and criteria used to determine which deposits and transactions are included in the daily balancing (e.g. real-time, host time stamp, settlement date, etc.) for each transaction type displayed on the Database Value Report. The Offeror must describe in their technical proposal their procedures for providing updates to and reconciliation with AMA and ASAP. The Offeror must also describe how they will reconcile daily SNAP draws to ASAP draw figures.

6.1.2.3 Annual Reconciliation

The contractor must also support the Contracting State Agency's requirement to provide an annual certification confirming that the EBT system is in balance by performing an annual overall reconciliation of all EBT funds entering into, exiting from, and remaining in the system. The annual overall reconciliation must be completed within six months.

6.1.2.4 Transition Reconciliation

The contractor must perform an overall reconciliation of all EBT funds entering into, exiting from, and remaining in the system at the end of the contract.

During the transition phase from an existing contract period to a new contract period, the contractor must ensure that the file transferred to the *new* contractor is totaled and compared to the balance in the associated ASAP account.

It is imperative that the contractor conduct a reconciliation during this transition phase as it consists of activities required to convert the EBT processing for the State from the current contractor to the *new* contractor and the cardholder benefits that remain on the existing contractor's system are passed onto the second contractor. Concurrently, the amount of funds in ASAP is switched from the old account to the new account. The contractor

will be responsible for ensuring that the level of funding in the new ASAP account reconciles to the level of benefits moved between contractors, or between contract periods, if the contractor remains the same. The contractor must research and resolve any discrepancies. The contractor must also make payment to FNS for any outstanding shortfall that may exist in ASAP revealed by the reconciliation process. The contractor must keep the State apprised of its actions in such matters. The contractor must also advise the State of any overages found in ASAP during this reconciliation period so that the State can advise the USDA Food and Nutrition Service Agency, to authorize the necessary adjustment and reduce the outstanding value of benefits being transferred to the *new* contractor.

6.1.2.5 Reconciliation of Transaction Activity against Cardholder Accounts on EBT Host Database

The contractor must maintain ledger accounts at the program (SNAP or cash) level. At the end of every host EBT business day processing cycle, the EBT system must be balanced and reconciled at the program level, as follows:

- Each day, the EBT contractor must provide an automated reconciliation of "transaction activity", which is all movement of EBT funds, including deposits and non-settling actions such as expungements and repayments, against the net change in the sum of cardholder account balances applied to the EBT host database. This must be a daily reconciliation at the program level (SNAP and cash) of processing totals within the EBT transaction switch settlement day to processing totals within the contractor's host EBT business day.
- All activity against recipient accounts, including adjustments, cash transaction fees and ATM usage fees, that occurs between the end of a settlement switch day and the end of the contractor's host EBT business day must be itemized and summarized, by settlement date, as "next day" suspense activity. The Offeror must specify whether their system captures host EBT business day suspense, retailer suspense, or both.
- In performing this reconciliation, the EBT contractor must account for and accumulate variances and research and correct them within 30 calendar days at no extra charge to the State.

The Offeror must describe in their technical proposal the methods they will employ to:

- Ensure that, on an ongoing daily basis, the sum of accumulated transaction activity remains in balance with the sum of cardholder account balances on the EBT host;
- Document their "next day" suspense accounting procedures; and
- Document, account for, accumulate and correct variances as they occur.

The contractor must provide an audit trail so that, when a variance occurs, reconciliation can be performed at the individual EBT account level up through the program (SNAP and cash) level. For each level, the end of day net position is equal to:

- Opening balance + credits - debits = End of day balance;
- The end of day balance must be verified by adding all the balances in recipient accounts; and
- The contractor must compute the end-of-day net position or balance for each benefit type to include every transaction, including any that do not fall into predefined benefit types, and carry the ending balance to the next day's beginning balance.

The balancing functions performed by the contractor must ensure that the change in the net position in the sum of cardholder accounts equals the change in the net position of program (SNAP or cash) accounts at a summary level.

The contractor must also ensure that the change in the net position in the sum of the program accounts is equal to the change in the net position (obligations outstanding) for the funding agencies.

The contractor must also ensure that the change in the net position of each benefit type is equal to the change in the net position for each program (SNAP or cash) type.

6.1.2.5.1 Accounting for Reconciliation Variances between Transaction Activity and Cardholder Accounts

The contractor must accumulate and maintain an accounting of all outstanding variances that result from their reconciliation of:

- the sum of each settlement switch day's transaction activity plus deposits and non-settling actions such as expungements and repayments, against

- the net change to cardholder accounts on the EBT host database, adjusted for "next day" host EBT business day and/or retailer suspense.

Offerors must describe in their technical proposal the methods they will employ to account for and correct any variances that may be identified in this reconciliation process.

Suspense Accounting for Variances:

Offerors are invited to propose alternate solutions for variance reconciliation; however, an acceptable standard method for meeting this requirement would be to maintain these two system components in balance so that their values are equal at the end of each day's processing cycle. Any variances would be suspended until they are researched and corrected. (Variances are to be researched and corrected within 30 calendar days.) This method would also serve to provide the required audit trail documentation.

The contractor would establish a variance suspense account into which all reconciliation variances would be applied, so that the day's transaction activity, as defined in above, offset by the remaining net variance, is in balance with and equal to the net change in the sum of cardholder account balances at the end of each daily processing cycle.

Each variance would be treated as a credit or debit pseudo transaction to record the date and amount of the variance. The variance suspense account would be maintained and carried forward from day to day to document and accumulate daily variances. For corrections that are later reflected in the contractor's host database, after troubleshooting and analysis, compensating debits or credits would then be made to the variance suspense account, and the accumulated daily variance would remain in synch.

6.1.2.5.2 Research and Correction of Reconciliation Variances between Transaction Activity and Cardholder Accounts

When processing aberrations occur that affect reconciliation balances, the contractor must be responsible to identify, document, and explain these aberrations so that they can be understood, and incorporate them into their reconciliation processing to account for them.

Reconciliation variances must be researched and corrected within 30 days. Variances that cannot be explained and corrected must be documented on a daily basis and accumulated for periodic adjustment, upon request by the CSA. (Some States may prefer to make adjustments annually or only at the end of the contract period.)

Accumulated variances for both cash and SNAP benefits must be reconciled every quarter.

All variances must become the liability of the contractor. The amount the contractor would be liable for is the amount of the difference, regardless of whether the difference is positive or negative. Using the variance suspense account method suggested above in section 6.1.2.5.1 as an example, corrective adjustments would be made as follows:

- Variances that are positive, (indicating an inflated funding source and a shortfall to recipient account balances) so that the outstanding liability accumulated from the daily transaction activity is higher than the total value of benefits remaining in cardholder accounts on the host EBT database, would result in a positive balance in the variance suspense account. (These would occur when state-authorized benefits fail to post credits to accounts, or withdrawal transactions double post or over-debit account balances, or reversals don't restore benefits.)
- At periodic adjustment, the contractor would debit the variance suspense account and appropriately reduce the liability to the government funding account so that it meets the sum of outstanding cardholder account balances.
- Example: Outstanding liability from accumulated transaction activity is $1,600 but the host EBT database sum of cardholder account balances only totals $1,500. The variance suspense account holds the extra $100.

- The contractor would have to adjust the government liability figure down to $1,500 and debit the variance suspense account $100 to bring it to a balance of $0.

Variances that are negative, (indicating a funding source shortfall and inflated recipient account balances) so that the outstanding liability accumulated from the daily transaction activity is lower than the total value of benefits remaining in cardholder accounts on the host EBT database, will result in a negative balance in the variance suspense account. (These would occur when State-authorized benefit cancellations fail, or withdrawal transactions fail to debit account balances, or reversals double post credits to accounts.)

At periodic adjustment, the contractor would credit the variance suspense account and pay the amount of the variance to the respective government funding source in order to appropriately increase the outstanding liability to meet and cover the total of outstanding cardholder account balances.

Example: Outstanding liability from accumulated transaction activity is $1,500 and the host EBT database sum of cardholder account balances is $1,600. The variance suspense account balance is negative $100. The contractor would be liable for the $100 that is missing.

The contractor would have to pay $100 to increase the government liability figure to $1,600 and credit the variance suspense account $100 to bring it to a balance of $0.

6.1.3 Settlement/Reconciliation Procedures Manual

The contractor is required to provide an instruction manual in both hard copy and electronic media to detail the logical steps and procedures for States to perform daily reconciliation using system data and reports provided by the contractor. The manual must include a table of contents, a glossary of terms and acronyms and an index. Manual updates (as needed when changes are made) must be provided at no additional charge to the State. It must address procedures for the following:

- Reconciliation of funds entering the EBT system from State systems against Deposits to EBT and Direct Deposit accounts;
- Reconciliation of funds exiting the system against settling transactions and non-settling transactions (repayments and expungements);
- Reconciliation of funds drawn from funding accounts, including the SNAP Letter of Credit, against transaction activity for the settlement day; and/or funds

drawn from funding accounts, including the SNAP Letter of Credit, against payments to retailers and TPPs;

- Reconciliation of funds remaining as outstanding liabilities in the sum of recipient and optional group living arrangement account balances against the outstanding balance derived from the accumulated sum of EBT transaction activity which has been reported back to State systems;
- Procedures for confirming AMA entries and for reconciling to ASAP; and
- Special procedures for reconciling fraud investigation accounts.
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This manual must also detail the established settlement switch and host EBT business day processing schedules and cut offs, and the cut off for replenishing state zero balance funding accounts. It must also describe and illustrate the reports and inquiry screens that will provide users with all reconciliation and settlement data. A first draft of the Settlement/Reconciliation Procedures Manual is due 210 calendar days after each State's contract start date and a final is due 60 calendar days after each State's successful conversion.

6.1.4 Reconciliation Training

The EBT contractor shall provide initial reconciliation training to designated State staff during contract implementation. Thereafter, the EBT contractor shall provide a full-day, on-site refresher training class to designated State staff annually or as requested by the State. The training shall be updated as needed during the course of the contract to reflect changes to the reconciliation reports, processes or data displays.

6.1.5 Settlement and Reconciliation - Core Reports/Files/Inquiries

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase. Each CSA reserves the right to modify the reporting description during each CSA detail design discussion. At no additional cost to the CSA, the report package must allow State flexibility to determine report frequency, set different parameters for minimum/maximum dollar thresholds, and sort reports by geographic or other operational codes.

6.1.6 Settlement and Reconciliation - Performance Standards

Refer to Section 12, Performance Standards.

6.2 System Security Policy

6.2.1 System Security Policy – Core Requirements

The contractor and all subcontractors must ensure that an appropriate level of security is established and maintained in connection with the EBT services provided pursuant to this RFP.

The Offeror must process information that has been designated sensitive but unclassified. Sensitive but unclassified information is any information, the loss, misuse or unauthorized access to or modification of which could adversely affect the national interest of the conduct of Federal programs, or the privacy to which individuals are entitled under Section 552a of Title 5, United States Code (the Privacy Act), but which has not been specifically authorized under criteria established by an Executive Order or an act of Congress to be kept secret in the interest of national defense or foreign policy.

6.2.1.1 EBT Systems Security

This section addresses security and control requirements pertaining to the development and overall operational characteristics of the EBT information and processing systems. Offerors must describe in their proposal the systematic and procedural controls for the following areas and other pertaining controls for the EBT system operations.

6.2.1.2 Control and Security Requirements

The Offeror proposal must specify the security controls used by the Offeror and/or any subcontractor(s) or the contractor's utilized by the contractor in the performance of services required under this RFP. The offeror must utilize Federal Government and Electronic Funds Transfer (EFT) industry standards and conventions in ensuring a secure EBT environment.

6.2.1.3 Facilities Physical Security

The Offeror must utilize physical security and access control systems to limit access to any facilities used to process cards, process data or house any sensitive data to those authorized personnel and authorized visitors. The control systems must have the capability to detect and report attempted unauthorized entries into the facility. The Offeror must regulate access to primary and backup data centers in such a way that the flow of all persons can be monitored and controlled.

The following minimum physical security protection measures must be implemented to deny unauthorized access to, manipulation, and/or sabotage of the EBT data processing and telecommunications facilities. Offerors must describe the physical controls to operational facilities in these areas. Additional measures should be described as appropriate.

Entrance security – The EBT data processing and telecommunications facilities must be secured 24 hours per day, 7 days per week. The entrance(s) to the facilities must provide for controlled entry and be secure against forced entry.

Locks – The facilities must be locked at all times.

Cipher or proximity/swipe card type devices – may be used during duty hours to control entry into a facility. During non-duty hours, the cipher lock must not be used as a sole locking device.

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

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

Control of Card Stock – The Offeror must describe the system and a procedural control to ensure that unissued card stock is properly safeguarded against loss, theft and/or abuse.

Control of PINs – The Offeror must describe the system and procedural controls to ensure that access to all PINs, whether assigned or selected are strictly controlled. The Offeror is responsible for ensuring the confidentiality of the PIN during generation, issuance, storage and verification. The Data Encryption Standard (DES) algorithm must be used to control all PINs. The Offeror must ensure that clear text representation of the PIN will never be displayed on PIN entry devices. The Offeror must provide for authentication of data encoded on the card's magnetic stripe and PIN offset, and the PIN controls listed in Chapter IX, Security, of the QUEST ® Operating Rules.

6.2.1.4 Administrative Security Controls

Communications Access Controls – The Offeror must provide for communications software to control access to the EBT system. Such communications software controls must ensure that all Federal, State, local staff, and contractor personnel having access to the EBT system is strictly controlled. The contractor must include software controls for the PIN selection devices located at local offices. Communications access control software must provide for the following capabilities.

User Identification and Authentication – All personnel requiring access to the system must be established within the system. The system must require unique identification from each user to access the system. The system must not allow the display of the PIN on an administrative terminal or PC monitor. Access to the databases, transactions and programs must be restricted to those personnel needing access to such data to meet professional responsibilities. The security system must protect authentication data to make it unavailable by any unauthorized user. The security system must provide the capability to identify authorizations of individual users and unauthorized users. The security system must support a lock out threshold for excessive invalid access attempts. The security system must support the immediate deletion of users no longer authorized by the state EBT Administrative Security Officer or Designee. In addition, the system must send the State notice of any local user that has been inactive for ninety days. The Offeror must provide the State with the required Administrative System Security Reports to identify inactive system users.

Discretionary Access Controls - The security system must use identification and authorization data to determine user access to information and level of information accessed. The security system must provide the users the capability to specify who (by user or type of user) may have access to system data. The security system or network must assure that users without proper authorization are not allowed access to EBT data.

System Access and Audit Controls – The security system must be able to provide an audit trail of access to the system and also maintain and protect such records from modification, unauthorized access and destruction. At a minimum, the security system must be able to record the following types of events: log on, log off, change of password, program initiation and all actions by system operators, administrators and security officers. The security system must have a secure process for users that have password problems, for example a set of on-line security questions built into the users profile that when correctly answered, allow users to create a new personal

password, rather than the State's Administrative Security Officer or Designee change or reset the system password. The security system will provide the capability to delete, upon State parameters, inactive users and provide that data electronically to the State's Administrative Security Officer or Designee. The security system will provide the capability to allow the State's Administrative Security Officer or Designee to change passwords in an on-line environment. The State's Administrative Security Officer or Designee must be able to selectively audit the actions of one or more EBT system users based on individual identity.

Transaction Communications – The Offeror must provide controls to ensure that EBT transaction communications are safeguarded and only processed from authorized local, State and Federal terminals, state host computers, or PIN selection devices. Communications message validation must provide for control edits to ensure for message completeness, file and field formats and control and authentication measures. The Offeror must describe controls to secure communication lines and links. The Offeror must have the ability to perform error checking of transmitted data. The Offeror must provide a configuration layout showing complete end-to-end details of the telecommunications and automated information system(s) as part of the Detailed System Design document required as a deliverable after contract award as a result of this RFP. This should include hardware components, including but not limited to modems, encryption devices, etc. that States would be required to use in support of communication access controls.

6.2.1.5 System Data Security

System data must be protected to ensure that system and confidential information not be disclosed for unauthorized purposes. Such data security controls must include, at a minimum the following:

State Access – The Offeror must ensure that designated users from a particular NCS member only access the system in relation to system data and the operations in relation to that State.

Disclosure of Information and Data – Any sensitive information made available in any format must be used only for the purpose of carrying out the provisions of this RFP. Information contained in such material must not be divulged or made known in any manner to any person except as may be necessary in the performance of this RFP. Disclosure to anyone other than an authorized officer or employee of the Federal or State agencies, or a local office is prohibited without prior written approval. Sensitive information

must be accounted for upon receipt and properly stored before, during and after processing. In addition, all related output should be given the same level of protection as required for the source material.

Data Destruction – The Offeror must provide for the destruction of magnetic media, or deletion of information from magnetic media when no longer required. The methodology for data or media destruction must be approved by the State.

Separation of Duties – The Offeror must provide for adequate internal controls through separation of duties and/or dual control for the functions of card and PIN issuance, system administration and security administration (this includes the separation of operations from control functions (such as reconciliation controls), account set up, benefit authorization and settlement authorization.

Backup and Contingency Operations – The Offeror must provide for backup procedures to ensure the continuation of operations in the event of a temporary disruption or disaster. Backup and Contingency requirements are in Section 4 of this RFP.

System and Procedural Documentation – An integral component of the Offeror's internal control structure is the provision and maintenance of adequate detail design documentation of system and software applications and operating procedures and requirements.

System Modification and Tampering Controls – the mechanisms within the application that enforce access controls must be continuously protected against tampering and/or unauthorized changes.

6.2.1.6 Comprehensive Security Program

The Offeror must be responsible for the implementation and maintenance of a comprehensive security program for the EBT system and operations. This program must include the administrative, physical, technical and systems controls that will be implemented to meet the security requirements of the EBT system and this section. It is the expectation of the NCS that the system of internal controls used to manage risks to the EBT system and operations will be based on EFT industry standards as they may evolve.

6.2.1.7 System Security Plan

The Offeror must submit documentation of the comprehensive System Security Plan. The System Security Plan must describe the administrative, physical, technical and systems controls to be implemented for the EBT system and how the contractor will address deficiencies or security breaches if they are identified during the course of the contract. In addition, the EBT System Security Plan must provide for the ongoing certification and examination of the EBT contractor's operations and control systems. The System Security Plan must reflect the guidance of FNS Handbook 901 and FNS EBT Security Manual. In addition to describing the planned controls to meet the security requirements of this section, the System Security Plan must provide for the ongoing certification and examination of the Offeror's operations and control system and must include a detailed description of how the contractor will address roles and responsibilities of the contractor, the State and any subcontractor(s) in maintaining security. The Offeror may use OMB Circular A-130 and 90-08; see www.whitehouse.gov/omb/circulars/index.html as references and templates in preparing the System Security Plan.

The Offeror must submit a draft of their System Security Plan in the Technical Section of their proposal. The contractor must submit a first draft 30 calendar days after each State's contract start date and a final draft 90 calendar days after each State's contract start date. System Security Plan acceptance is contingent upon State and USDA/FNS review and approval.

6.2.1.8 Problem Escalation and Resolution

In addition to the self-certification and evaluation requirements, the contractor must follow the problem escalation and resolution process defined in Section 11 to notify the impacted State and resolve any non-compliance.

7 Disaster Preparation and Contingency Planning

It is the goal of the NCS to continue transaction processing and disbursement of benefits in the event of adverse situations related to systems and telecommunications failures and in natural and other disasters whether affecting the State or the contractor. This section of the RFP addresses major risk points and solutions designed to enable continuation of business with minimal interruption in these adverse situations.

7.1 Disaster Preparation and Contingency Planning – Core Requirements

7.1.1 Business Continuation and Recovery Plan

The contractor must provide a Business Continuation and Recovery Plan that provides for continuous operability in the event of technological failures or natural disasters affecting the contractor. The plan must ensure restoration of the contractor's host system processing and communications facilities to each contracting state as described below.

The contractor's Business Continuation and Recovery Plan must detail steps to be taken to recover from systems failures, telecommunications failures and natural and other disasters. This plan must include provisions to ensure that cardholder and retailer/merchant services incur minimal interruption. The plan must state the resources committed to each contingency operation for each system component as well as provide detailed problem and escalation procedures. Problem and escalation procedures must conform to the requirements set forth in the Problem Notification and Escalation and Resolution Process section of this RFP and be consistent with those described in the Offeror's proposal. In addition, Offerors must describe the mitigation for all points of failure. Please refer to the Single Points of Failure Mitigation section of this RFP.

In the event of an outage or disaster impacting the availability of the contractor's primary data processing site, the contractor must provide a hot back-up site, as defined in the Hot Backup Site section of this RFP. The hot backup site must provide EBT processing in the event of loss of primary host processing ability. The Business Continuation and Recovery Plan must detail guidelines, considerations, and specific steps for making the decision to switch over from the primary site to the backup site in the event of a primary system failure. The Business Continuation and Recovery Plan must include a communication protocol between the State and the Contractor, as well as criteria and time frames that are acceptable to the State.

The contractor must have the EBT hot back-up contingency site begin processing transactions within one (1) hour of a disaster being declared. The contractors' site must be maintained concurrently and must be able to take over on-line and batch processing switchover upon notification by the Contracting State Agency. One hour is the specified period within which the telecommunication links (state and acquirer), the databases, and the CPU processing must be operational and able to accurately and completely process EBT transactions via the backup site.

Offerors must submit a draft of their Business Continuation and Recovery Plan in the Technical Section of their proposal. The contractor must submit a first design draft 30 calendar days after each State's contract start date and a final design draft

90 calendar days after each State's contract start date. Business Continuation and Recovery Plan acceptance is contingent upon State review and approval.

7.1.1.1 Contractor Systems

The contractor must notify the State immediately upon learning of any outages affecting processing, admin functionality, retailers or cardholders, regardless of cause.

Transaction processing is to be switched to the EBT host hot back up site if the outage is expected to exceed one hour in duration, and/or a determination of necessity is made by the affected States based on an evaluation of the problem and the time required to resolve it. In the event of a primary system failure, the processor's backup site must take over the operations according to the requirements set forth above, and in the Hot Backup Site section of this RFP.

The contractor must notify the State immediately upon contractor's decision to move to a back-up site to provide EBT services. If the contractor is providing EBT services to multiple States, the Business Continuation and Recovery Plan must address the timing and order of recovery of the State as compared to the other agencies being processed.

The back-up site and alternate communications routing must be available for continuity of business testing for any given State at any time determined appropriate by that State to demonstrate the contractor's capability to transition host processing operations from their primary facilities to their backup facilities. The contractor must provide the State with copies of these test results within 30 calendar days of completion of the testing.

7.1.1.2 State Systems

The contractor must support the recovery of the State's eligibility and EBT interface systems as defined in this RFP.

7.1.2 Disaster Services Plan

In addition to the Business Continuation and Recovery Plan, the contractor must provide a Disaster Services Plan to each CSA. The Disaster Services Plan must detail alternate methods of delivering SNAP and cash benefits to cardholders in the event of telecommunications failures and natural and other disasters and system outages on the State end (distinguishing it from the Business Continuation and Recovery Plan). Included in this plan must be a variety of specific technical and

procedural measures to be available for use as warranted in emergency situations. It is not necessary for the State to experience a presidentially declared disaster or to run a DSNAP in order to implement the requirements described below.

In the event that the State is running a DSNAP, it is expected that the contractor will support the State in complying with FNS regulations and all requirements of the USDA DSNAP Program Guidance (May 2012 or most current) around benefit availability, reporting, and any other standards required by FNS regulations.

The Offeror's response must describe the actions to be taken before, during and after a disaster or outage, along with documented, tested procedures which, if followed, must ensure the availability of critical resources and facilities maintaining the continuity of operations in a contingency situation.

This plan must include provisions to ensure that cardholder and retailer/merchant services incur minimal interruption. The plan must state the resources committed to each contingency operations plan for each system component as well as provide detailed problem and escalation procedures and indicate whether the contingency plan has been tested under real or simulated conditions. Problem and escalation procedures must conform to the requirements set forth in the Problem Notification and Escalation and Resolution Process section of this RFP and must be consistent with those described in the Offeror's proposal. In addition, Offerors must describe the mitigation for all points of failure. Please refer to the Single Points of Failure Mitigation section.

Offerors must submit a draft of their Disaster Services Plan in the Technical Section of their proposal. The contractor must submit the first draft 30 calendar days after each State's contract start date and a final draft 90 calendar days after each State's contract start date. Disaster Services Plan acceptance is contingent upon CSA review and approval.

A State may declare a disaster and/or issue disaster benefits without utilizing any of the specified services outlined in this section. In that circumstance, new cases added using the core functionality must be billable at the core case per month rate as noted below.

The contractor must provide the following Core services that can be selected and implemented by the state depending on the severity and nature of the disaster. Offerors are encouraged to propose and describe additional disaster service options in their technical.

7.1.3 Disaster Cardholder Support Services

7.1.3.1 Lift Staggered Issuance

In the event of a disaster, the NCS requires the ability to post all benefits in a designated County, region or service office immediately, regardless of actual availability date.

7.1.3.2 Benefit Reissuance

During a disaster the NCS may require the contractor to reissue benefits or a portion of benefits to cardholder accounts based on a previous month's benefit issuance.

7.1.3.3 Customer Service Support

At the request of the CSA, the contractor must have the capability to immediately implement a specific disaster ARU script for cardholders and retailers that has been approved by the State. This script must be changeable to meet differing situations throughout a disaster; e.g., special voucher approval rules may be implemented and later revoked as conditions improve. The contractor system must be capable of alerting Customer Service Representatives when accessing the cardholder's record that the cardholder resides in the county or counties identified by the State as the disaster area.

7.1.3.4 On-Line Cardholder Account Set-up and Benefit Issuance

In the event of a disaster, eligibility requirements for specific types of emergency assistance may be more liberal than those used for determining "normal" eligibility for benefits. The States require the ability to set up accounts for this new population quickly, and provide them with emergency benefits. These benefits are specifically targeted for disaster assistance, and must be used within a certain number of days.

Once an individual has been determined eligible, received a card and PIN, and has been assigned a unique State ID, the state must have the ability to add the cardholder to the EBT host, issue benefits and link the EBT account to a temporary EBT card with a pre-assigned PAN and PIN. This must be accomplished through online entry on the EBT administrative system using screens designed for disaster purposes only. Administrative data entry must

be completed in real-time, such that the cardholder may immediately access their benefits.

Support for backup remote access to the EBT administrative system via state desktop personal computers or a state laptop must be supported via a wireless Virtual Private Network (VPN) connection.

7.1.4 Disaster Retailer Support Services

7.1.4.1 Retailer/ATM Site Surveys

Upon notification by the State of a disaster, the contractor must survey selected retailer locations and financial institution/ATM networks to determine the level of service that can be provided to cardholders because of equipment outage or other factors. After disaster services have been completed and the State resumes normal operations, the contractor must contact these benefit redemption points again to determine the status of ongoing operations. The contractor must ensure that CSRs are aware of specifc benefit redemption points that are operational during and after the disaster in order to direct cardholders to appropriate locations. The CSA must also be provided daily reports including this information.

7.1.4.2 Retailer Customer Service

In the event of a disaster the contractor must provide the same scope of services to retailers for the ARU and Customer Service operations. The ARU must have a specific disaster script that has been approved by the State. Because call volumes will likely increase, the contractor must increase the number of CSRs to support retailers.

7.1.4.3 FS Manual Voucher Forms and Hold Period

The contractor must provide a sufficient supply of extra SNAP manual voucher forms for processing in the event of a disaster and provide the ability to extend the hold period for SNAP manual vouchers according to the approved FNS waiver at the time.

7.1.5 Disaster Technical Support

7.1.5.1 Accelerated Expungement of Benefits

Disaster benefits may be issued as a specific benefit type for use during disaster situations only. These benefit types will be set up during detail design. These benefits must be expunged within an approved timeframe after issuance. The approved timeframe will be specified by the State after receipt of waiver approval by FNS.

7.1.5.2 Eligibility System and Interface Support

The contractor must support recovery of the State's eligibility and EBT interface systems at a back- up site in the event of a disaster at the State's primary data center. This support must consist of providing connectivity to the State's back-up site to support transmission of data files and reports between the State and the contractor. This may include transmission of files to and from the affected State's "Buddy State." "Buddy States" means any of the States, territories or the District of Columbia who have entered into an agreement with another state, territory, or the District of Columbia to provide post-disaster recovery support in the event of a catastrophic disaster – either natural or man-caused.

Initial support may consist of only dial up access until a more robust solution can be implemented. The contractor must provide support to the State in ensuring that benefits and EBT cards are still being provided to cardholders through the EBT system during the recovery of the State's data processing systems. Following the declaration of a disaster by the State and movement to a back-up data center or Buddy State, the contractor must work with the State technical staff to provide EBT administrative terminal support.

7.1.5.3 Transmission Alternatives

The contractor must support alternate methods of batch file postings in the case of telecommunication failure. At a minimum this alternate method must include the acceptance and processing of data cartridges.

7.1.5.4 Batch File Processing

In the event of a system outage, the State may need to transmit account set up and maintenance records (including demographic updates) via an online

host to host or client to host link, using a protocol of its choosing. The contractor must receive and process such records 24 hours per day, 7 days per week. The contractor must process the records, perform all edits, set up and maintenance processes, and reflect changes by times agreed upon with contracting States.

7.1.5.5 Administrative System Access

In the event the State's eligibility system or the traditional interface is not accessible, the State must have access to the contractor's administrative system functionality via a wireless Virtual Private Network (VPN) connection.. The contractor must provide the appropriate password, access and software components, and training prior to the disaster situation.

7.1.5.6 Disaster System Testing

Disaster response systems must be tested before a State has to use the system to respond to an actual disaster. The contractor must peform annual testing of disaster services for preparedness, and in conjunction with other testing warranted by software or equipment changes that may have an impact.

7.1.5.7 Post Disaster Support and Catch-up Reconciliation Processing

The Offeror must describe procedures and methods they will use to provide post disaster support and catch up reconciliation processing during and following a disaster. The technical proposal must address disaster support services for the following reconciliation topics:

- Disaster issuance reconciliation: benefits issued, transacted, and expunged.
- Comparison of disaster issued benefits to the current state eligibility system for duplicates.
- Inventories of unissued disaster cards and their return to secure storage.
- Inclusion of disaster benefit issuances in the monthly billing reports as specified in this RFP.

The Offeror is encouraged to propose a method to identify "duplicate participation" reporting on any individual within more than one active SNAP account in receipt of disaster issued benefits. The process will report on such activity in the event the CSA invokes the Disaster Services Plan

and Contingency Planning services described in this RFP. Reporting details will be determined during detail design discussions.

7.1.5.8 Billing Disaster Benefit Types

The contractor must establish unique disaster benefit types as stated above (Accelerated Expungement to support accurate state-specific reporting of disaster benefit issuance activity and billing.

7.1.5.9 Disaster User Profiles for FNS Approved Disaster Issuances

The contractor must maintain user profiles that include workers authorized to perform disaster related functions. These workers must have access to administrative system screens required for disaster services, as well as standard inquiry access.

7.2 Disaster Preparation and Contingency Planning - Core Optional Requirements

Offerors are encouraged to propose additional options to those listed below which provide various innovative kinds of disaster support services.

7.2.1 Disaster Vault Card and PIN Inventory

At each State's option, the contractor may be required to maintain a stock of disaster vault cards with pre-assigned PINs to be available during an outage or disaster. The number of vault cards and pre-assigned PINs required by a CSA will be determined in detail design. However this option can be selected any time during the Contract with appropriate notice. The corresponding supply of PIN stock must be available for emergency use as needed. The cards must be embossed or printed with flat graphics with a designated Disaster PAN only. Cards and PINs must be in normal mailers, with English and Spanish language enclosures. Vault stock cards must be readily distinguishable from regular mail-issued cards. Card/PIN matching pairs must be readily identifiable, and batches of cards and PINs must be produced in a fashion that facilitates the matching logistics. If compromised in any way, vault cards must be able to be statused by customer service.

The Offeror must describe in their technical proposal procedures and methods they will use to support card and PIN issuance during and following a disaster. The technical proposal must address disaster support services for the following topics:

- Card handling and security;
- Card production, as requested by the CSA to support an adequate supply;
- Card Types: Over the Counter, Vault cards, and Preloaded with SNAP benefits;
- Card storage and inventory controls;
- Card delivery and security;
- Procedures for delivering cards to cardholders who are temporarily housed outside the disaster area; and
- PIN issuance, selection, and security, including provision of additional PIN selection devices for use in an outage or disaster.

7.2.2 Drop Ship Delivery for States Utilizing Contractor Issued Cards

New cardholders receiving their first EBT card during a disaster may have their card issued over-the-counter at local offices or mailed from the State central offices, or have the card and PIN mailed to their residence via normal U. S. Postal System mail delivery by the contractor. All cards being mailed directly to the cardholder via U.S. Postal System 1st class mail must be in compliance with FNS 274.2 (b). Cards mailed in this manner will be pre-sorted by Zip Code.

The States must have the option of requiring the contractor to drop ship active cards and PIN mailers via overnight express mail (required to be separately priced) to a specific local or state office(s). Cards must be delivered to the CSA according to FNS regulations.

7.2.3 On-Site Card Issuance

Emergency vault cards with pre-assigned PINs must be shipped via overnight express on the same day of the State's request to issuance sites if a disaster has been declared. The State will determine the number of cards required for same day shipment. The remaining cards must be available to the State within five days of the request. All costs associated with this requirement must be treated as pass through or reimbursable costs and must be reflected in the monthly invoice for the state acquiring this service.

7.2.4 Duplicate Participation Check Function/Reporting

A State may choose to establish new disaster SNAP cases and issue disaster benefits independently of their state eligibility system as described in Section 4.3 – Account Set-up, Account Maintenance and Benefit Authorization – Core Requirements.

At each State's option, the contractor must assist the State in complying with the FNS duplicate participation check requirement independent of any checks the state supports on their eligibility system to ensure that individuals are not participating in more than one household. For example, a household participating within a Disaster SNAP program/case and concurrently participating within an ongoing SNAP case is prohibited by regulation. This check requires the capability for the state to input demographics for the head of household and all household members (full name, SSN and date of birth) via on-line administrative terminal screen entry or by the state transmitting a batch file. The contractor must generate and transmit daily demographic files to the State and/or generate daily match reports identifying any household member participating in more than one disaster household or as a grantee in an existing case.

If selected by the State, the functionality must be included in the Disaster Services Plan provided by the contractor. Specific details of the functionality will be determined by the State during the detail design phase.

7.3 Disaster Preparation and Contingency Planning - Core Reports/Files/Inquiries

The contractor must supply disaster reporting to support FNS requirements and regulations. See the EBT Reporting Requirements Appendix for a listing and more detailed descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

7.4 Disaster Preparation and Contingency Planning - Performance Standards

Refer to Section 12, Performance Standards.

8 WIC EBT Requirements – Core Optional

One or more NCS member may procure Special Supplemental Nutrition Program for Women, Infants and Children (WIC) EBT services under this procurement. All NCS members shall have the option to procure WIC EBT services under this contract vehicle but no NCS member is obligated to do so. It is FNS policy that all WIC State agencies must complete planning work in accordance with Handbook 901 prior to consideration of this contract option. By FNS requirement, all WIC MIS systems are being developed with Universal Interface capabilities which are technology neutral. More information is available by referencing the FNS WIC Universal Interface Document on the USDA website.

Unless otherwise specified in the WIC Requirements or unless there is an obvious conflict, the requirements specified in RFP Sections 8.1 through 8.29 shall apply to the WIC EBT Program. Where reference is made to a specific section(s) of the RFP, the Offeror‘s response to the WIC requirements need only make a statement acknowledging acceptance of the requirement(s). In cases where there is a conflict between the RFP and the WIC Sections, the requirements in the WIC Sections take precedence for the WIC EBT program. In preparing their technical response to the WIC Sections, Offerors are requested to address *Sections 8.1 through 8.29.*

8.1 Status of WIC EBT in NCS

The Commonwealth of Massachusetts, Connecticut, New Hampshire, New York and Rhode Island are not seeking WIC-EBT services at this time however the proposal must contain responses to the following requirements in the event any NCS member elects to procure WIC-EBT services as a result of this procurement. Vermont has contracted for WIC-EBT services through the state’s current EBT contract with JPMorgan EFS. Vermont implemented a Cash Value Voucher (only) solution via EBT, using the existing SNAP infrastructure, in October of 2009.

8.2 WIC Program Overview

WIC is administered by the U.S. Department of Agriculture, Food and Nutrition Service (FNS). WIC provides nutrition screening and education, access to preventive health programs and access to selected foods to supplement the diets of low income, pregnant, breastfeeding and postpartum women, infants and children up to age five who are at nutritional risk. WIC is not an entitlement program as Congress does not set aside funds to allow every eligible individual to participate in the program. Federal grants are provided to States to administer the State program and provide benefits to eligible women, infants and children.

Indian Tribal Organizations (ITO) operate as fully independent WIC agencies. However, in some cases the ITO WIC programs share State computing resources as members of a WIC consortium. This may result in multiple program files for the State‘s WIC programs.

In such cases, ITO WIC programs may be included under this procurement at the State‘s option. The State, however, will remain the primary or lead contracting entity.

8.3 WIC EBT Program Qualifications and Experience

The requirements specified in this RFP applicable to the WIC Program must be provided in the Offeror‘s response describing its WIC EBT qualifications and experience.

8.4 WIC EBT Project Management, Organization, and Staffing

The Offeror‘s response must describe its approach for managing, organizing and staffing WIC EBT implementation and operations. Resumes are not required as part of the response.

8.5 WIC Business Requirements

To support the WIC EBT Program, the EBT contractor shall comply with the general Business Requirements specified in this RFP.

The EBT contractor shall, unless specified otherwise by a State, account for and invoice WIC EBT services separately from other EBT services provided to a State under this RFP. In situations where a contractor‘s WIC-EBT solution utilizes resources (i.e., POS devices) shared with the State‘s other EBT programs, the contractor shall allocate the cost of those resources between WIC-EBT and the other EBT programs according to the State‘s approved Cost Allocation Plan, or another allocation method approved by the participating State Agencies, and shall invoice those costs separately to each State agency as dictated by the selected approach.

8.6 Comprehensive Overview of the WIC EBT System

Offerors shall provide a comprehensive overview of their proposed WIC EBT solution. The overview must clearly describe the WIC EBT system configuration including all processing components, databases, interfaces, and participating entities. In particular, the Offeror shall clearly describe how the proposed system solution meets WIC functional and system requirements specified in the RFP and this WIC-specific Section.

8.7 WIC Deliverables and Documentation

For any State acquiring WIC EBT services for under this procurement, the EBT contractor shall be required to include WIC program requirements for all deliverables and documentation specified in this section or provide separate deliverables specific to the WIC Program if required by the State or negotiated at the time a WIC agency opts to execute their contract option.

8.7.1 WIC EBT Functional Requirements

This section specifies the technical and functional requirements to support the ongoing operations of a WIC EBT system that is in conformance with Federal regulations, national standards and specified NCS performance standards. The system deployed to support WIC EBT services must be an industry standard application primarily relying on the commercial networks and available commercial

POS terminals. However, as described herein, the contractor is required to install and maintain WIC-ready EBT-only/stand-beside POS equipment on behalf of the NCS if necessary.

The Offeror‘s WIC EBT system must be in compliance with FNS‘s most current WIC-EBT policy memoranda and must comply with the most recent WIC EBT Operating Rules and the Technical Implementation Guide (TIG).

8.7.2 WIC Benefits

The EBT contractor shall be required to implement systems and services that maintain the integrity of WIC benefits. WIC benefits are in the form of a food prescription. WIC benefits are only accessible at authorized retailer/vendor locations that have a vendor agreement with the specific WIC State agency. WIC benefits issued within a State can only be redeemed at a State authorized retail location within that State except for a limited number of authorized retailer/vendor locations in bordering States.

The interoperability standards associated with SNAP and cash benefits do not apply to WIC. A WIC participant may only redeem benefits prescribed on the WIC food prescription, including types and quantities of specific food items. WIC EBT authorizes purchases through Category/Sub-Category Codes, Units of Measure, Universal Product Codes (UPC) and Price Look Up (PLU) Codes. WIC approved Category/Sub-Category, Units of Measure, UPC and PLU codes are specific to each State. Food prescriptions for WIC participants are intended for use by that participant within a specified period. The

WIC Authorized Product List (APL) specifies the authorized products for each state and varies from State to State. WIC food retail vendors are required to support multiple APL files from any geographic state agency and Indian Tribal Organization. WIC benefits may not be accessed at ATM terminals and may not be commingled with either cash or SNAP benefits in the EBT account. See Section 8.12.6 for a description of impacts on WIC Benefits when multiple entities exist in one State.

The WIC Program implemented a Cash Value Voucher (CVV) benefit to allow WIC recipients to purchase fruit and vegetables. The CVV has a monetary value and, unlike the prescribed WIC prescription, enables WIC recipients to purchase any fruit and vegetable product not specifically excluded. FNS has set an implementation deadline of October 1, 2009 for the CVV program.

The EBT contractor shall be required to support the CVV program in accordance with the most recent WIC EBT Operating Rules and the Technical Implementation Guide (TIG).

8.7.3 WIC Processing Technology

WIC EBT systems deployed by the NCS through this procurement will employ online technology.

WIC EBT services must be practical, affordable and compatible within the context of the NCS Food Assistance and WIC Program environments. It is the CSA's intent to seek efficiencies and economies across programs.

8.8 WIC Card Production and Management

The WIC EBT card shall be required to meet the EBT card requirements specified in this RFP.

8.8.1 WIC Card and PIN Issuance

To support the WIC Program, the EBT contractor shall be required to meet the Card and PIN Issuance requirements as specified in Section 4.4 (Card's and PIN) of this RFP.

At the option of the CSA, the contractor must support Over the Counter (OTC) as described in Section 4.5.8~~9~~ (Amended 1/4/13) (Over-the-Counter Cards) of this RFP, and/or the issuance of new and/or replacement WIC-EBT cards by mail, provided the mailing process is consistent with WIC program rules Initial PIN selection and PIN change for WIC-EBT cards must be supported locally at WIC clinics, through PIN mailers, and through a single call ARU process, according to State agency preference. By FNS regulation, WIC cards and PINs must be available and active immediately upon client certification. The Offeror should propose card issuance methodology to support this requirement.

Cardholders may be required to respond to security questions prior to selecting or changing their PIN via the ARU or through on-line access. The EBT contractor shall be required to accurately link the card and PIN to the appropriate cardholder account(s). The EBT contractor shall also be capable of supporting WIC card replacement fees if required, cross-agency family or case IDs, demographics and agency ownership of the account demographic set-up records.

8.9 WIC Account Set-up and Benefit Authorization

The EBT contractor shall be required to provide the systems and services required to allow the States to set-up WIC accounts and authorize WIC benefits separate from SNAP and cash functionality. The EBT contractor shall be prepared to provide a solution that is consistent with FNS national guidance on the interface between the WIC clinic (Management

Information System (MIS) and the EBT system. Refer to each State RFP Appendix for State account set-up and benefit authorization and online messaging file formats. A final agreement will be reached by each State as to the formats during detail design discussions

8.9.1 WIC EBT Account Structure

In addition to WIC benefits, a client may also be eligible for SNAP and cash benefits. The EBT contractor shall be required to design an EBT Account Structure that ensures:

1. Benefit balances are accurately maintained and segregated by benefit type (SNAP, cash and WIC).

2. Benefits accessed by clients are drawn from the appropriate benefit account.

3. Benefit accounts are not overdrawn or over issued, i.e., benefits cannot be decremented in an amount greater than the balance available on the account.

The EBT contractor shall be financially liable for any benefits that are overdrawn and other processing errors including allowing access to program benefits prior to the availability date, and for EBT host transaction processing errors.

8.10 Interfaces to the States' WIC Management Information System

The EBT contractor shall be required to meet State requirements for the development of a high performance interface between the contractor‘s primary and back-up WIC EBT platforms and the States‘ primary and back-up WIC MIS. This interface will be used to transmit and validate account set-up and benefit authorization records between the State and the EBT contractor. Contractors should reference the FNS WIC Universal Interface document from the FNS website and follow stated requirements.

8.11 Maintain the State's UPC Database

As noted, WIC approved UPC and PLU codes are specific to each State. At the option of the State, the EBT contractor shall be required to maintain and update the State‘s UPC database. The vendor must adhere to requirements of the ANSI x9.93 for APL file descriptions.

8.11.1 Maintain the Category/Subcategory Database

Each State will specify the specific set of food items that are included in their benefit prescriptions. The food items are identified by a category type (e.g., milk) and by sub- category (e.g. whole milk, skim milk). The EBT contractor shall be

required to use the national FNS guidelines in designating food categories and subcategories, as well as any additional state-specific requirements for food categories, subcategories and units of measure

8.12 WIC Account Set-up

To set-up an EBT account, NCS generate account set-up records containing specific client demographic data necessary for the establishment of an EBT account and transmit these records to the contractor‘s EBT host system. Each case is created with a primary card holder; benefits are aggregated by household. For online systems, the EBT system must create EBT accounts upon the receipt of the account set-up record.

8.12.1 WIC Benefit Authorization

Depending on State preference, benefit prescriptions may be transmitted from the State to the EBT contractor for each recipient in the household or benefit prescriptions for all household members may be aggregated by the State prior to transmission. The States generate and transmit benefit authorization records containing the primary cardholder‘s case number or family ID, the WIC benefit prescriptions at the household or participant level, and benefit availability date information. Each benefit prescription has a specific benefit availability period. WIC benefits may be issued by calendar month or a rolling month (e.g., 14th through the 13th of the following month). Benefits may be redeemed only during the benefit prescription availability dates. Benefit prescriptions may be issued for multiple months.

However, the EBT contractor shall not make benefits available outside the benefit availability period.

The EBT contractor shall provide the capability for States to modify benefit prescriptions during and prior to the benefit availability period. Benefit authorization records must be processed and benefits made available to clients on the benefit availability date by the time specified by the State and agreed upon with the EBT contractor. WIC benefit authorization records may be conducted through batch or on-line, real time, host-to-host interfaces depending on the State‘s preference.

8.12.2 Benefit Void

The EBT contractor shall be required to provide the capability to void a WIC benefit prescription, in full or the remaining balance, during or prior to the benefit availability period.

8.12.3 Modify Benefit Prescription

Appropriate State or clinic staff shall have the capability to modify or adjust a client's benefit prescription prior or during the period of authorization.

8.12.4 EBT Account Number and Account Maintenance

To support the WIC EBT Program, the EBT contractor shall be required to comply with the NCS RFP for EBT Services EBT Account Number and Account Maintenance requirements as specified in this RFP.

8.12.5 WIC Transaction Processing

To the maximum extent possible, the NCS seek to use the existing commercial transaction processing infrastructure for the transmission and processing of EBT transactions. The EBT contractor shall ensure that cardholders access their WIC benefits only at POS terminals in authorized WIC retailer (vendor) locations.

8.12.6 Split Tender

If specified by the State, the EBT contractor shall be required to support split tender transactions for the WIC Fresh Fruit and Vegetables program. FNS WIC Fresh Fruits and Vegetables CVV rules allow each State to decide whether to accept split tender for WIC CVV food items. If allowed by a State, the WIC participant may opt to use other benefit types (such as SNAP or TANF) in payment of balances exceeding the value of their CVV. If they have no other benefits available, they may also opt to pay the remaining balance using cash or other legal tender.

8.12.7 Transaction Validation

Prior to processing a purchase or a balance inquiry transaction, the EBT system shall go through a series of checks to validate:

- The food retailer is an authorized WIC vendor.
- The card number (PAN) is valid and the card is active.
- The number of consecutive failed PIN tries has not been exceeded.
- The entered PIN is valid.
- The WIC account is active.

If any one of the above conditions is not met, the EBT contractor shall deny the transaction. If the transaction is denied, the system must return a message to the retailer (vendor) indicating the reason for denial (e.g., invalid PAN, invalid PIN).

8.12.8 WIC Purchase Transactions

After the validation process, the food items will be scanned. Prior to authorizing the transaction, the EBT contractor shall ensure:

- The food prescription is within a valid benefit availability period.
- Each UPC included with the purchase is listed on the State agency APL file and is within the UPC end dates specified.
- The food item is within the remaining quantity of units of measure for the Benefit Prescription Category/Subcategory.
- The food item purchase amount is within the maximum allowable price.

Except for the maximum allowable price validation, if any of these conditions are not met, the transaction will be denied. At State option, the EBT contractor shall provide the capability for partial approval in which, food items meeting the validation criteria, are approved while food items not meeting the validation criteria are denied. If the food item purchase amount exceeds the maximum allowable price, the EBT system should apply the lower of the vendor‘s price or the peer group maximum price for that UPC. The WIC purchase transaction must also accommodate manufacturer and store coupons as well as military commissary surcharges consistent with the WIC EBT Operating Rules and Technical Implementation Guide.

The contractor shall ensure that benefit transactions are authorized for no more than the State agency authorized maximum allowable price for each food item quantity. The contractor shall assume all liability for any quantities or item prices approved that exceed the State agency authorized benefit quantity or maximum allowable price. If the transaction is approved, the EBT system shall generate an approval message and update the food prescription balances at the host. A purchase receipt shall be printed at the POS. WIC receipts must comply with specific FNS policies, standards and requirements. At the end of a purchase transaction, the WIC receipt must include both benefits redeemed and remaining balances (i.e. shopping list) on a single receipt.

8.12.9 WIC Transaction Dispute Resolution

Dispute resolution addresses conditions where one or more parties to a WIC transaction have or may incur a financial or benefit loss. WIC transactions may be disputed by the WIC Cardholder, the WIC Vendor or other parties to the transaction. The specific processes, including reporting, documentation and time frame requirements will be delineated during detail design discussions and will be in accordance with current Federal Food and Nutrition Services guidelines.

8.12.10 WIC Balance Inquiry

- The vendor must adhere to the requirements in the WIC Technical Implementation Guide (TIG). After the validation process, a cardholder may conduct a balance inquiry transaction at a POS terminal to identify available benefit balances and print a valid shopping list.

8.13 Personal Identification Number (PIN) Encryption

The EBT contractor shall utilize, at a minimum, the Triple Data Encryption Standard (DES) algorithm or better to encrypt the PIN during EBT transactions from the point of entry. Other security may include authentication codes and check-sum digits, in combination with data encoded on the magnetic stripe, to ensure data security during transmission and processing of EBT transactions. Any of the network security measures may be utilized together or separately and may be applied at the terminal or central computer as indicated in the approved system design to ensure communications control. The Offeror‘s response shall specify the encryption approach and other security measures used for WIC transactions.

8.14 WIC Transaction Interchange Specifications

The EBT contractor will be responsible for the authorization of cardholder initiated WIC transactions. Messaging formats must comply with ANSI X9.93-2008, Specifications for WIC and the Common Specification outlined in the FNS Technical Implementation Guide. The EBT contractor shall comply with all updates to ANSI X9.93-2008, Specifications for WIC at no additional cost to the NCS. Interchange specifications must be approved by the State agencies and FNS prior to use.

8.15 Invalid PIN Attempts

The EBT contractor system must deny transactions if the PIN is input incorrectly. After four (4) consecutive invalid PIN attempts in one day, or as specified by the State, the card shall be temporarily blocked until midnight local time on the day the last incorrect PIN attempt occurred.

8.16 Interoperability

Unlike SNAP and cash benefits, WIC benefits do not have inter-State interoperability.

Unless otherwise designated by the State, WIC benefits must be redeemed within the State that authorized the benefits. In addition, multiple WIC programs may be operational within some States. In these cases, the EBT contractor shall be required to support intra-State interoperability to the extent that multiple WIC programs have shared WIC vendors.

8.17 WIC Administrative Functionality

The EBT contractor shall provide administrative terminal or host-to-host access to State and WIC clinic personnel as designated by the States and arrange for such access when the State's WIC EBT system is implemented. The administrative functionality must be capable of running on the State's existing hardware. The Offeror must detail its approach to support the requirement to supply States and WIC clinics with administrative terminal functionality.

The contractor shall provide EBT administrative terminal or host-to-host software and communications protocols to States and WIC clinics. Administrative access shall include multi-level access controls to ensure that only authorized individuals can process administrative transactions or access client account information through EBT administrative terminals. To support administrative access, the EBT contractor shall provide a browser based administrative application utilizing TCP/IP or other approved communications protocol. This interface shall provide authorized users with a window/Graphic User Interface (GUI) environment that includes pull down screens and point and click capabilities. The Offeror's response must clearly explain the approach to provide the specified administrative access functionality, including the window/GUI user interface, access controls, and must specify the hardware and software necessary to support the WIC administrative functions.

The interface between the State Management Information System and the EBT host system shall comply with the WIC Universal EBT-MIS Interface specification (dated June 2012 or most recent).

8.17.1 User Security Profiles

The EBT contractor shall meet the requirements specified in Section 5.1.1 (User Profiles) of this RFP.

8.17.2 WIC Administrative Functions

Offerors shall describe their approach for providing WIC administrative functionality in terms of navigation and data presentation. At a minimum, the transaction set that shall be supported through the EBT administrative functionality includes:

1. EBT Account Set-up: In addition to batch processes, the contractor shall also provide State and clinic staff with the capability to create WIC accounts through administrative functionality.

2. EBT Account Maintenance: Appropriate State or clinic staff shall have the capability to view, update or correct EBT account information. Appropriate staff shall also have the capability to deactivate an account and re-activate an account.

3. Benefit Authorization: Appropriate State or clinic staff shall have the capability to add WIC benefit prescription authorizations through the administrative terminal.

4. Pending Benefit Purge: Appropriate State or clinic staff shall have the capability to purge benefit prescriptions prior to the benefit availability date.

5. Modify Benefit Prescription: Appropriate State or clinic staff shall have the capability to modify a client‘s benefit prescription.

6. Card Status Change: Appropriate State staff shall have the capability to deactivate, to issue or replace client cards.

7. Search: Appropriate State staff shall have the capability to search by name, State ID or case number, PAN, SSN (if specified by the State WIC Agency), or EBT account number to access and view account, benefit food prescription detail, and transaction history.

8. Retrieval of On-line and Archived Data: The EBT contractor shall be required to provide administrative access to on-line and archived data via administrative terminals or systems.

8.18 Customer Service

The EBT contractor shall be required to provide customer service to WIC program and clinic staff, cardholders and WIC retailers (vendors).

8.19 Cardholder Customer Service

To support the WIC EBT Program, the contractor shall be required to meet the cardholder customer service requirements specified in RFP Section 9.3

8.20 WIC Retailer (Vendor) Customer Service

The EBT contractor shall be required to work with the State to define and implement customer service requirements to support WIC retailers (vendors). The EBT contractor shall be required to meet the retailer (vendor) customer service requirements specified in Section 9.2

8.21 Cardholder and Food Retail Vendor Web Portals

The contractor must provide transaction inquiry and retailer settlement history information directed through a secure web site to cardholders and retailers 24/7, 365 days a year, except for scheduled downtime.

The contractor must provide cardholders and retailers separate inquiry tools/functions. Cardholder web site inquiry and maintenance function must provide access, but not limited to the following:

- Account(s) food balances and transaction information.
- Account(s) activity.
- PIN changes.
- Customer service message center.
- Reporting Lost, Stolen or Damaged cards.

Cardholder account information on the web portal must allow the cardholder to view a minimum of two (2) months of account history, including purchases, adjustments and new benefit prescriptions.

Transaction information will be restricted for retailers to account settlement summary and transaction detail and history. This secured web site will be accessible to designated State and Federal (USDA FNS & OIG) staff.

The Offeror must describe the site's functionality and access controls in their Technical Proposal. The Offeror may be requested to provide a demonstration of the internet access functionality in their oral presentation. The NCS will review and approve the web site before the contractor allows public access. The site must provide internet links to the other agency web sites, State specific web sites, and Federal agency sites that provide general State and WIC related information. General information may consist of local and State offices locations and WIC retailer locations. The Offeror is encouraged to provide Web based cardholder training or other relevant information and/or effective and economical uses for cardholder and retailer web site links. The described approach for providing Browser access to the Web Portals will be defined by each State in Detail Design.

8.22 State and Clinic Staff Support

Unless otherwise negotiated by the State, the EBT contractor shall provide State and clinic staff with assistance via a toll-free number that functions as described below:

- If the EBT contractor provides access through its client number, State and local office personnel will be provided with a password so that the client ARU can be bypassed and staff will be provided with immediate and appropriate assistance from a live CSR.

- The EBT contractor shall not place limits on the number of State and clinic staff members who have access to the CSR.
- Technical assistance for State and clinic staff shall be available 8 AM through 5 PM local time, Monday through Friday, excluding State and Federal holidays. The contractor shall be aware that a State may have clinic locations within two separate time zones and shall provide services according to the time zone of the local clinic.
- The EBT contractor shall provide an option for providing technical assistance 8 AM through 5 PM local time on Saturdays, Sundays, and State and Federal holidays.
- The EBT contractor shall provide an option for providing technical assistance beyond 5 PM local time any day of the week.

8.23 WIC Retailer (Vendor) Management

The EBT contractor shall be required to work with the State to define and implement the technical, functional, hardware, and software requirements necessary to enable WIC retailers (vendors) to participate in the WIC EBT system in an on-line, integrated electronic cash register (ECR)/POS environment.

If directed by the State, the contractor shall be required to deploy and maintain EBT-only/WIC Stand-beside POS equipment for designated retailers (vendors). To support retailers (vendors) that choose to acquire their own equipment and third party processors, the EBT contractor shall be required to provide hardware, software and interface specifications that would enable retailers (vendors) and third party terminal drivers to interface with the EBT contractor to process WIC EBT transactions. Offerors must describe their approach for enabling and managing retailer (vendor) participation in the WIC EBT program.

8.24 WIC Training Materials

At the election of the CSA, the EBT contractor may provide WIC program, clinic, participant and retailer (vendor) training materials specific to the WIC program. The contractor shall provide appropriate written and digital training materials in the formats specified in RFP Sections 8.24.1 through 8.24.3.

8.24.1 WIC Client Training Materials

Although the EBT contractor shall not be responsible for direct WIC participant training, the EBT contractor may be required to work with the States to define their WIC training content. Training content may include but is not limited to:

- WIC EBT transaction types including purchases and balance inquiries;
- Printing a shopping list;
- Use of the EBT Card at the point-of-sale;

- Use and safeguarding of the card and PIN;
- Card replacement and PIN change methods and procedures;
- Guidance on reporting problems with the card or use and reporting a lost or stolen EBT card;
- Use of the transaction receipt to track remaining WIC benefits;
- Use of the cardholder website, URL and website functions including toll free number to call if the cardholder is having a problem accessing the website;
- Customer service functions, including the toll-free Customer Service help desk number; and
- Written and digital client training materials may be required in English and Spanish.

8.24.2 WIC Retailer (Vendor) Training Materials

Merchant training may be provided using written materials accompanied with EBT-only/stand-beside POS terminals provided to retailers (vendors) via mail or overnight delivery. However, if upon receipt of EBT-only/Stand-beside POS equipment, a retailer (vendor) requests additional training or assistance, the EBT contractor shall provide such assistance through the retailer (vendor) customer service center or onsite training. For retailers (vendors) with integrated systems, the EBT contractor shall provide train the trainer training if requested by the retailer (vendor).

Retail store employees, including both EBT-only retailers equipped with EBT-only/Stand-beside devices and retailers with integrated systems, shall be trained in system operations prior to implementation. Such training shall include the provision of appropriate written and program specific materials. These materials shall be provided in hard copy and at the request of the retailer in electronic format on disk or CD. WIC Retailer training materials shall include:

- The State‘s Authorized WIC Product List (as determined by each WIC program) including options for mapping of Price Look Up (PLU) codes for the implementation of the Cash Value Voucher (CVV) program;
- Processing WIC transactions;
- Retailer (Vendor) Customer Service operations and functions including a toll free number;
- Use of the retailer (vendor) web portal, URL and website functions including toll free number to call if the retailer is having a problem accessing the website;
- Use of the ARU;
- POS terminal operations and procedures for retailers (vendors) receiving EBT-only/Stand-beside terminals; and

- Retailer training materials shall be provided in English and other languages as specified by the State in detail design.

8.24.3 State and Clinic Training Materials

The EBT contractor shall provide written State and clinic staff training and training materials to the State as needed or when requested by the State. The State and clinic staff training materials shall cover EBT system functionality as it applies to the job functions of State and clinic workers.

8.25 WIC Settlement and Reconciliation

To support the WIC EBT Program, the EBT contractor shall be required to meet the Settlement and Reconciliation requirements specified in this RFP and shall be required to work with the State to define and implement processes to draw funds for the settlement of WIC transactions. Each State will designate their own procedures, time frames and fiscal agents for settlement purposes. At a minimum, the EBT contractor must provide the NCS members with the capability to verify and approve or initiate the draw of State funds for settlement. Depending on the procedures and time frames developed between the State and the EBT contractor, State payments to the EBT contractor will be made either through the ACH for next business day payment or wire transfer for same day payment.

The EBT contractor shall work with the State so that data can be provided in a format with minimal impact to the State‘s existing reconciliation processes.

8.26 WIC Reporting

The EBT contractor shall be required to work with the State to define and implement comprehensive reporting capability for the WIC EBT Program. To support the WIC reporting requirements, the EBT contractor shall be required to meet, as a minimum, the reporting requirements outlined in the WIC Functional Requirements Document for a Model WIC Information System with EBT (FRED-E), Version 2008 2.0, September 2008, or the most recent version of this document, as well as the WIC Regulations as published by the Federal Register in the Code of Federal Regulations, 7 CFR Part 246. WIC State agencies shall comply with all reporting requirements specified in 7 CFR Part 246. However, the States may require modifications to these reporting requirements to meet the unique needs of a State‘s WIC Program. For example, WIC reports shall include data on benefit authorizations and redemptions by food category, subcategory, UPC and unit (ounces, pounds, etc.). The reporting system shall produce WIC information at the State, County, clinic and/or geo-admin levels as designated by the State.

Reports should be made available, at State option, on-line, and downloadable in PDF and CSV formats, and/or transmitted as a data file to the State. Files shall be consistent with the requirements of the Universal Interface specification dated June 2012 and subsequent updates.

8.27 WIC Change Management Process

In supporting the WIC Program, the EBT contractor shall be required to comply with the Change Management process specified in this RFP.

8.28 Disaster Support

The EBT contractor shall work with the States in the development of WIC-EBT disaster plans in accordance with any State or FNS requirements and is expected to support WIC-EBT in the event of a disaster to the extent outlined in the Disaster Services Plan section of this RFP.

8.29 WIC System Security

In supporting the WIC Program, the EBT contractor shall be required to comply with the system security requirements specified in this RFP.

9 Retailer Management, Cardholder and Retailer Customer Service, and Training, and NYS Specific

9.1 Retailer Management

9.1.1 Retailer Management –Core Requirements

9.1.1.1 Recruitment and Participation

USDA-FNS regulations require that all firms authorized by USDA-FNS to participate in the Supplemental Nutrition Assistance Program (SNAP) have the opportunity to participate in the EBT program. Most FNS regulations pertaining to retailer EBT program will be found under 7 CFR 274.3, and EBT technical and system requirements are generally found under 7 CFR 274.8

The contractor is responsible for managing retailer participation in the NCS EBT programs. The contractor's primary roles and responsibilities include:

- Providing each FNS authorized firm with the opportunity to participate in the EBT system;
- Ensuring, to the extent possible, that the States' EBT systems are interoperable with other States' EBT systems as defined in 7 CFR §274.8(b)(10); this includes non-electronic EBT transactions completed utilizing manual vouchers;
- Support oversight of Third Party Processors;
- Signing either EBT-only retailer agreements or third party processor agreements for all participating commercial and non-traditional retailers (e.g. Farmers, Meal Services, and Route Vendors). The contractor must enter into an agreement with the retailer in accordance with 7 CFR274.3(c). The NCS must approve the terms of the agreements prior to being signed by retailers and third party processors;
- Reviewing and ensuring that all agreements between third party processors or their designees (ISO's) and retailers meet at the same basic standards and terms (as defined/approved by the NCS for EBT only agreements);
- Assuring that the participating retailers understand their responsibilities in regards to the QUEST® Operating Rules and operations of the EBT system;
- Developing technical information and recruitment materials to assist in the deployment of EBT terminals to these food retailers;

- Ensuring all retailers are provided with clear and objective information regarding their EBT equipment options;
- Timely installing, maintaining and supporting contractor provided EBT-only POS equipment in accordance with FNS policy for retailer participation as defined in 7 CFR274.3; and
- Providing retailer customer service for authorizing manual transactions, resolving issues/problems with contractor supplied EBT-only POS equipment, and helping resolve settlement dispute questions and issues.

9.1.1.2 Retailer and Third Party Processor Agreements

For all retailers who have signed agreements for EBT-only terminals or third party processors, the contractor must enter into agreements:

- To deploy and drive EBT-only POS terminals pursuant to this RFP;
- To act as a third party processor to retailers;
- For those retailers who choose to use or modify their existing equipment and either acquire the services of a third party processor or serve as their own third party processor, the agreement must provide access to the EBT system; and
- Such agreements will be between the contractor and retailers or processors/acquirers directly; the NCS will not be a party to these agreements. The agreements will describe the terms and conditions regarding the arrangements for use of the POS equipment and the operating procedures and rules.

Language in the agreements must meet the FNS regulatory requirements at 7 CFR 274.3(d) and include, but is not limited to the following:

- Compliance with the SNAP regulations;
- Signature by FNS owner of record for the location;
- Compliance with the Quest® Operating Rules as administered by NACHA;
- Compliance with Technical Standards ISO 8583 and ANSI X9.58;
- No charging of cardholders for SNAP transactions;
- No charging for authorization and settlement processing by the contractor for EBT transactions;
- No charging of cardholders for cash transactions, with or without purchase;
- Only FNS-authorized retailers perform SNAP transactions;
- EBT-related records for audit purposes;
- Retailer bank account numbers;
- Unique Terminal ID’s;

- Retailer and third party processor agreement language (this includes language in agreements between contractor and third party, third party and retailer, and third party designees, including ISO's & equipment leasing companies) must be reviewed and approved by the NCS and USDA-FNS; and
- The contractor must keep agreements on file for the term of the agreement, such that the agreement for any retailer may be reviewed upon State or USDA FNS request.

9.1.1.3 Retailer EBT Data Exchange (REDE) Data Files

The contractor must use the FNS Retailer EBT Data Exchange (REDE) system to obtain and maintain a retailer database of FNS certified retailers participating in the EBT program. REDE processing includes standard (regularly scheduled) nightly and monthly operations and ad hoc operations. The standard monthly operations are performed (on the first Saturday of the Calendar month) and create the full State and National retailer data files. The National retailer data update files are used to update the REDE database.

The contractor must receive and process REDE file updates daily to ensure that all newly authorized and re-instated retailers are enabled to conduct SNAP transactions upon communication of authorization from FNS. Re-instated retailers that will have their EBT-only equipment must have the ability to access EBT within forty eight (48) hours of the REDE file update.

Conversely, the contractor must suspend or de-authorize the SNAP transaction processing privileges of a retailer within 48 hours of notification by FNS that the retailer is de-authorized/suspended. Only currently authorized retailers should have the ability to access the EBT system.

Every SNAP EBT transaction (whether electronic or manual) must be checked against the national REDE file to ensure that only FNS authorized retailers participate and to preclude transactions against invalid authorization numbers from occurring. Contractor is liable for any/all such invalid transactions that result from failure to use/check transactions against the most current National REDE file.

The database must ensure accurate REDE detail data pertaining to each retailer is captured and must contain "up-to-date" information about retailer bank accounts and store cutover times for ACH purposes.

The contractor must propose a method to transmitt the REDE file, as described above, at no additional cost to the State agreeing to receive this file.

9.1.1.4 POS Terminal Technical Standards

Terminals deployed by the contractor must meet the operational requirements of the EBT system and support the full EBT transaction set. All terminals deployed by the Contractor must comply with ANSI X9.58 message formats and the QUEST Operating Rules. All terminals deployed by the Contractor must display visual verification of the transaction message before positive action is taken by the cardholder to validate the message for authorization and settlement. The States encourge the contrator to propose Digital Point of Sale solutions designed to benefit retailers and EBT customers with timely in-store sales and product information to employees.

In addition, all terminals deployed must visually display the error message rejecting the transaction. The error messages must include, but are not limited to, the following:

- Insufficient funds;
- Incorrect PIN;
- Inactive card;
- Invalid Card (Mag Stripe);
- Regardless of whether current terminals are kept or replaced during the transition phase to the *new* Contractor, or when replacing terminals through attrition, the contractor must provide equivalent POS terminals used by EBT-only retailers in the NCS.

9.1.1.5 EBT-Only Retailer Deployment Requirements

EBT-only terminals must be deployed with the required telecommunications, according to the Federal regulations 7 CFR 274.3(a), NCS waivers, and NCS Retailer Participation Guidelines, as follows:

- Newly authorized retailers must have access to the EBT system within two (2) weeks after receipt of the USDA-FNS authorization notice;
- For an authorized food retail store with SNAP benefit redemption amounting to 15 percent or more of total SNAP sales, all checkout lanes must be equipped;
- EBT-only terminals must be deployed to retailers with average monthly SNAP sales of $100 or more. Retailers that redeem less than $100 per

month in SNAP benefits will be authorized to participate using the manual transaction voucher process (this requirement is based on NCS waivers approved by FNS).

- Vermont and New Hampshire do not participate in the less than $100 per month EBT only equipage waiver. These States require that the standard, wired EBT equipment provided under this contract be available to all retailers, regardless of redemption patterns. Manual vouchers must also be an option for low redemption and other retailers. As with all manual vouchers, the retailer must obtain authorization prior to accepting the purchase to ensure payment;
- For an authorized food retail store with SNAP benefit redemption representing less than 15 percent of total SNAP sales, supermarkets must, at a minimum, receive one terminal for every $11,000 in monthly redemptions up to the total number of lanes per store. All other authorized food retailers must receive one terminal for every $8,000 in monthly redemptions up to the total number of lanes per store;
- In accordance with existing NCS Guidelines for Retailer Participation: If monthly redemption activity exceeds $30,000 per month, the retailer may request one POS terminal to be located in the retailer office, at customer service, or at another location for the purpose of conducting benefit account balance inquiries;
- For newly authorized food retailers, FNS regulations at 274.3(b) and NCS retailer policy dictate that the contractor review redemptions of stores with prior authorization at the same location and/or review the redemptions of similar stores in the immediate area when making a determination. The contractor and the individual food retailer must negotiate a cooperatively determined level of terminal deployment for up to the total number of lanes in the store. The NCS reserves the right to require that up to a certain number of EBT-only terminals are supported, at no extra charge to the retailer or the CSA, for retailers who do not meet the above conditions If the contractor and the retailer are unable to reach a mutual agreement, the CSA will make the decision; all equipment deployment levels must be reviewed and adjusted annually in accord with FNS regulations at 274.3(b);
- The contractor must offer EBT only devices for a fee to FNS authorized retailers who do not meet the requirements for free equipment. The fees being charged for the devices must be approved by the CSA and addressed in the retailer agreement or the equipment rider that accompanies the agreement. Examples of uses include backup equipment, equipping additional lanes, cash only retailers, and retailers who do not meet the $100 average monthly SNAP redemption threshold; and
- If retailers wish to acquire additional POS equipment, the contractor will be permitted to provide the equipment beyond the requirements specified

above. The contractor may charge the retailer for providing and supporting this additional equipment. However, any agreement covering such an arrangement is between the contractor and the retailer. The NCS will not be party to these agreements or be responsible for these costs.

9.1.1.5.1 EBT-Only Equipment Support Services

The contractor must provide the following services for the EBT-only POS terminals it deploys:

- Installation fee and basic service fee reimbursement for any/all EBT only retailers requiring a separate telephone line (see EBT Retailer Policies);
- Repair or replacement services on faulty POS terminal equipment ~~within 24 hours of the request for service~~ consistent with Federal regulations requiring replacements within 48 hours (Amended 1/4/13);
- Supplies or supply reimbursement;
- Manual voucher supplies and instructions for electronic retailers for use in the event there is system down time;
- Retailer training for all contractor deployed EBT-only terminals;
- The contractor must provide a toll free "800" telephone number, 24/7, for reporting terminal malfunctions, and for all functions/services described under (Retailer Customer Service Help Desk Functional Requirements) and (EBT-only Retailer Customer Service Support).

9.1.1.5.2 EBT Only Equipment Security

For the purposes of addressing program integrity regarding EBT-only deployment, the contractor must propose methods to prevent the relocation and/or replicating of EBT-only equipment used for fraudulent purposes. The proposal should include the prevention to relocate terminals in violation of the program and to monitor and report such incidents to the CSA.

9.1.1.5.3 Retailer Test Cards

If requested by and in cooperation with the CSA, the contractor must utilize the EBT test cards issued by the State, for the purpose of testing new retailers or new POS equipment being deployed.

9.1.1.5.4 Manual Paper Vouchers

For those FNS-authorized retailers that do not arrange for commercial service or do not qualify for EBT-only government subsidized equipment, the contractor must provide access via manual paper vouchers. The contractor must support voucher authorization by providing a toll free retailer customer service number. Further, the contractor must provide these retailers with detailed instructions, with manual voucher supplies and must put in place a mechanism that will be used to process these vouchers for payment.

9.1.1.6 Third Party Processors

In support of retailers who deploy their own terminals the contractor must provide retailers with interface specifications which would enable retailer and third party terminal drivers/acquirers to interface directly with the contractor for processing EBT transactions within 30 calendar days from the State's contract start date. The contractor will not withhold certification for retailers and third parties that enter into direct connect arrangements with the Contractor. For the purpose of transitioning/converting to a new EBT Contractor, the CSA requires that all certifications for retailers and third parties are completed no less than 30 days prior to completing the database conversion.

The contractor is responsible for certifying and decertifying third party processors including developing and implementing certification requirements and procedures. Certification requirements and procedures should include standard operating procedures that require TPPs (or their ISO's) to validate retailer authorization numbers and the associated store location on record at FNS prior to EBT activation. The States must approve the contractor's certification requirements and procedures, and may require the contractor to modify such requirements and procedures whenever the States deem it necessary, States and/or USDA FNS may perform follow up reviews as well. If a TPP engages in clear violation of applicable rules governing the EBT system as outlined in this RFP, the EBT contractor will be required to obtain concurrence with the State or States before taking adverse actions. In addition, at the request of the State or States in which the TPP operates, the contractor may be required to decertify the TPP for violation of such rules.

9.1.1.7 EBT Retailer Policies

The NCS will offer all USDA/FNS authorized retailers the opportunity to participate in the NCS EBT program consistent with USDA-FNS regulations. The NCS Retailer Policies for participation include:

- **Retailer Agreements** - The Contractor must sign agreements with USDA/FNS authorized retailers. Draft retailer agreements are due 30 calendar days after each State's contract start date and final agreements are due 90 calendar days after each State's contract start date. For retailers routing transactions through third party acquirers to the EBT processor, the contractor will require a retailer agreement addendum to be signed under the existing retailer-TPP agreement (the agreement language is subject to NCS and USDA FNS approval). Such agreements and addenda will reference the EBT Retailers Policies and Procedures Manual to be developed in conjunction with the NCS, ensuring accountability and compliance with USDA/FNS regulations;

- **Retailer Access** - The contractor must provide Point of Sale (POS) access, at no cost per transaction, to the SNAP and cash authorization database within the NCS. All USDA/FNS authorized retailers will be provided access, which also includes basic telephone service (in accord with Phone Line Policies indicated below) and all supplies. For directly connected third party/acquires, the vendor may propose a monthly fee. Retailers who are directly connected or who utilize a TPP will be responsible for establishing phone lines, and POS supplies. The contractor will however, provide manual vouchers for use in the event of system outage;

- **National Inter-operability** - The contractor must provide all processors and EBT-only retailers, including retailers who process manual vouchers, the capacity for national SNAP and cash inter-operability. The contractor must support national interoperability for SNAP and cash access to include loading <u>all</u> NCS BIN's on the EBT system;

- **EBT-Only POS deployment** – The contractor must provide a direct connect EBT-only option at all times. Any USDA/FNS authorized retailer will be required to sign agreements to deploy this option, at no cost to either the retailer or the CSA for equipment supplies or training. EBT only equipment will be installed in accordance with FNS lane coverage requirements. Phone lines will be provided in accordance with Phone Line Policies indicated below. Additional POS equipment that any certified

retailers may wish installed may be leased or purchased by the retailer from the contractor for the cost of the additional equipment only;

- The CSA permits to charge a reasonable fee should a retailer wish to deploy their own POS equipment. The Offeror must propose a reasonable re-installation fee that may be assessed for re-installing EBT-only equipment. No deposit fees may be assessed to EBT-only retailers for EBT-only POS equipment without the approval of FNS;

- **Manual access retailers** – Except in Vermont and New Hampshire retailers with an average of $100 per month or less in SNAP business will conduct EBT transactions on a manual basis. Retailers will call a toll-free number to obtain authorization of transactions and a "hold" will be placed on those funds in the SNAP account. The contractor will provide a mechanism by which vouchers can be cleared and retailers reimbursed for completed and approved transactions. The retailer will be responsible for the timely processing of manual transaction vouchers. There is no cost to the retailer for vouchers, the toll-free call or for settlement;

- **Farmers' markets/roadside stands** – FNS licensed farmers' markets, roadside stands and other "non-traditional" retailers will participate in the same manner as traditional retailers. If phone and electrical service is available to the non-traditional retailer location the retailer will qualify for receipt of EBT-only POS equipment to support on-line transaction processing at no cost to the retailer for supplies, equipment or training. Otherwise, licensed non-traditional retailers will be provided manual voucher access. The contractor must work with the industry and the NCS to evaluate and demonstrate alternative access methods including wireless POS and cellular technology. New York's wireless EBT program provides New York State farmers' markets with lightweight, handheld wireless POS terminals enabling them to participate in the State's SNAP program. The EBT transactions transfer the amount of the sale from the customer's individual SNAP account established by New York State directly to the farmer's bank account in the same manner as electronic POS terminals. Wireless POS terminals are in use in all Farmer's Market locations in the Upstate regions and in various boroughs within the New York City region.

- **Phone Line Policies - EBT-only retailers** - EBT-only retailers whose volume of SNAP sales averages between $100 and $5000 per month will be required to share an existing phone line for use by the EBT-only POS device. Retailers may not run/share phone lines between locations. At any existing retail location the contractor may utilize the retailer's existing

phone line and electrical power supply for each POS configuration. If the retailer's monthly SNAP benefit issuance exceeds $5,000, the contractor must install a dedicated phone line exclusively for EBT use at the contractor's expense. If a retailer doing greater than $100 in SNAP sales has no phone line, the contractor will provide one at the contractor's expense. Call waiting must be disabled and all hardware and wiring necessary to connect the EBT-only POS to an existing phone line will be provided at the contractor's expense;

- The contractor must be responsible for all base line service costs. The retailer must pay for any additional billing service, beyond the base line service, associated with the installed line. The contractor will administer telephone work orders and line installations. The contractor will support the cost to modify existing line drops, inclusive of line splitters or similar devices. Reconnect costs incurred, which result from the retailer's failure to pay the monthly bill, will not be reimbursable by the States or the contractor;

- The contractor must clearly communicate phone line policy to participating retailers and must fully describe the phone line reimbursement process;

- **EBT Only Terminals Cash Access Policy** - The NCS is committed to providing recipients with non-discriminatory access to their benefits. EBT cardholders must be provided with cash access at EBT-only terminals in accordance with access offered to other types of cardholders (debit cardholders);
- **Signage** - Retailers must be provided with signage, decals, and copies of all retailer operational manuals and training materials at no cost to the retailer.

9.1.1.8 Non Traditional Retailer Support

SNAP authorized retailers include: drug/alcohol treatment centers, blind/disabled group living facilities, battered women's shelters, homeless meal providers, restaurants serving meals, elderly/disabled communal dining facilities, meal delivery services, route vendors, and other non traditional retailers.

Because of their unique circumstances, these non-traditional retailers may not require the installation of POS equipment. However, FNS-authorized non-traditional retailers that meet the monthly minimum SNAP redemption requirement ($100) must have the option to be equipped with EBT-only

POS devices to support clearance of manual vouchers. The contractor must install POS devices in these facilities if the facility elects to use EBT-only POS services.

The contractor must ensure that the EBT system blocks the use of the EBT card from performing SNAP transactions at FNS-authorized restaurants, regardless of the restaurant's location, unless the CSA authorized case has been designated as restaurant-eligible by the CSA that has been approved by FNS to run a restaurant meals program for the elderly, disabled and homeless. This means that for NCS members without a restaurant program, all SNAP transactions originating from a retailer with an FNS store type code of RE (Restaurant) must be rejected by the host authorization system or at the transaction switch. The rejected transaction must be reported to the cardholder the transaction POS receipt indicated as an invalid or rejected SNAP transaction.

9.1.2 Retailer Management - Core Optional Requirements

9.1.2.1 Administrative Equipment

Offerors must propose costs for the following administrative optional equipment, using the Pricing Schedules found in this RFP:

- Card Reading Wedge;
- Handheld Wireless POS terminals; and
- Service, installation and maintenance costs.

9.1.2.2 Funds Transfer Support for Certain Facilities

The following Core Optional requirements apply only to Group Homes, drug and alcohol treatment centers, and battered women shelters.

9.1.2.2.1 Funds Transfer Support

The contractor must provide, at State option, an alternative method of SNAP benefit delivery through EBT for Group Home, drug and alcohol treatment centers, and Domestic Violence shelters. Only FNS-authorized facilities will be set up under this process. It is expected that these facilities will be established as EBT-only retailers and sign retailer agreements. There will be no actual plastic card and no "swiping" at a POS device in this solution, therefore no hardware needs to be deployed. Reporting of facility funds transfer activity is defined in this RFP.

The following is a description of the requirements.

9.1.2.2.1.1 Account Set-up

The contractor must establish an account for each facility. The State will provide data for initial account set-up via on-line or batch transmission.

Facilities will be assigned a unique State facility identification number (This will be analogous to the client or case identification number for normal EBT cardholders.) A

"card number" will be created in the customary manner for the State, or as determined during system design. The State will assign a unique "pseudo" case number for each facility account. (These will be numbers that cannot be duplicated in the State's normal production environment.) The unique facility number, card number, and/or case number are intended to supply the necessary data to complete a normal EBT account structure. Consequently, normal EBT administrative system inquiry may be used to display facility account and transaction information.

Following transmission of the account set-up data, the card status will be set to "inactive" to ensure that a successful POS transaction cannot be completed with a keyed-in card number. This will be accomplished either by a State transaction request or by the contractor's system, as determined in the detail design phase.

9.1.2.2.1.2 Account Maintenance

The State will also use its system to provide and maintain facility account demographic information, such as facility name and address.

9.1.2.2.1.3 Benefit Update

Each month a facility payment file will be created by the State and transmitted via the CSA's connection to the contractor system. The contractor must accept this file and process it in the same manner that client benefit files are processed. The payment file will be in the same format as the State's benefit files but will have a unique transaction type that will identify it as a facility file.

Each file will contain one (or more) payment record(s) for each facility. The payment records will be a composite of all the benefits for the recipients resident in the facility, as calculated by the State system. The file may also contain adjustment records to ensure appropriate pro-rating of benefits, in accordance with recipient attendance as calculated by the CSA.

Individual client SNAP benefits for the period of facility residency will not be sent to the contractor to ensure there is no duplication of assistance.

The contractor's response files must be returned to the CSA in the same manner as for standard benefit processing.

9.1.2.2.1.4 Posting and Transaction Processing

Facility payment records will include an availability date assigned by the CSA, and may be posted and activated in the same manner as individual client benefits. The SNAP benefit amounts must also be included in the issuance total reported in the AMA batch file. Once payments become activated, the contractor must immediately initiate a debit to the account and a credit to an ACH transaction file for the amount of the payment. The debit transaction must result in a record similar to other settling debit transactions so that it can be viewed through the administrative screen, and include the facility's FNS authorization number, so that it can be detected using the retailer search function. That night these records must be included with the contractor' daily ACH transactions and must result in movement of the funds to each facility's bank account the next day. To accomplish this, the facility's bank account information, which was provided as part of the retailer agreement, must be included in the ACH record. The contractor must draw funds to cover SNAP benefits using the normal USDA funding mechanism. The contractor must also include these transactions in the benefit redemption summary file transmitted to the FNS STARS system, and in the ALERT file. The methods for linking the facility's FNS authorization number and banking information will be determined in the Detail Design phase.

9.1.3 Retailer Management - Core Reports/Files/Inquiries

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

9.1.4 Retailer Management - Core Optional Reports/Files/Inquiries

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

9.1.5 Funds Transfer Support Reporting

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

9.1.6 Retailer Management - Performance Standards

Refer to Section 12, Performance Standards.

9.1.7 Funds Transfer Support – Core Optional Performance Standards

Facility funds transfer processing *performance standards* will be the same as for normal account and file activity. Refer to the Performance Standards, Section 12 in this RFP.

9.2 Cardholder and Retailer Customer Service – Core Requirements

The Offeror must provide cardholder and retailer Customer Service via a toll-free number accessible 24 hours per day, 7 days per week. Access to cardholder and retailer Customer Service must also be supported via public payphones. Customer Service must also be available to NCS representatives and State/Local District staff. The Customer Service call center must provide personalized responses to caller questions in both English and Spanish. The NCS members expect to be able to maintain their existing toll free customer service help desk numbers, most of which are printed on the back of existing cards. In addition, the States must retain ownership of any toll free numbers at the end of the contract as a result of this RFP. The Offeror must ensure retailer and cardholder Customer Service is compliant with the Americans for Disabilities Act (ADA). All cardholder and retailer customer services must be performed within the United States.

At a minimum, performance standards must meet the requirements described in this RFP. In its proposal, the Offeror may propose additional standards for cardholder and retailer access to customer service that measure performance.

9.2.1 Customer Service Staffing Capacity Plan

In their Technical Proposal, the Offeror must propose a Customer Service Staffing Capacity Plan that demonstrates the capability to achieve the performance standards set forth in this RFP. Statistical reporting representing historical calls for each NCS member are provided for each State in the State Appendices section of this RFP. Any decrease in staffing from the original technical proposal that was submitted must be approved by the CSA prior to implementation. The NCS members expect that any fluctuations to the daily call volumes, and case load volumes requiring additional CSR staff throughout the term of the contract will be implemented.

9.2.2 Automated Response Unit (ARU)

The Contractor must employ the use of an Automated Voice Response Unit (ARU). However, if the ARU is not functioning, Customer Service Representatives must be available to provide assistance for callers experiencing difficulty. The NCS requires that both English and Spanish be supported by the ARU.

The contractor must provide EBT ARU and Customer Service scripts. The scripts must provide detailed, step-by-step instructions on the actual tests and functions that will be provided/supported by the ARU/SIVR and Customer Service. Each NCS member reserves the right to review and approve the transaction flow and

content of all ARU/SIVR messages and scripts, prompts, and customer service scripts. The contractor must submit a draft of the EBT ARU/SIVR and Customer Service scripts 90 calendar days after each State's contract start date and the final scripts 210 calendar days after each State's contract start date. From time to time the CSA will require the contractor to place emergency or benefit program ARU/SIVR broadcast messages. The contractor will be required to expedite this request within a reasonable amount of time, and at no additional cost to the CSA without causing any delays to test and place any broadcast messages on the production ARU/SIVR system. The contractor must not change ARU/SIVR messages or menu functions without prior approval of the CSA. The Offeror is encouraged to recommend for consideration any other transactions and/or uses of the ARU/SIVR which would represent an effective and economical application of this technology. In the Technical Proposal, the Offeror must describe the access controls to ensure security of cardholder and retailer account information.

9.2.3 Cardholder and Retailer Web Portal Access

The contractor must provide EBT transaction inquiry and retailer settlement history information directed through a secure web site to cardholders and retailers. The contractor must provide cardholders' and retailers separate inquiry tools/functions. Cardholder web site inquiry and maintenance function must provide access, but not limited to the following:

- Account(s) balance and transaction information;
- Account(s) activity;
- PIN changes.
- Customer service message center; and
- Reporting Lost, Stolen or Damaged cards.
-

Cardholder account information on the web portal must allow the cardholder to request a two (2) month statement of account history, including deposits, by program to be mailed to the last known address, in accord with CSA cardholder demographic information, within two (2) business days.

Transaction information will be restricted for retailers to account settlement transaction and history. This secured web site will be accessible to designated State and Federal (USDA FNS & OIG) staff. This web site must also contain all cash access sites, as required by the CSA in this RFP.

The Offeror must describe the site's functionality and access controls in their Technical Proposal. The Offeror may be requested to provide a demonstration of the internet access functionality in their oral presentation. The NCS will review and approve the web site before the contractor allows public access. The site must

provide internet links to the other agency web sites, state specific web sites, and Federal agency sites that provide general state and EBT information. General information may consist of Local and State offices locations, SNAP retailer locations, and retailers that provide cash access via POS and ATM devices. The Offeror is encouraged to provide Web based cardholder training or other relevant information and/or effective and economical uses for cardholder and retailer web site links. The described approach for providing Browser access will be defined by each State in detail design.

9.2.4 Rotary Phone Access

Retailers or cardholders using rotary phones to reach Customer Service must be provided with a service option to speak with a Customer Service representative.

9.2.5 Cardholder and Retailer Customer Service Representative (CSR) Access and Support

Cardholders and retailers experiencing difficulty obtaining services using automated functions must be able to reach a live CSR for assistance without undue delay.

9.2.6 Retailer Customer Service - Core Requirements

9.2.6.1 Retailer Customer Service Help Desk

The contractor must ensure through technical design, resource allocation, and staffing that each retailer call is answered in accordance to the performance standards described in this RFP. The contractor must propose, if possible, a toll-free number access methodology that will not require the States to convert their current retailer CSR number in this EBT procurement. The NCS members prefer to maintain their assigned toll-free numbers in the next procurement. In addition, the individual State will retain ownership of their toll free number at the end of the contract as a result of this RFP.

9.2.6.2 Retailer Customer Service Help Desk Functional Requirements

For EBT-only retailers, those retailers who utilize Third Party Processors, and directly connected retailers, the Contractor must provide Customer Service/Help Desk support that meets the minimum following requirements:

- Toll-free access 24 hours per day seven days a week operated and staffed in a standard industry manner without charge or fee to the retailer;
- Accessible to all retailers;
- Used exclusively for retailer support;
- Support by an Automated Response Unit and Customer Service Representatives;
- Provides for manual voucher approval, clearing, and information on manual vouchers for purchases and returns;
- Information about EBT and available commercial POS services;
- Settlement information and reconciliation procedures; and
- Support on system adjustments and resolution of out-of-balance conditions.

9.2.6.3 EBT-only Retailer Customer Service Support

In addition to the services outline above, the Offeror must provide the following support to EBT-only retailers via Customer Service:

- Support, training, and problem resolution on EBT-only POS equipment;
- Equipment maintenance, POS terminal supplies, repair assistance, and equipment replacement, if needed;
- Retailer EBT signage and posters;
- General information regarding EBT policies and procedures; and
- The Offeror is encouraged to recommend any other transactions and/or uses for Customer Service support that would represent an effective and economical application of this technology. The Offer must describe the access control to ensure the security of all retailer account and settlement information.

9.2.7 Cardholder Customer Service - Core Requirements

The contractor shall provide English and Spanish speaking CSRs to resolve cardholder issues that cannot be resolved by the ARU, including requests for adjustments. The contractor must provide sufficient CSR capacity to meet the contractual service standards for cardholder calls referred to a CSR. CSRs providing the full range of cardholder customer service functions shall be available 24 hours per day; 7 days a week. The contractor is encouraged to provide Web based cardholder training or other relevant information and/or effective and economical uses for cardholder and retailer web site links.

If the capacity of CSR calls exceed the hourly contractual service standard, the contractor must be prepared to allocate sufficient CSR staffing to meet exceeded

call capacities within the NCS. The contractor must ensure that capacity planning does not represent allocating additional CSR staffing managing calls from other NCS members. Any changes to the monthly CSR capacity plan must be reported to each NCS member.

The Cardholder ARU and/or Customer Service Center must support the following functional requirements. See Section 12 for a definition of the required Performance Standards.

9.2.7.1 Speech Interactive Voice Response (SIVR)

Cardholder customer services and functions must be supported using Speech Interactive Voice Response (SIVR). Callers selecting to speak with a live CSR during the ARU process must be supported. The NCS require that both English and Spanish be supported and provided by the CSR SIVR.

The Offeror is encouraged to recommend any additional transactions, functions and/or uses, as described above, for the SIVR which would represent an effective and economical application of this technology.

9.2.7.2 Reporting Lost/Stolen/Damaged/Non-Receipt and Unauthorized Use of a Card

Cardholders are required to call the EBT Customer Service Help Desk to report a lost, stolen, damaged, and non-receipt of a card, a non-functioning card, or unauthorized use of a card 24 hours per day 7 days per week. The contractor must deactivate the card immediately. The contractor must verify the cardholder's identity, as specified in the State Appendices, before disabling the card and providing the caller information about card replacement procedures. Such information resulting in a reported lost, stolen, damaged, non-receipt or unauthorized use of a card must be reported and described as a card status change on the Administrative System.

9.2.7.3 ARU PIN Selection/Change

The contractor is required to provide ARU PIN selection/change. The Offeror must propose a secure automated PIN selection process that requires only one call to be made by a cardholder. PIN change/request transactions must be reported to the State on the Administrative System. The one call, automated PIN selection function will require positive verification of the cardholder's identity as specified in the State Appendices and finalized during the detailed design phase of the project. For security reasons the

CSR must never be directly involved in the PIN selection process but must provide support for callers having trouble with any automated PIN selection process.

9.2.7.4 Current Balance Inquiry

Cardholders must be given the current on-line real time balance of their account(s) upon cardholder verification.

9.2.7.5 Transaction History

Cardholder transaction history must provide information about the last ten (10) transactions by benefit program, e.g. transaction number, amount, date. If requested by the cardholder, deposit history must also be provided by benefit program.

9.2.7.6 Account History

Cardholder account history must allow the caller to request a two (2) month statement of account history, including deposits, by program to be mailed wiyhin two (2) business days to the last known address, in accord with CSA cardholder demographic information.

9.2.7.7 Benefit Availability Date

Cardholders selecting this option must be able to select from two options:

- Last benefit posting date; and
- Regular monthly (recurring) benefit posting dates based on each NCS members staggered SNAP and Cash schedules.

9.2.7.8 Claims Processing via CSR

The contractor must provide CSR's to resolve cardholder issues that cannot be resolved by the ARU, including requests for claims or adjustments. The Offeror must provide sufficient CSR capacity to meet the contractual service standards for cardholder calls referred to a CSR who experience transaction processing problems, for example, if a cardholder account is debited incorrectly and the cardholder elects to have the transaction(s) investigated.

9.2.7.9 TTY Support

The contractor must provide the capability for supporting TTY (Teletypwriter) to cardholders with hearing disabilities. NCS members that presently support this capability have designed relay switching from their local phone service carriers to the CSR and will want to continue providing this service to the hearing impaired.

9.2.7.10 Local/State Staff Help Desk Support

The Help Desk must support State staff calling with questions related to cardholder issues that cannot be resolved by means of administrative system functions and inquiry. The contractor must provide State Help Desk support via its cardholder customer service number. State and Local office personnel must be provided with an automated process in order to bypass the ARU flow and provide immediate access to a Help Desk representative.

9.2.7.11 Audio Response Unit (ARU) Support Utilizing the Unique Portion of the Card or the Full Card Number

Each NCS member supports its own BIN and PAN format. The contractor must offer the ability of the system to accept the State unique portion (up to thirteen (13) digits) when the ARU is called for support, or the full PAN, as determined during detailed design.

9.2.7.12 Monitoring CSR and ARU Calls

The contractor shall clearly describe its monitoring capabilities for both live CSR and ARU calls to ensure quality customer service, including how designated CSA staff may access live CSR calls for monitoring purposes (unlimited, 24 hours a day, or 365 days a year).

9.2.8 Training - Core Requirements

The contractor has the sole responsibility for retailer training, including the production and distribution of all materials. All new or updated training materials produced by the contractor are subject to approval by the CSA(s). The CSA will retain ownership of all training materials produced by the contractor. Training materials must be updated throughout the life of the contract to reflect changes to the system design, State or Federal policies and procedures, and programs that may be added to the EBT system. FNS EBT regulations on training can be found under 7 CFR 274.3(3) (7).

The contractor must provide all materials, including, but not limited to, drafts and final versions of materials, including scripts and plans, both in hard copy and electronic media in the format(s) and software specified by the NCS.

9.2.8.1 EBT-Only Retailer Training

The contractor must provide retailer training for EBT-only retailers including training materials, a User Manual, a Retailer Fact Card, and support a toll free help desk number, as described in this RFP. The contractor must provide in-person retailer training upon retailer request. Training must cover both the SNAP and cash programs. Retailer training must be provided at the time of equipment installation, or for non-electronic retailers, training must be provided at the time manual vouchers and instructions are being provided..

9.2.8.2 Retailer Printed Materials

FNS Federal Regulation 274.3(e)(7) requires that retailers be provided training in system operation prior to implementation. Such training must include the provision of appropriate written and program specific materials. All printed materials must be provided in English and Spanish. Training materials must be provided in hard copy for distribution to retailers, as well as in electronic media in a format as designated by each State. The contractor must develop, produce, and distribute the following printed training materials for retailers:

9.2.8.2.1 EBT-Only Retailer Manual

This manual is to be distributed to retailers using EBT-only equipment. The manual must include, at a minimum, the following information:

- Merchant Help Desk toll-free number;
- Use of ARU;
- Manual voucher processing procedures for electronic retailers;
- POS equipment introduction and assembly;
- Supplies specifications, how to order, reimbursement formula, frequency and method;
- Clerk transactions;
- Off-line SNAP benefit manual voucher transactions;
- Supervisor transactions;
- Store balancing;
- Totals reporting;

- Maintenance and troubleshooting; and
- Testing of equipment.
- A draft EBT-Only Retailer Manual must be submitted 180 calendar days prior to each state conversion. The final EBT-Only Retailer Manual will be submitted by the contractor 90 calendar prior to completing each state conversion.

9.2.8.2.2 Retailer Fact Card

This material is to be provided to all retailers for use as a quick reference guide. The Fact Card must be printed on one side and be small enough to post next to a cash register. At a minimum, the Fact Card must contain the following information:

- Terminal sign on/sign off procedures;
- Balance inquiry;
- SNAP purchase;
- Cash Transaction purchase and cash back availability;
- SNAP benefit returns;
- Manual transaction voucher authorization and clearing process; and
- Merchant Help Desk toll-free number.

9.2.9 Cardholder and Retailer Customer Service - Core Reports/Files/Inquiries

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

9.2.10 Monthly Cardholder Customer Service and ARU Call Report/Files

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

9.2.11 Monthly Retailer Customer Service and ARU Call Report/Files

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

9.2.12 Monthly EBT Web Site Report/File

See the EBT Reporting Requirements Appendix for detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

9.2.13 Customer Service Performance Standards

Refer to Section 12, Performance Standards.

9.3 Cardholder and Retailer Customer Service, Training, and State/Local District Training - Core Optional Requirements

9.3.1 Cardholder and Retailer Customer Service Interpreter Options

States may request that the ARU and/or CSR's support languages in addition to English and Spanish. The Offeror's Pricing Section must include a price for providing this level of service.

9.3.2 ARU PIN Restriction

At the option of each NCS member, the contractor will be required to provide a secure and auditable process for restricting telephone PIN selection. The process will require the restriction of PIN selection via the ARU once the EBT card is validated on the contractor's database and has been flagged by the administrative system. Once restricted, the caller will be provided with an automated message that the PIN selection function has been restricted for the card.

The Customer Service Representative (CSR) EBT account/card screen must display an indicator to prevent the CSR from assisting or redirecting the caller to the automated PIN selection process. Callers who have no card restrictions will be provided with access to the CSR for continuing the ARU PIN Selection/Change process as described in this RFP.

9.3.3 ARU Card Replacement

Cardholders are required to call the EBT Customer Service Help Desk to report a lost, stolen, damaged, and non-receipt of a card, a non-functioning card, or unauthorized use of a card 24 hours per day 7 days per week. At the option of each NCS member, the Offeror will be required to propose a secure and auditable process for supporting callers to select an option via the ARU to request a mailed card replacement. The process will require an automated method that provides the caller with this option once the card has been disabled or reported by the cardholder as described in this section. The State will define the specific parameters required to support this process during detail design. The Offeror must propose pricing for providing this service within any number of IVR environments supported across the NCS.

9.3.4 NCS and Cardholder Training

An individual NCS member may require the Offeror to be responsible for providing EBT training materials for staff or cardholders. These training materials may include scripts and plans, brochures, wallet cards, posters, and videos, both in hard copy and electronic media in the format(s) and software specified by the NCS/CSA(s).

The Offeror must propose pricing for providing periodic training material changes. The pricing must include any costs to the CSA without requiring entire redesign changes to the training materials.

All training materials produced by the contractor for State, Local District, and cardholder training, are subject to approval by the CSA. The States will retain ownership of all training materials produced by the contractor. Training materials must be updated throughout the life of the contract to reflect changes to the system design, State or Federal policies and procedures, and programs that may be added to the EBT system. Specific client training material guidelines can be found under 7 CFR 274.2(e).

At the option of each responsible State agency, the contractor will also be responsible for:

- Providing train-the-trainer instruction for State core training staff;
- Providing administrative terminal training; and
- Design and develop training materials on electronic media.
-

The contractor must provide all materials, including, but not limited to, drafts and final versions of training materials, scripts and plans, both in hard copy and electronic media in the format(s) and software specified by the NCS. The NCS must approve all materials, scripts, plans, updates and changes.

9.3.4.1 Cardholder Printed Materials

Cardholder printed materials must be written in easy to understand language – at a fifth grade reading level and in compliance with SNAP Regulations.

Cardholder printed training materials must be provided in brochure and wallet sized card format. The material must be prepared in both English and Spanish. The production of training materials is an ongoing task throughout the term of the contract.

If mailed card issuance is included by any NCS member in their contract, the contractor must provide printed training material to cardholders who receive their card in the mail.

The contractor must design, develop, produce, and distribute the following printed training materials:

9.3.4.2 Cardholder Training Brochure

The brochure must include, at a minimum, the following information:

- Use of the EBT Card at the point-of-sale, including an explanation of all benefit transactions that can be processed at POS terminals;
- Use of the EBT Card at the point-of-sale, including the description of a key-entered transaction, and the presence of the card to process the transaction;
- Use of the EBT card at point of sale, including explanation of SNAP trafficking violations, the use of a SNAP credit as a violation, the purchase of ineligible items as a violation, and associated penalties;
- Use of the EBT Card at ATM's including an explanation of all benefit transactions that can be processed at ATMs;
- Use of transaction receipt to track balances;

- EBT card usage and security of the card and PIN;
- Transaction fees and surcharges and how to avoid them;
- Manual SNAP voucher transaction procedures;
- Customer Service SIVR toll-free number and hours of availability;
- Account aging and benefit expungement;
- How and where to use the EBT card;
- How to file a claim for account adjustment;
- Use of the 24 x 7 Customer Service SIVR, including a prominent display of the toll-free number, for;
- Balance inquiries;
- Information on a cardholders last ten transactions and obtaining account histories;
- Card replacements and PIN changes;
- Reporting a lost, stolen, damaged or not received card;
- Reporting unauthorized use of the card;
- Filing an adjustment claim;
- PIN assignment, selection and use;
- Benefit availability, including last deposit information;
- Non-discrimination statement per 7 CFR274.2 (e) (5);
- Fair Hearing Rights;
- Describe internet access to and the use of the cardholder account web site, including the web page internet address. Material descriptions must include, at a minimum, directions for contacting the EBT help line for assistance with user ID and password problems, description on the use and navigating the various screens used to display EBT account details, and describing the registration and log-on procedures for the site; and
- Other State Specific information.

The price provided in the pricing section of this RFP must be for producing the cardholder training brochure in English, Spanish, or other languages. Offerors must also provide the one-time cost to translate these materials into another language.

9.3.4.3 State/Local District Training Materials – Core Optional Requirements

As needed or when requested by the State, the contractor shall provide written training materials for CSA EBT staff and Local or County office staff and eligibility workers. The CSA and Local staff training materials shall cover EBT system functionality as it applies to the job functions of State and Local workers. The materials must be provided to each State in

the NCS in camera-ready hard copy versions and electronic format on CD ROM using Microsoft Office Suite products. The EBT contractor shall be required to maintain the training materials and make revisions whenever the EBT system functionality is modified. In addition, updates and revisions of the training materials must be provided in a timely manner to the CSA whenever the contractor modifies the functionality of the EBT system. The Offeror is encouraged to recommend for consideration any approach that may provide on-line training and/or on-line access to training materials and updates. Where applicable, State and Local District staff training material must incorporate the information provided within any of the system manuals or procedures.

9.4 Mass Mailings – Core Optional Requirements

The Offeror must propose pricing to communicate information by conducting mass mailing to NCS EBT cardholders. The pricing must include all activities associated with the printing of notices, mailings, folding materials, stuffing envelopes, addressing envelopes, ZIP pre-sort offerings etc. The contractor must also submit separate pricing per page that includes the cost of printing notices in addition to pricing without printing notices to be mailed.

The contractor must take advantage of all available postal rate schedules, including as appropriate ZIP pre-sort, bar coding, ZIP plus 4, and any other relevant postal price offering which may include 3rd party presort facilities. The CSA will make monthly payments based on the number of mailers produced during the month at the proposed rate. Daily reporting from the contractor must detail the postage rate utilized. The CSA requires copies of postage receipts from the postal service for each shipment of mailers to accompany each month's billing voucher for postage. Postage will be reimbursable and is not subject to any markup.

Offerors must also provide the one-time cost to translate the mailing into another language (other than English and Spanish). The mailings will require the contractor to report the volume of mailings within the State and the volume of mail returned as undeliverable. Offerors should submit pricing based on their proposed mailing process.

9.4.1 Printing/Mailing Notices

The contractor must employ state-of-the–art equipment and software to ensure the processing of notices is performed efficiently and effectively. Processing notices primarily entails printing and mailing of daily, weekly, monthly, quarterly or annual notices in the formats required by the CSA. The CSA may use any combination via an electronic means to deliver an electronic notice file, for example flat file data or pdf format. Processing notices also includes the developing of new notices as required by the CSA. Paper Notices may only represent generic information and may contain variable data inserted throughout the document and/or standardized inserts. Notices can be a single page, multiple pages and various sets of documents to be generated per notice. Wherever possible, double sided printing is required to minimize the quantity of paper used for printing notices. At a minimum the contractor must perform the following tasks for printing and mailing notices.

1. Receive data files from the CSA and sort all the records in zip code plus four (+4) order, to attain bar code discounts for use in the printing of notices. CSA notice types, frequency and file medium will be defined during detail design discussion.

2. Identify the production cycle, for example, daily, weekly, monthly quarterly or yearly.

3. Verify the data contained on each file is readable, is not a duplicate of a previous file and is of reasonable size to manage the notice printing volumes.

4. Identify and use the appropriate document template for the notices provided by the CSA.

5. Print notices by inserting the data contained in the state input file onto the document template within the designated areas on the notice as required by the CSA.

6. Check/verify the alignment and quality of the data on the notices.

7. Complete notice production logs with documentation as required by the CSA and provide sufficient detail to support expenditure reporting requirements.

8. Prepare mailing notices in a double window envelop or as required by the CSA and include any inserts requested by the CSA.

9. Affix bar coded address information in accordance with U.S. Postal Service specifications.

10. Reprints: should the need for a re-print be required, the contractor must record a page number on each notice page for identification purposes. For example, notices mutilated in processing, notice quality below the standard etc. The contractor must reprint any mutilated or below standard notices at no additional cost to the CSA.

11. The contractor must review the printing of notices to ensure a quality notice is produced throughout the production cycle.

12. The contractor must maintain sufficient controls to ensure that every notice is fully processed including any inserts required with the notices.

13. The contractor must limit public or contractor personnel access to the notice production area.

14. The contractor must maintain sufficient supplies of blank paper stock, envelopes, and all the required printing supplies to ensure a two month supply is kept on hand at all times.

15. Within 3 business days from the receipt of the request from the CSA, the contractor must provide the CSA a draft sample/copy of each notice requested for

printing and mailing. For those requests which require the contractor to receive a data file from the CSA and insert data elements throughout the notices, the contractor must meet the timeframe noted herein to develop the written notice and the contractor must submit a draft of the completed notice with data within four (4) business days of the receipt of the data file from the CSA. The contractor must meet the CSA's start date for actual notice generation unless the CSA agrees to modify that date. The CSA agrees to limit the number of new notices requested to be developed to seven or less in any given business week (Monday through Friday).

16. The contractor must receive electronic notice data files from the CSA on the same day that the files are sent to the contractor. The contractor must print and mail all notices requested by the CSA as follows:

a. Daily Notices – on the same day the data files are transmitted from the CSA.

b. Weekly Notices – within two (2) business days of the receipt of the data files from the CSA.

c. Monthly, Quarterly, and Annual Notices – within five (5) business days of the receipt of the data files from the CSA.

d. Sampling – Prior to merging any notice inserts and mailing, the contractor must perform a sampling of the printed notices to ensure the following information is captured correctly:

- the accuracy of the information;
- the alignment of the data; and
- the print quality.

17. The contractor is responsible for programming support to ensure the notices are printed to meet the required standards.

18. The contractor must mail notices using the timeframes noted in *Step 16* herein and using the zip code plus four sorts to obtain barcode discounts while ensuring the notice quality standards are met. The envelopes used by the contractor must be double window and must be such that the return address is clearly displayed to ensure that undeliverable notices are returned to the correct address. For each production cycle, the contractor must maintain a log that details, at a minimum, the date data files received, the date notices were printed, the number of items printed, and the date the notices were mailed.

9.5 Cardholder and Retailer Customer Service, *New York State Specific Options*

9.5.1 New York City Message System

The Offeror must provide a New York City message system which must include case specific fixed messages, variable text messages for a case worker/client personalized message and broadcast messaging to cardholders. Voice, text, and broadcast spoken messages must be supported at the Customer Service ARU system, in addition to a response informing the caller of any additional messages waiting to be heard.

The Offeror must provide notification to NYC cardholders with a message indicator when a purchase/inquiry/credit transaction is completed to call a toll free number for receiving their messages. This feature must be available at all EBT-only POS devices in New York State, and at commercial terminals which have been certified to handle the message system indicator. In the event other EBT POS terminals are unable to print messages in support of the message delivery system, the contractor must provide an alternate delivery of messages.

Signage must advise NYC cardholders to call the Customer Service ARU toll-free number to access the message system at retailer locations where messages cannot be printed on POS receipts.

The Offeror must accept and process a daily NYC message file transmitted with daily benefit authorizations. Cases flagged in receipt of a message will be flagged for that day.

The Offeror must identify message indicators (flags) on the cardholder benefit authorizations and reference the message file to produce the printed cardholder fixed message.

Messages will be printed in English and Spanish. A cardholder can have more than one message. After a message is accessed and accounted for on any reporting requirement, it will be purged from the message file. Messages will be purged no earlier than 11:59 p.m. of the day the cardholder accesses it, allowing a cardholder to call back to rehear/write down the message.

The Offeror must produce a monthly summary report of the message delivery capability of all EBT locations. The report must provide borough statistics on the terminals that print variable text messages, fixed messages, broadcast messages, and those locations that have no message capability. The report must also provide the

number of messages delivered to cardholders via the ARU. Reports will be provided in the manner required by the State as described in the State Appendices.

The Offeror must propose a method in which NYC cardholder worker messages can be displayed by the use of the Browser Access described in this RFP. Cardholders having the capability to access information via a browser must be provided with the capability to view worker messages as described above. The Offeror is encouraged to submit in their proposal any known technology that would support this requirement. New York will define any specific functionality during detail design.

9.5.2 New York State Real Time Web Service

The Offeror must propose a real-time web service that adheres to all technical specifications for security and encryption of data. The proposal must describe the retrieval of SNAP and Cash account balances in addition to real time transaction information. The real-time web service will be provided by the State utilizing Web Services communication as described in *Section 4.2.2.1.8* of this RFP. Specific details for this interaction will be determined by the State during the detail design phase.

10 Cash Access Services – Core Requirements

1) The Offeror must propose Cash Access Plans that ensure statewide cardholder access to cash withdrawals as defined in the Core Requirements described below. For each Core Requirement, the Offeror must fully describe proposed methods for meeting the specified requirements. The draft Cash Access Plan must be included in the Technical Section and must describe the strategies and methodologies that will be employed to ensure compliance with the requirements. Additional cash access requirement descriptions may be contained and further described in each individual State Appendix.

2) The Offeror's proposal must describe prior experience, duration, and success utilizing each proposed method in delivering the level of cash access described in each core and core option requirement.

3) The contractor must provide national interoperability for cash access. The QUEST® Operating Rules or appropriate network operating rules shall govern the processing of cash transactions.

4) The contractor must ensure that adequate QUEST® or other applicable network signage is displayed at each cash access location.

5) The contractor's cash access approach must encourage a maximum number of bank Automated Teller Machines (ATMs), non-bank ATMs, Point of Sale (POS) and Point of Banking (POB) cash access locations. The CSA also reserves the right to require installation of EBT-only equipment at locations such as banks, utility companies and housing authorities to provide cash access. The contractor is encouraged to utilize the United States Postal Service as a POS provider for cash access. In addition, the contractor shall propose a method for reporting the POS terminal, and ATM identification number and location associated with any EBT cash transaction.

6) The contractor must have controls in place to ensure that POS cash-back transactions from contractor provided EBT-only terminals for cash assistance households occurs only at entities that have valid agreements with the contractor. The contractor must have controls in place to ensure that the location of terminals permitting cash access to EBT cash accounts, including ATMs, contractor-deployed EBT-only POS terminals, and commercially deployed POS equipment are in compliance with each CSA's policy concerning EBT cash access. The contractor shall have the flexibility to deny cash access at specific retailers as specified and approved by the CSA. It is the intention of the NCS to continue to maintain and improve all cash access levels for the term of the contract. To preserve the integrity of the EBT program, the NCS reserves the right to prevent cash access to Federal Temporary Assistance to Needy Families (TANF) benefits in certain types of prohibited locations *(refer to Section 4.2.3.5)*.

7) The contractor must propose a method for maintaining a database of retailers that provide cash back on cash purchases made at Point of Sale (POS) terminals. Cash access reporting is defined in Appendix 15 – EBT Reporting Requirements.

8) The contractor must provide surcharge free ATM transactions to EBT cash recipients at ATM's owned and operated by the contractor. This requirement extends to subcontractors, if the subcontractor(s) receives more than 5% of the CSA's contract billing value.

9) Cash access services must include no less than annual reviews by the contractor to ensure cash access core requirements are maintained at all times. From time to time the CSA will review the contractor's plan to provide adequate cash access and the contractor will work with each CSA to implement any corrective action to identify additional sites with an emphasis to locate surcharge free locations.

10) The CSA may elect to conduct monitoring/review processes of its own to ensure the contractor is in compliance with the cash access core requirements. The contractor must cooperate with the CSA in all aspects of the CSA's monitoring of cash access locations, including providing necessary information and taking corrective action to address deficiencies as identified by CSA reviews.

11) If a CSA independently secures its own network of cash access points, the contractor must enroll that network without an enrollment charge being assessed against the network or its members.

12) Surcharged ATM cash transactions may not incur usage transaction fees (interchange and switch fees) that will be billable to the State or to the cardholder.

13) During the system conversion period, the contractor must provide weekly reports, as part of the weekly status report, to the CSA detailing the number of retailers for which the contractor has signed agreements, the number of retailers providing full or partial cash access, and the percent of retailers with signed agreements in relationship to the total number of retailers. Following the conversion period, the contractor must continue providing these reports on a quarterly basis.

14) The contractor must provide a written Cash Access Plan outlining the activities, dependencies, and timelines associated with ensuring that compliance with the cash access core requirements are maintained at all times. The first draft of the Cash Access Plan is due within 30 calendar days from the start of each State's contract start date.

15) The final Cash Access plan is due 90 calendar days from the start of each State's contract start date.

16) The Contractor must provide a minimum of 95% compliance with cash access requirements 14 calendar days prior to conversion. The contractor must achieve 100% compliance with the cash access requirements within 30 days after conversion and for the life of the contract resulting from this RFP.

10.1 Cash Access - Core Optional Requirement - Cash Access Network

The Offeror must propose to provide ATM cash access points through a signed agreement with a network or a combination of commercial networks providing cash access. The cash access network must also provide access to POS, POB and contractor-deployed EBT-only POS equipment. The technical proposal must provide the number of ATM, POS, POB, and EBT-Only locations per zip code.

10.2 Cash Access Services – Core Reports/Files/Inquiries

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

10.3 Cash Access Services - Performance Standards

Refer to Section 12, Performance Standards.

11 Project Planning and Phases - Core Requirements

The requirements detailed below apply for submitting proposals however; Offerors are responsible for reviewing any additional specific information detailed in State Appendices.

11.1 Project Phases

The NCS envisions the EBT project consisting of four generally sequential (although there may be some overlap) phases. These phases are:

- Design;
- Development;
- Transition/Conversion;
- Operations.

The NCS and the CSA require the contractor to provide management project oversight throughout each of the four phases.

Throughout this RFP and in Appendix 10, timeframes are provided for many of the events and deliverables associated with each of the phases. These are estimated dates. As such, Offerors may determine, using previous experience, that the project plan may be improved using different timeframes. Offerors must note that some of the NCS members' current EBT contracts will end by July of 2014, so the new EBT contractor must support a fully operational system that delivers EBT benefits to recipients as required by the new contracts by the established transition dates for each NCS member. The Offeror should use the Question and Answer period to raise any concerns or ask questions regarding the project plan timeframes.

11.2 Required Project Plans

Each NCS member requires the contractor to provide the following plans during the various phases listed above:

- NCS Project Work Plan;
- State Project Work Plan;
- Business Continuation and Recovery Plan;
- System Security Plan;
- Testing Plan;
- Transition/Conversion Plan;
- Third Party Acquirer and POS Certification Plan;
- Change Management Plan;
- Disaster Service Plan;

- Customer Service Staffing Capacity Plan; and Cash Access Plan.

Documents must be provided in Microsoft Office format. The Project Work Plan must be in Microsoft Project. A listing of all deliverables that must be provided is contained in Appendix 10.

11.2.1 NCS Project Work Plan

The contractor must define the anticipated timelines and estimated completion dates for the project deliverables within each phase in the NCS Project Work Plan.

The final NCS Work Plan must be based on the draft NCS Project Work Plans submitted in this RFP. The plan must include, at a minimum, a schedule of all tasks and deliverables required throughout the NCS; identify the individual tasks and deliverables by project phase, as defined below; identify all critical path and dependencies, and delineate the responsibilities of the contractor, the State and Federal agencies.

Because of the many possible factors impacting any one of the phases, the NCS does not intend to prescribe any set period of time for each of the respective phases. However, the selected Offeror must complete the transition and all required activities to provide a fully operational EBT system that meets the specifications included in this RFP no later thanJuly 31, 2014 . All events and deliverables listed in Appendix 10, Deliverables and Events Timeline, must be included in the NCS Work Plans. Offerors may add additional activities as deemed necessary.

A draft NCS Project Work Plan must be submitted in the Technical Section of the proposal. A final document is due 30 calendar days after each State's contract start date. The NCS will review and comment on the work plan and provide final approval.

If the contractor fails to secure timely CSA approval of a work plan, the CSA may determine there has been a material breach of the contract and terminate the contract for cause.

Within the Technical Proposal, Offerors must provide the following:

A draft NCS Project Work Plan that includes a schedule of all tasks and deliverables required throughout the NCS EBT project; individual tasks and deliverables delineated by project phase; all critical path and dependency tasks; include scheduled reporting on project progress at the task level; and identify tasks by responsible party (contractor, subcontractor, State agency, and Federal agency).

The proposed NCS work plan must show how the Offeror plans to meet the deliverable time frames discussed above and the overall NCS implementation goals.

Address the Offeror's resource commitment to support concurrent State efforts and the capacity to assume the work.

Identify how the Offeror will monitor project progress against the project schedule for all tasks and activities.

Identify "risks" and include the flexibility to assign additional resources, as necessary, for timely completion of project milestones and deliverables.

Describe, with emphasis on past and current successes in similar projects, the methodologies, tools and processes it will employ to mitigate, minimize and resolve unanticipated risks to task completion and project success.

11.2.2 State Project Work Plan

The State Project Work Plan is a detailed state specific breakout of the NCS Project Work Plan. When finalized, the State Project Work Plan will include activities and events required on the contractor system and the State system. The contractor and the State must coordinate the specific tasks that must take place in order to ensure a successful transition. At a minimum, State Work Plans must include tasks and deliverables related to core services and all events and deliverables listed in Appendix 10. The State Project Offices will work with the contractor to include State activities that must take place prior to conversion.

A draft Individual State Project Work Plan must be submitted in the Technical Section of the Offeror's proposal. After each State's contract start date a revised draft of the Individual State Project Work Plan must be submitted to the CSA 30 calendar days after the State's contract start date. A final plan for each individual state must be approved by the State 90 calendar days prior to the State's conversion date. The first and final draft of the State Project Work Plan must also include selected core optional and state specific items determined during contract negotiations.

11.2.3 Communications Requirements

During the design, development and conversion phases, the contractor must prepare bi-weekly status reports and attend bi-weekly NCS-wide EBT status meetings. The status reports must be presented at the bi-weekly status meetings and must provide progress information on all completed, ongoing, and planned project activities.

Status reports must summarize any outstanding project issues or obstacles and detail any proposed deviations from planned activities, schedules, or staffing. Weekly written activity and/or verbal status reports may also be required at the request of the NCS.

In addition to the formal NCS bi-weekly status meetings above, more frequent verbal status reports may be required at the request of CSAs.

Prior to the operations phase, individual states will schedule their meetings with contractor staff as needed to plan, monitor, and oversee state-specific issues and activities. Appropriate contractor staff must attend these meetings.

Status report and meeting requirements after a successful conversion will be determined during contract negotiations.

11.3 Design Phase

The project design is based on the design specifications and functional requirements specified in this RFP and as specified during detail design. The Design Phase will commence with the contract effective date. During the Design Phase the contractor will be responsible for preparation of the project deliverables listed below. The contractor and the NCS will agree on the format and content to be included in each deliverable prior to the contractor submitting the first draft of any document.

11.3.1 Functional Design Document

This document provides a descriptive overview of the system at a functional level for each NCS member. It must describe the operating environment, processes, workflow, and services requirements. The document must also include a General System Flow Diagram(s). This must be a pictorial overview diagram of the system, identifying overall logic flow, functions, and configuration, including processing flows of major system components, and inputs and outputs for each NCS member. The details described in the overview will be considered part of the Functional Design Document. Offeror's must provide a draft in the Technical Section of their proposal. No later than 30 days after each State's contract start date, the contractor must submit a first draft of the individual State Functional Design Document. A final document is due 90 calendar days after each State's contract start date. If updates are required, the contractor must resubmit the revised Functional Design Document as needed by the State. The update documents must be provided with MS Word tracked changes permitting the CSA to review any changes or deletions to the information.

11.3.2 Detailed System Design Document

The Detailed System Design Document provides detailed descriptions of the total system configuration including, hardware, functionality, data elements, file layouts, process flows, interfaces, reporting, transaction processing, the Administrative System, settlement and reconciliation, customer service, cardholder account maintenance, card/PIN issuance and training, and security. The contractor must submit a draft of this document 120 calendar days after the State's contract start date and a final draft no later than 180 calendar days after each State's contract start date. The detailed design document must be updated quarterly thereafter. Design document acceptance is contingent upon Federal and State review and approval. A change control process will be established by the NCS to approve system modifications**.**

11.4 Development Phase

The Development Phase will commence upon approval of the functional and detailed system design documents. During this phase of the project, the contractor must program, configure, and test the NCS EBT system and services according to the system and services specifications defined and agreed upon during the Design Phase. The contractor must identify and incorporate into the testing process those automated tools and testing techniques that can provide more thorough testing and a more efficient use of resources. Some States may choose to combine the functional demonstration and the system acceptance test. The contractor must complete system testing, as well as provide the final approved training materials during the Development Phase.

Within the Technical Proposal, Offerors must discuss the support of NCS testing requirements.

The contractor must have an implemented Quality Assurance (QA) Program for EBT software and program requirements. The Contractor must submit all corporate Quality Assurance Plans, Policies and Procedures pertaining to testing of EBT software and EBT processes with the technical proposal.

Contractor policies and procedures must include, at a minimum:

- Policies describing quality assurance methodologies for all phases of development and ongoing system and program development;
- Description of corporate contacts and responsibilities of quality assurance staff; and
- Organization flow diagram of the company Quality Assurance process pertaining to EBT.

11.4.1 Life Cycle Test Plan

In conjunction with the NCS, the contractor must adhere to a System Life Cycle Test Plan. The NCS requires that any changes made, whether it is by or to the contractor's system or by or to a State's system, be properly tested prior to being introduced into a production environment. The testing requirements and process must be reflected in a plan that includes, at a minimum, the tests identified in the System Testing section below for each of the project's four phases. The plan must address the extent of integration testing that is to occur with each State to ensure that all systems properly interface with each other and operate as designed. The plan must include the full range of testing appropriate to each State's system design before moving forward with database conversion. Capacity testing will be required with each state plan to insure the contractor's system can support statewide and NCS-wide workloads. The Offeror must ensure and the System Life Cycle Test Plan must demonstrate that all testing will be completed no less than 45 calendar days prior to database conversion.

The draft System Life Cycle Test Plan must be submitted no later than 120 calendar days after each State's contract start date and a final 180 calendar days after each State's contract start date.

11.4.2 System Testing

The contractor must provide state access to the contractor's test system by each NCS member to support state testing of the full range of EBT functionalities. The contractor must provide administrative terminal and POS terminal access to the test system and an interface with state test systems, including connectivity between each State's test data base(s) and the contractor test system. Test platform access must be provided to the State(s) at least 180 calendar days after each state's contract start date. The contractor must supply each NCS member with POS terminals, PIN selection devices, and other equipment and materials necessary to test the full scope of EBT services provided to that state 24/7. The contractor must provide access to the test system throughout the term of the State contract. The Offeror must include in their responses a discussion of their support of NCS testing requirements.

The contractor must provide access to their test platforms in the following manners:

States must be provided the ability to transmit test files to the contractor in order to validate software and system changes.

The contractor must, in turn, implement the ability to return test files to the States. These files must be identical in format to the files that would be returned to the States in the production environment. In addition, from time to time, the contractor

will respond to requests to provide specialty test files as needed for developmental projects in the same manner as the production environment for purposes of testing.

The contractor must provide the States the ability to monitor, in real time, the activities, as they pertain to an individual State, of the contractor's test platforms.

The online access must be provided 24hours/7days to the EBT Administrative system.

The contractor must inform key personnel in the affected State(s) when the test platforms will be, or are down for whatever reason.

The contractor must provide the State with the ability to test real time transactions that require gateway and point of sale (POS) transmissions. During the implementation phase and for six months following cutover, a minimum of 40 hours weekly must be provided for POS availability, unless otherwise requested by the State. The POS availability will be within standard business operating hours, except as requested by a State for specific test activities. During the balance of the contract duration, POS availability must be provided as requested by the State. Such requests will be made in advance and may require 40 hour-per-week availability, and depending on the nature of the testing required POS availability must be provided 24/7.

The contractor must coordinate testing times between the State and the necessary endpoints (including gateway processes) to ensure real time transaction/transmission availability.

Testing of real time host-to-host or client-to-host processing of files and or records between the State and the contractor will be required on the test platform.

If requested by the State, the contractor must coordinate with the State all phases of testing between State user groups and the contractor's test platform.

If requested by the State, the contractor must support State specific testing including but not limited to direct interface testing with State systems and/or modification made to EBT for the State.

The contractor must provide a test environment that replicates the production environment. This environment must include the EBT Administrative System as well as daily processing routines.

11.4.3 System Test Scripts

System testing must be performed on all components and functional areas of the NCS EBT system and services before delivery to each NCS member for formal User Acceptance t=Testing (UAT). The contractor must provide a draft of system test scripts detailing step-by-step instructions for the system functions and services to be tested no later than 180 calendar days after each State's contract start date, and a final set 210 calendar days after each State's contract start date. Test scripts must also describe the desired system outcomes and are contingent upon State and Federal approval.

State and Federal agencies will participate in the specified User Acceptance Testing and must participate with the contractor in assessing test results. System testing must be completed to the satisfaction of the State and Federal agencies at least 30 calendar days prior to commencement of the implementation phase.

11.4.3.1 Functional Demonstration

The functional demonstration must provide State, Local, and Federal representatives the opportunity to review planned EBT system operations. The functional demonstration must also include Business Continuation and Recovery testing. The contractor must prepare a report of the demonstration results including any system modifications that were identified. The functional demonstration may occur as early as possible but must occur no later than 240 calendar days after each State's contract start date to insure the design is proceeding according to the expectations of both the NCS and the contractor. At the State's request, a functional demonstration(s) may be required with each newly developed functionality. States may choose to combine the functional demonstration with the User Acceptance Test.

11.4.3.2 User Acceptance Test

The User Acceptance Test provides both State and Federal representatives the opportunity to test the system functionality and ensure compliance with the system design requirements in accordance with USDA CFR 274.1(f)(2). This test must consist minimally of tests of functional design requirements including, but not limited to: security, recovery, system controls, interoperability, federal interfaces (AMA, STARS, and ALERT), settlement (including multiple days), benefit aging processes, ATM/POS transaction processing, ARU and Customer Service functions, administrative system functionality, reporting, account set-up and maintenance, adjustment testing, and will include "what if" testing. In addition, as part of the User Acceptance

Testing, the contractor must demonstrate the methods and processes for performing all daily reconciliation between the State and contractor. During the formal test script portion of the acceptance test, testing participants will follow detailed test scripts developed by the contractor and reviewed and approved by the NCS and FNS. The test scripts must cover all facets of the system's operations and test all of the system processing options and environmental conditions (e.g., POS hardware and communications failure and entry of erroneous data).

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

To the extent possible the UAT environment must mirror production. At least 30 days prior to the formal UAT, the Contractor must provide a draft UAT Plan that describes the week's agenda; test hardware that will be available and how it will interface with the Contractor's test platform; the roles of various Contractor staff participants as far as UAT management, quality assurance, reconciliation and reports review, and hardware/interface problem resolution; the process for recording test problems, ranking their severity and tracking their resolution; sample problem report and what-if forms; and other pertinent UAT information. The final UAT Plan must be provided at least 10 days prior to the start of the UAT.

At a minmum the test environment must consist of at least two test team workstations with an administrative terminal and POS terminal at each. In addition, another State's test system, test cards and POS terminals (including one restaurant terminal) must be made available to test interoperability in both directions. Other required components include a multilane store POS configuration, an ATM simulator and the ability to print screenshots from both workstations for documentation purposes. All POS terminals must use dial-up communications and connect to the Contractor system through their production gateway or its test platform. The UAT test enviroment must be self-contained, so that no other Contractor testing can be perfomed simultaneously during the UAT.

The test environment, to the extent practical, must begin with a clean test database. Documentation of the starting database contents must be provided on day one of the test.

At State option, and in accordance with USDA CFR 274.2(f)(2)(ii) the User Acceptance Test start date must be at least 210 calendar days after each State's contract start date, but no later than 45 days prior to database conversion..

11.4.3.3 Network Performance Test

This test must be conducted on the EBT system's communications network to ensure that the network is capable of handling the anticipated transaction volume within the required response time and error threshold specified in this RFP, the USDA/FNS EBT regulations, and the QUEST® Operating Rules.

The Network Performance Test start date must be at no later than 180 calendar days after each State's contract start date.

11.4.3.4 Performance (Stress) Test

This test must be conducted to ensure that there is sufficient capacity within the contractor's EBT system to accommodate the projected transaction volumes. Test results from the stress test must be used by the contractor to formulate a system capacity model to determine the appropriate hardware and software requirements and configuration.

The contractor may, as an option, choose to use current production data to develop a system capacity model for the anticipated transaction volumes. Any data modeling must be approved by the State. If the contractor is anticipating the use of this option, the contractor must provide a detailed description in the System Life Cycle Test Plan data to be used, how the modeling will be performed, a comparison of the modeling method to be used with use of live production data, and how test results will be documented and reported to the State.

The Performance Stress Test start date must be no later than 180 calendar days after each State's contract start date.

11.4.3.5 Interface Test

This test must be conducted between the contractor's system and each of the eligibility systems within the NCS to ensure that all files transferred from the State eligibility systems to the EBT host and from the EBT host to the State eligibility systems are properly received, accepted, and processed. This testing must also include administrative

system software functionality, date advancing capability, standard batch file protocols such as FTP, and information exchange capabilities, independent of operating systems, such as SOAP (Simple Object Access Protocol), or any others required by the CSA's hardware platform.

The Interface Test start date must be no later than 180 calendar days after each State's contract start date.

11.4.3.6 Speech Integrated Voice Response (SIVR) and Automated Response Unit (ARU) Tests

CSA selected ARU functions must be tested to ensure the system properly accepts, processes, and accurately and securely transfers both retailer and cardholder calls per the system requirements and services specifications defined in the Customer Service subsection for cardholders, retailer/merchant, and cardholder training ARU of the RFP.

The SIVR/ARU Test start dates must be 210 days after each State's contract start date.

11.4.3.7 Transition/Conversion Test

The contractor must demonstrate the process of converting from the current EBT system and services to the new EBT system and services through comprehensive testing of the conversion process. The transition test must validate conversion results, and the ability to perform test transactions against the converted database. The transition test must include at least two (2) simulated conversions of production data. Additional simulated conversions will be required by the CSA if the second simulation is not completely successful. Additionally, the transition test must be used to obtain timings for conversion and validation of operational conversion checklist items as detailed below. The contractor must validate, at a minimum the following Operational Conversion Checklist:

- All cardholder transaction types (e.g., SNAP POS and cash POS/ATM/POB transactions), State specific functionalities (such as the NYC Message System), and Administrative System functionality;
- Conversion of all necessary cardholder accounts and associated data;

- Conversion of all active benefit records;
- Conversion of all necessary card records;
- Performing test transactions against the converted database in the test system;
- Testing to validate that PINs have been converted successfully;
- Accepting transfer of sufficient transaction history from the current EBT contractor, as defined by the;
- Conversion of online transaction history onto the new system, as specified by the State.;
- Building checkpoints and reconciliation procedures into the conversion process to ensure that conversion is being completed in a timely manner, and that no benefits or records are dropped.
- Reporting key conversion totals concerning what the current Contractor sent and what is posted by the new Contractor, including exception reports. These totals and exception reports must include, at a minimum, cards, PINs, case, accounts, benefits, and dollars;
- Having a contingency fallback plan in the event that the conversion cannot be completed in a timely manner due to problems;
- Uniquely identifying converted benefits and maintaining their unique identity, including last used time stamp and original available date, or other appropriate aging/expungement criteria;
- Maintaining the issued date of all converted cards including alternate payees and representatives;
- Maintaining the issued date of all converted PINs including alternate payees and representatives;
- Maintaining the account creation date of all converted cardholders including alternate payees and representatives; and
- Maintaining cardholder demographic data.

The final transition test must begin 180 calendar days after each State's contract start date and must be completed 210 calendar days after each State's contract start date.

11.4.3.8 Live Demonstration

The NCS may require a live demonstration of the host platform prior to the go-live date of the system. Individual States may opt out of the live demonstration during contract negotiation. The live demonstration requires the contractor to test EBT transaction capabilities from the originating transaction point through the verification, authorization, settlement, and the

movement of funds processes. The live demonstration must occur prior to the State's conversion date.

11.4.3.9 Test Reports

The contractor must provide reports describing the results of each performed test, as well as any additional re-testing required to satisfy the test objectives. The test reports must describe the intended scope and results from the tests, and any system modifications that are identified as necessary to resolve system errors and correct deficiencies found during the testing. The contractor must submit interim test reports no later than 7 calendar days following the completion of the respective test being performed. Regression testing results must be included in the final system test reports. Final System Test Reports must be provided no later than 30 calendar days after a State's successful conversion.

11.5 Transition/Conversion

Upon award of the contract, the *new* EBT contractor shall work with the CSA and any other organizations designated by the CSA to ensure an orderly Transition Phase and responsibilities under the contract to ensure the continuity of those services required by the CSA. The contractor will be expected to work in an organized method with the CSA's current EBT contractor for the purpose of effecting a smooth and timely transition from the CSA's current EBT contractor to the succeeding contractor's EBT production system and any other services designed to comply with the requirements described in the RFP.

During the Transition Phase the *new* contractor must support a formalized system to identify and report the following problems and/or issues not limited to;

- Personnel responsible for problem resolution;
- Estimate timeframes for resolution;
- Monitor the status of all reported problems;
- Provide a clear and detail written description to cure and resolve any reported problems;
- Implement and clearly describe (as necessary) any escalation procedures approved by the CSA, and;
- Maintain a written formal record of the final outcome to mitigate any future problems or issues during the Transition Phase.

In the event that the *new* EBT contractor identifies the potential for a delay in the completion schedule for any deliverable under this contract believed to be caused by the CSA or by the CSA's current EBT contractor; the *new* EBT contractor must notify the CSA as soon as they are aware or otherwise notified by any other means, that the potential for delay exists to address any corrective action that can be taken to avoid further delays. The CSA, at its sole discretion will consider permitting the *new* EBT contractor a reasonable extension of the completion dates for that particular deliverable once the CSA and the *new* EBT contractor have reviewed the impact. The *new* EBT contractor must provide the CSA with an impact statement describing just cause for the delay to any deliverable during the transition and conversion phases of the project.

The Transition Phase consists of the activities required to convert the EBT processing for each NCS member from the current contractor to the *new* contractor. It is anticipated that some of the Transition activities, specifically the EBT-only retailer and Retailer Acquirer/TPP

conversion, will begin prior to the end of the Development Phase. However, it is expected that none of the database conversion activities will occur until the development activities have been completed, and specifically the Transition Testing has been completed and a written acceptance of the process has been received from the CSA or as specified in each State contract. The activities taking place during the Transition will follow the process defined in the approved Transition Plan.

The activities within the Transition consist of the following:

- Migration of transaction acquirers (TPP's) and retailers (including having retailer contracts signed), Point of Sale (POS) device deployment and installation at retailer locations (if applicable), and PIN pad installation;
- EBT-Only Merchant Conversion;
- Retailer/Acquirer/TPP Conversion;
- EBT Database Conversion;
- Transaction History Conversion;
- Migration of changes to the existing system as identified within this RFP and the Offeror's proposal if the current contractor is awarded the *new* contract.

The NCS requires that the *new* contractor have an arrangement that provides for the operation of both the "old" and "new" transaction gateway switches simultaneously during the system transition period. As such, until database conversion, the system configuration must ensure that Retailers/Acquirers routed to either the new switch or the old switch is properly routed to the old authorizing host. If all Retailers/Acquirers have not been rerouted to the new gateway prior to conversion, the *new* contractor must have an adequate arrangement with the old contractor to ensure that such entities can process their transactions through to the correct authorizing host.

Any system outage required to accommodate the conversion must occur during a timeframe when impacts to the retailer/merchant and cardholder community are minimized. Each NCS member expects conversion to occur at a time during the month when transaction processing is lowest and during non-peak hours. The contractor must analyze monthly transaction volumes and select a date and time when the least number of retailers and cardholders would be affected. Likewise, the contractor must work with each CSA to minimize the Transition's impact on the CSA's daily EBT operations, such as file processing and transfers and/or daily record transmissions.

11.5.1 Transition/Conversion Plan

The Transition/Conversion Plan must detail steps and procedures that will assist the NCS, cardholders, acquirers/TPPs, and retailers/merchants in a smooth and logical transition to a new system operating platform and the contractor's EBT services. Should a conversion be required, the *new* contractor shall transition the

cardholder/client and retailer databases from the current contractor's EBT platform/host to the succeeding contractor's EBT platform/host. The ensuing EBT contractor must prepare a Transition and Conversion Plan that complies with the FNS EBT System Transition Guide, Version 2.0, June 6, 2005 or the most recent version issued by FNS. This requires transition without disruption of services to, acquirers/TPP's, retailers/merchants and access to or redemption of benefits by cardholders (except during the actual down time during database conversion). The Transition/Conversion Plan must contain specific sections that detail the steps for each of the activities involving at a minimum – EBT-Only Retailer Conversion; Retailer/Acquirer/TPP/ Conversion; EBT Database Conversion; Transaction History Conversion or Migration of Changes (if current contractor is awarded the new contract).

At a minimum, the Transition/Conversion Plan must include:

- Description of each member of the project to be assigned to the CSA;
- Identification of subcontractors employed to perform any component of the work required by the contract, as well as copies of subcontractor agreements;
- The degree of coordination expected between the prospective incoming processor's project manager and the CSA;
- The decision-making authority of the project manager on issues related to the EBT project;
- Demonstration that the prospective incoming processor's management structure can ensure adequate oversight and provide executive direction for its project manager;
- Identification of the corporate officer(s) to be contacted should major problems arise during the performance of the contract and their timeframe for responding to the CSA;
- Description of the lines of authority and communications that will exist within the prospective incoming processor's project team;
- Detailed timeline for coordination and completion of the system conversion and services transition;
- Description of the anticipated conversion methodologies and processes.
- Description of the processes that will be used to validate the accuracy of data and completeness of the conversion;
- Description of the processes and methodologies that will best serve the interests of each NCS member and other stakeholders to ensure a seamless transition for each conversion activity (EBT-Only, Retailer/Acquirer/TPP, EBT Database, Transaction History, and/or migration of changes). The description for each activity must describe the inherent risks involved and how those risks will be projected, controlled, and mitigated;
- Description of the methods for hardware and software deployment to State and local offices including administrative functionality and card issuance devices;

- Description of suggested methods for training cardholders, State and Local District personnel;
- Cardholder notification of database conversion outage if the CSA elects to support any notification;
- EBT card replacement and reissuance if the CSA elects to change their cards;
- The recommended transition for EBT database conversion;
- Description of data exchange with the State;
- Description of the transition of communication links with the State;
- Description of the process descriptions required for conversion to the new system operating platform; and
- If applicable, a description of the migration of changes to the existing system as defined in this RFP must be contained in Offeror's technical proposal, and subsequent contract.
- Identification of the various notifications that are planned for EBT-only retailers (minimum of 2 notifications) and a description of the proposed purpose/content.
- Description of the gateway interfaces between the two contractors before and after system cutover to ensure that EBT-only retailers can properly connect during the extended POS swap out period.
- Identification of notification/content to commercially processing retailers, their TPPs and acquirers, and if/how they expect FNS to participate in the process.
- Description of the cutover of all toll-free lines from old to *new* contractor during outage.
- Plans for special messaging on all toll-free lines during outage at no cost to the CSA.
- Process for handling reports of lost/stolen cards during outage and how that will be split between the old and *new* contractors.
- Requirements, if any, for the contractor to invoke the $40.00 stand-in process during the conversion downtime (optional by State).
- Process for handling/converting pending manual voucher holds, adjustments and future dated benefits.
- Contingency plan to schedule an alternate weekend should there be a no-go decision during conversion.

The Offeror must describe in the Transition/Conversion Plan the anticipated methodology for transitioning the database between the existing EBT system and the *new* contractor's EBT system, including migration of client, retailer, and provider databases, to include account aging information, expungement dates, recipient card and demographic data, benefit data, transmission of daily files and records from and too the CSA, and the routing of cardholder transactions to the correct database. The contractor must support the use of existing EBT cards throughout the conversion process and EBT cards must not be reissued as part of

the conversion process. Additional State information is outlined in the State Appendices of this RFP.

The contractor is required to submit an NCS-wide transition plan as part of the technical proposal. In addition, for each State, the Offeror must submit a draft transition/conversion plan in the Technical Section of the proposal. The contractor must submit a first draft 30 calendar days after a State's contract start date, and a final plan 90 calendar days after each State's contract start date.

11.5.1.1 EBT - Only Retailer Conversion

The Transition requires the transfer of support of EBT-only retailers from the existing EBT system to the contractor's system. The transition effort must include both traditional and non-traditional retailers supported by both POS and manual transaction processing. The NCS requires that 95% of the existing EBT-only retailers, supporting a minimum of 95% of the EBT-only POS terminals within transition area, be transitioned to the contractor's system at least (2) two weeks prior to the cardholder database conversion for the respective area. During the transition of these retailers, cardholders must not be negatively impacted in their ability to redeem benefits and the normal business operations of these retailers must not be negatively impacted. The contractor must ensure that EBT-Only retailers can process continuously through either the old contractor's or *new* contractor's gateway to the correct host until transition is complete.

If the contractor determines that new EBT-only POS equipment will be deployed as part of the retailer transition, retailer personnel must be adequately trained on the use of the new equipment at the time of installation, and use of the equipment must begin immediately upon training and installation of the equipment.

The EBT-only retailer conversion section of the Transition/Conversion Plan must describe, at a minimum, but is not limited to the following:

- Methods for recruitment and conversion of retailers for SNAP and cash benefit access;
- Description of support services/customer service that will be provided to all EBT-only retailers;
- Automated Clearing House (ACH) information and transaction history;
- Methods used for training EBT-only retailers, including materials;
- Method for POS terminal deployment; and
- Description of the type of POS equipment that will be deployed.

11.5.1.2 Retailers /Acquirers/TPP Conversion

The Retailer/Acquirer/TPP Conversion section of the Transition/Conversion Plan must include, at a minimum:

- Methods for recruitment, conversion, and certification of retailer/acquirers/third party processors (TPPs) for SNAP and cash benefit access;
- Support services/customer service that will be provided to all retailers;
- Retailer notification of database conversion outage must be supported, no less than two (2) notifications must be provided;
- Automated Clearing House (ACH) information and transaction history.
- Retailer/Acquirer/TPP agreements;
- Retailer/Acquirer/TPP Certification/Recertification Standards and process;
- The ability for Retailer/Acquirers to process continuously through either gateway to the correct host until transition is complete;
- Method for POS terminal deployment;
- Description of the type of POS equipment that will be deployed;
- Plans for onsite equipment testing;
- Methods used by to train Retailers/Acquirers, including materials;
- Methods used by TPPs to train Retailers/Acquirers, including materials;
- Process for providing supplies, as well as the supply reimbursement formula, frequency, and method of reimbursement;
- Process for payment to retailers for telephone line reimbursement (in accordance with existing NCS Retailer Participation Guidelines) including frequency and method of reimbursement; and
- Process for handling retailer adjustments based on client claims; States and FNS will review the language in letters/correspondence to retailers informing them that a claim has been made and will review and approve all required information/documentation that will be required of retailers, as well as timelines to which retailers will be held.

11.5.1.3 EBT Database Conversion

The minimum requirements of each NCS member to accomplish cardholder database conversion must include:

Supporting a formalized system to report problems and an effective capability to identify problems, identify personnel responsible for problem resolution, estimate timeframes for resolution, monitor status of all problems, invoke (as necessary) escalation procedures, and maintain a formal record of the final outcome.

Performing comprehensive testing of the conversion process, including performing a full range of test transactions against the converted database.

At least two (2) or more, at State option, simulated conversions of the production database. Results from the simulated production conversions will be used to validate the timing for the conversions, to test a conversion checklist for inclusion of all required activities, and to validate conversion balancing and reconciliation procedures.

The CSA's and the contractor's (incumbent and new) must have completed the majority of the transition activities *before the last month prior* to the database conversion. The *new* contractor must provide the CSA with a complete schedule for the planned acitivities and provide a "batch" job checklist for the night of database conversion. The checklist must include the jobs required that will print record and dollar totals to be transferred to the "new" host processors' database. For example, the following activities must be reported to the CSA in advance of the database conversion;

- SNAP Voucher Settlement process for those approved by the previous contractor that needs to be settled by the *new* contractor;
- SNAP Voucher authorization procedures, limits, and liabilities during downtime;
- EBT retailer and cardholder help line messages during downtime period;
- Conversion schedule for conference calls, on an hourly basis, between the incumbent and the *new* contractor and its processors or sub-contractors, in addition to CSA personnel, and USDA-FNS representatives;
- Cut-off activities – SNAP vouchers, administrative terminal changes, CSA security profile changes, CSA issuance files, expungement activities, etc.;
- Second merchant notice, 15 days before the scheduled outage;
- Final trial runs.

Following the conversion of the production database, test transactions must be performed to validate that PINs have been converted successfully and that cardholder benefits can be accessed through the EBT infrastructure. In addition, the contractor must complete a full reconciliation and must assume responsibility for EBT host processing immediately after conversion.

The contractor must work with the State to develop adequate methods of validating the conversion to the Production database.

The EBT Database Conversion of the Transition/Conversion Plan must include, at a minimum, the following:

- Plans and methodology for converting the cardholder and benefit database, including all necessary account and demographic data from the existing EBT system to the *new* contractor's EBT system;
- A description of how the Offeror will handle card-statusing and replacements reported to Customer Service during the conversion "downtime";
- Data exchange with the State;
- Transition of communication links with the State.

11.5.1.3.1 Go/No-Go Decision Matrix

The contractor must propose a go/no-go decision matrix. The matrix should include logical decision points that will occur throughout the night of the actual database conversion period. The matrix should identify maximum discrepancey and liabilities the CSA and the contractor are willing to accept. Maximum delay times must also be identified in the matrix. At a minimum the matrix must contain the following details;

Condition	Discussion	Go/No-Go
History files do not transfer completely or not at all.	History files can be sent at a later date.	*Go*
File transmission from old to new processor fails	Determine the time it will take to resend the files and the cause of the failure.	If the cause of the failure was transitory then resend the files if the delay is within agreed to parameters. If a resend is likely to fail, the CSA should give a *no-go* decision.
Voucher authorization records do not transfer	Voucher authorizations can be resolved at a later date.	Go
New processor error file from load shows many unexpected errors and rejections	Determine the cause and estimate time for correction.	Base decision on previously identified parameters.

Reconciliation of active demographic records fails.	If the new processor shows more cases than the old processor, determine if the counts were recorded with the same methodology (e.g. do both host systems count authorized records the same way). If the methodologies agree then determine if the new processor received records other than from the old processor (e.g. test cases or a file loaded earlier). If there are fewer records, determine if the load had errors that caused records to be rejected. Determine if the transmission of files completed normally.	If the cause for the discrepancy cannot be discovered but the benefits reconcile, the CSA should still consider a *no-go* decision. If there are large inconsistencies and the difference in benefits reaches the previously identified parameters, a *no-go* decision should be made. If the differences are negligible then the CSA should give a *go* decision.
Database conversion takes longer than projected time (based on trial runs) for completion.	If time is exceeded, a determination of the new duration should be estimated and the cause for delay found. Other jobs can be suspended until the main databases are operational and the system can begin authorizing transactions.	If the identified parameters are exceeded, a no-go decision should be made unless the CSA is ahead of schedule already.
New processor shows fewer benefit dollars than old processor.	Parameters for discrepancy and liabilities should be determined in advance.	If discrepancy exceeds the allowable error for the State a *no-go* decision is required.
New processor shows more benefit dollars than old processor.	This is an unusual condition and should be examined closely regardless of the amount. The new processor should check to make sure its reports are not counting benefits twice. Parameters for discrepancy and liability should be determined in advance.	If cause for discrepancy cannot be determined and the parameters are exceeded, then a *no-go* decision should be made.

11.5.1.3.2 Continued Use of Existing EBT Cards

The NCS does not intend to replace current EBT cards that have been issued to cardholders prior to transition. The contractor must have the ability to operate without the replacement of the existing card base or a disruption to cardholder benefit access and services.

11.5.1.4 Transaction History Conversion

For states that currently have 180-days of on-line history the new EBT Contractor must convert 180-days of on-line transaction history from the old contractor to the *new* contractor database. Contracting State agencies will require the *new* contractor to convert less than 180 days of on-line history if the states' old contract requirement was for less than 180 days of on-line history. This process will continue to build onto the 3-Year daily on-line history requirement defined in this RFP. The State Appendices will outline the number of days of on-line history that must be converted based on the number of days of on-line history that exist for each State as part of the old on-line history contract requirement. Conversion must take place at least 240 calendar days after each State's contract start date.

11.5.1.5 Future Transaction History Conversion

Upon termination of the contract, the contractor must work with the future EBT contractor to ensure a timely and accurate conversion of the 3-Year on-line transaction history. This is to be accomplished and completed free of charge to the State agency.

11.6 System Documentation Library

The contractor must provide the NCS with a library of system documentation that includes the following documents and information in both electronic media and hard copy:

- Functional Design Document, including General System Flow Diagram(s);
- Detailed System Design Document;
- Business Continuation & Recovery Plan, including Escalation Procedures;
- Training Materials (core optional);
- All SIVR/ARU application Scripts;
- Reports Manual;

- Settlement and Reconciliation Procedures Manual.
- Interface Design, including host-to-host record formats and batch file formats (included in Detailed System Design Document);
- Problem Reporting and Escalation Procedures (as part of Business and Continuation Plan);
- Disaster Services Plan;
- System Security Plan;
- System Operations Manual;
- Administrative Terminal Manual;
- EBT-Only Retailer Manual; and
- Project Management Reports.

The contractor is responsible for maintaining and updating all system documentation and making the changes required to any of the documents listed above. The contractor must provide updated documentation to the CSA's prior to implementing system and operational modifications into the production environment.

All manuals must include a table of contents, index and glossary of terms and acronyms.

11.6.1 Review Process for System Documentation Library

The Offeror must provide copies of the specified documentation to each of the CSA's as specified in each State's contract. All system documentation is subject to State and Federal review and approval. Draft copies of all documentation must be submitted to the NCS for review and comment. The contractor must provide all required documentation, drafts and final versions, in Microsoft Office, Microsoft Project, or in other specified electronic media formats and software as specified by the NCS or CSA. All documents must be provided on compact disc(s) to the CSA.

After incorporating State and Federal agency comments, the contractor must provide the NCS with both a redlined version detailing all changes, and a final copy of documentation. The delivery of draft documents must allow sufficient time for State and Federal review by the specified due dates in Appendix 10.

The NCS will coordinate the review of documentation, as appropriate, with other offices and agencies and provide comments to the contractor. After the incorporation of the NCS comments, copies of the final draft documentation must be provided by the contractor for follow up review and approval. The contractor must provide final documentation following revision approval by the NCS. The contractor must deliver the draft documents to the NCS in sufficient time to allow for a comment period on the initial drafts, time for follow up review on the revisions and time to deliver the final documents by the due dates specified in the

contractor's work plan and required in the Contract Deliverable section, Appendix 10, of this RFP.

11.6.2 Transition/Conversion Phase – Core Reports/Files/Inquiries

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

11.6.3 Transition/Conversion Performance Standard

Refer to Section 12, Performance Standards.

11.7 Operations Phase

The Operations Phase begins after all transition/conversion activities are completed. Full-scale operations within all the NCS will commence following NCS-wide conversion. During the Operations Phase, the contractor must continue ongoing communications with the NCS on EBT services and operations. The Problem Escalation and Resolution process, as described below must be followed when disputes arise.

11.7.1 Ongoing Communication Requirements

States will require ongoing communications, which will include, but are not limited to, status reports and status meetings with the contractor's project manager (and other project staff as needed). Frequency of such communications will be determined during contract negotiations.

The ongoing NCS communications required from the contractor includes a monthly status report containing open and closed issues, monthly status meeting with the contractor, and other NCS reports/meetings at the request of each NCS member. The contractor must also provide advance notification of scheduled system downtime to the State. The contractor's assigned project manager will be the contact person for ongoing communications with the NCS for all EBT system and operational issues.

During the Operations Phase, the contractor must maintain the documentation library, as described earlier in this section. The contractor must provide updates to such documents as required by the NCS and responsible State agencies when any change are made to the system or processes that affect the information contained in the manuals or plans prior to implementing system and operational modifications

into production. This requirement applies to all documents and information referred to in this RFP.

11.7.2 Incident and Problem Management

The Offeror must propose a formal process that addresses incident and problem management in the operational phase of the EBT system. Such processes are critical to the CSA and must ensure the integrity of the EBT system and minimize the risks of operational disruptions for each CSA, decrease repeat incidents, and restore normal operation as quickly as possible after an incident or problem has been detected and recorded.

11.7.2.1 Incident and Problem Management Plan

Subsequent to the acceptance of each State's EBT Detail Design Document and extending throughout the term of the Contract, all incidents and problem must be communicated to each CSA, monitored and resolved through a formal written process that is included in the Offeror's proposed Incident and Problem Management Plan. At a minimum, the plan must address the contractor's incident and problem management approach for the following, as described in this section:

- Incident and Problem Definition;
- Incident/Problem Notification and Recording;
- Operational Help Desk;
- Contractor Escalation Procedures;
- Incident and Problem Monitoring and Closure.

A draft Incident and Problem Management Plan will be due 30 days after each state's contract start date and a final plan will be due 90days after each state's successful conversion. (Amended 1/11/13)

11.7.2.2 Incident and Problem Definition

Incidents are defined as an event that is not part of standard operation, which causes or may cause an interruption of, or the quality of, a service. The objective of Incident Management is to restore normal operations, with the least amount of impact, in a timely and cost effective manner.

Problems are defined as a condition that is identified as a result of an incident, or repeated incidents, that exhibit common symptoms. The

objective of Problem Management is to minimize the impact of problems on service to the CSA, and remedy incidents permanently.

The offeror must describe the process that will be used, to deal with any incidents or problems, as defined above.

11.7.2.3 Incident and Problem Notification and Recording and Reporting

The contractor must provide immediate oral and written electronic notification in the form of an Impact Statement to the CSA of any incidents, issues, or problems including, but not limited to, system outages, customer service delays, non-compliance with performance standards or deliverable due dates. Notification must provide immediate and open communication between the contractor and the individual CSA personnel to allow for maximum CSA involvement in the planning, execution, and evaluation of any action(s) taken.

The Impact Statement must include date and time of discovery, manner of discovery, nature of the incident or problem, affected service, category and severity, responsible individual, and next steps identified.

Incident or problem investigation must be followed up within a reasonable amount of time, but in no instance more than five (5) calendar days from the initial Impact Statement, with a written resolution report, including specific information documenting the nature of the problem and event triggers, the necessary actions/steps to resolve/correct the problem; estimated timeframes for implementation of the resolution; and the lead contractor personnel responsible for assuring resolution of the problem.

The contractor must maintain a detailed Knowledge Database of all incidents, issues and problems including a complete history from initial notification to closure. The contractor must provide monthly report of all the described history maintained in the Knowledge Database to the CSA for review. Details of the reporting will be defined during detail design discussions.

Events or problems identified by the CSA must also adhere to the aforementioned standards and must be addressed by the contractor with the same expectations specified above. In the event the contractor fails to comply with the requirements specified above, the affected CSA reserves the right to withhold 1% of the most current monthly voucher or $10,000, whichever is greater.

11.7.2.4 Operational Help Desk

Operational Help Desk support must be available from 8 AM through 5 PM local time, Monday through Friday, excluding State and Federal holidays. The contractor must provide a Technical Support contact that will be available 24 hours per day, 7 days per week. In addition, the contractor must be able to support email requests from State staff for operational support.

11.7.2.5 Contractor Internal Escalation Procedures

The Offeror must include the following in its proposal:

- Describe the proposed incident and problem escalation and resolution process, including corporate and organizational policies related to executive oversight and corporate involvement;
- Identify at what level(s) of the problem escalation process the NCS can anticipate corporate involvement, and the type and level of that involvement and support. The process must provide for early and open communications between the contractor and individual NCS personnel to allow for maximum involvement in the planning, execution and evaluation of any action(s) taken;
- Describe how your organization has used the process to define, and effectively escalate and resolve problems for a customer(s) with a similar scope of services as contemplated by this RFP;
- Describe the process in which incidents are escalated to problems.

11.7.2.6 Incident and Problem Monitoring and Closure

The Offeror must include the following in its proposal:

- A proposed mechanism for timely and effective monitoring of incident and problems;
- The criteria and process for closing incidents and problems.

11.7.3 Operational Change/Disruption Process

Prior written approval of the CSA is required for all changes in subcontractors and for all subcontracts. When proposing to add, to replace, or to assume the responsibilities of an existing subcontractor or vendor during the contract period, the contractor must notify the NCS of its intent to add or replace a subcontract. Such notification must include justification for the change, provide the proposed

subcontractor's qualifications and experience, and provide transition work plans outlining the timeline, activities and dependencies that ensure that such action will not jeopardize or impact the operations or services of the NCS or CSA. Such transition work plans are subject to the review and approval of the CSA or NCS, as applicable. No contractor costs or expenditures related to expenditures or obligations paid or owing to unapproved subcontracts may be asserted as damages or otherwise presented for payment in any proceeding or discussion involving the contractor and the CSA.

The contractor will work with the CSA to define any potential operational disruption if the prime contractor elects to terminate or change their agreements with any subcontractor or vendor. Operational disruptions may include, but are not limited to:

- EBT Gateway;
- Retailer management;
- Cardholder/retailer customer service;
- Training;
- System operations;
- Host processing; and
- Network/settlement processing.

11.8 Change and Release Management

The Offeror must propose a formal process that addresses change and release management in the operational phase of the EBT baseline system. Such a process is critical to the NCS and must ensure the integrity of the EBT system and minimize the risks of operational disruptions for each CSA.

11.8.1 Change and Release Management Plan

Subsequent to the acceptance of each State's EBT Detail Design Document and extending throughout the term of the Contract, all Contractor-initiated design changes, corrective actions, or system enhancements must be communicated to the CSA through a formal written process that is included in the Offeror's proposed Change and Release Management Plan. At a minimum, the plan must address the Contractor's change management approach for the following, as described in this section:

- Design Issues;
- Remedial Changes;
- Conforming Changes;

- Enhancing Changes;
- Parameter or Reference Table Changes; and
- Procedures for changes and updates to design documents and manuals.
- In addition, the plan must include the Offeror's formal policy for release and distribution of software. The Release Policy must include, but is not limited to, the following:
    - Quality assurance practices for testing of new releases;
    - Method for tracking changes of code and versions;
    - Version numbering schema;
    - Frequency of release by type and release type definitions;
    - How emergency releases are handled;
    - Method of securing master copies of all software;
    - Name of person(s) responsible for release management.
-

A draft plan must be submitted in the technical section of the Offeror's proposal. The contractor must submit a first draft of the Change and Release Management Plan no later than 30 calendar days after each CSA's contract start date and a final 90 calendar days after each CSA's successful conversion ~~contract start date~~ (Amended 1/11/13). The contractor must maintain and update as required all documents included in the System Documentation Library delivered during the Design, Development, Transition/Conversion, and Operations phases, to reflect any and all changes from the established baseline system.

11.9 Change Management

The NCS requires the contractor to address the following elements in its change management procedures.

11.9.1 Design Issues

Design issues are questions or concerns that arise before the program/system baseline design is frozen, are a part of the development process, and are addressed and resolved prior to finalizing the system design. The resolution of these issues must be incorporated in program specifications, in procedures for EBT participants (e.g., authorized retailers, providers, financial institutions, local and State offices), and in general and detailed system specifications.

11.9.1.1 System Baseline

The system baseline will be established upon acceptance of the conversion and approval of all design, development and transition phase deliverables.

After the initial system baseline is established, any modifications to the system design or functionality will be defined as a change and will be documented, tracked, and managed in accordance with the approved Change and Release Management Plan. As the operational phase proceeds, the definition of the baseline system will expand to include: the finalized work plan, general and detail design documents, training and disaster plans, and other approved/accepted contractor deliverables. The baseline definition will continue to expand to include system testing results, reports, implementation plans, transition plans and documentation.

11.9.1.2 Changes to the System Baseline

Contractor-initiated or CSA-initiated changes seek to modify the baseline system, procedures, documentation, or application programs. Such requests alter the initial scope of the program, or add or modify functionality, after the system design baseline has been determined.

All changes are categorized as remedial, conforming, enhancing, or parameter/reference table. The definition for each type of change is provided below. The contractor must work with the CSA to ensure that sufficient testing is conducted to ensure that no changes will negatively impact the EBT system functionality or the interface with the CSA's eligibility system and that changes do not unintentionally impact, at a minimum, State functionalities, file formats, screens, reporting, or performance. All changes must be fully tested and approved by the applicable NCS member(s) before being put into production.

11.9.2 Remedial Changes

Remedial changes are defined as changes needed to make the system perform or function in the way it was designed and must not result in additional costs to the CSA. Either the CSA or the contractor may identify the need for a remedial change and each party must give the other immediate notification of such need for remedial changes. The contractor must provide immediate oral and written electronic notification but must be followed up with written documentation within five (5) calendar days of the initial notice or sooner if required by the CSA. Remedial changes must be tested and implemented as soon as possible or on a schedule to be approved by the CSA.

11.9.3 Conforming Changes

Conforming changes are defined as modifications needed to adapt the EBT system to requirements that result from Federal law, policy, program, or regulation changes, and changes to the Quest Operating Rules, or other applicable network rules. The contractor must provide conforming changes that affect the benefit programs defined in this RFP in accordance with Article 1D, Standard Terms and Conditions included herein at no additional cost to the CSA. Conforming changes will be CSA-initiated.

11.9.4 Enhancing Changes

Enhancing changes are defined as changes that are not Remedial or Conforming changes. These include, but are not limited to, changes that will enhance performance, provide new functionality; provide conformity to changes in State or local law, regulations, or policies (not required by the Federal government); improve cost-effectiveness; enhance efficiency and ongoing operation; or improve program maintenance.

System enhancements or other system changes developed by the contractor for any State, both within and outside the NCS, determined to be advantageous to the CSA must be extended to the CSA at no additional development cost. The Offeror must describe in its Technical Proposal, its approach for providing the NCS with information on a quarterly basis concerning EBT system changes and enhancements implemented by the contractor in other States, both within and outside the NCS.

11.9.5 Parameter or Reference Table Changes for Core Services

The NCS requires that parameter or reference table changes requested by a CSA be included as part of the cost per case month fees. A parameter change or reference table change includes, but is not limited to, the addition and/or modification of local district office information; program type; benefit types; aging criteria; or any other change that accounts for less than 5 hours of billable time.

11.9.6 CSA –Change Request Process

Change requests initiated by the CSA requesting Conforming or Enhancing changes will be initiated through a Change Request Form. The CSA will designate all Change Requests as high or low priority, and the Offeror's proposal must outline proposed timeframes for initiating changes based on priority ranking. The CSA's EBT Program Director will forward a signed Change Request Form to the

contractor's designee for analysis of the request for potential impacts on existing system processes, other schedule changes, resources, hours, and applicable costs.

The contractor will return the Change Request Form and the results of the analysis to the CSA's EBT Program Director within 14 calendar days of receipt. The contractor must provide the CSA with a proposed development and implementation schedule for completing the change. Contractor responses to CSA-initiated change requests must include a price quote utilizing the change request pricing for personal services as submitted by the contractor in response to this RFP (in accordance with the Standard Terms and Conditions, Article 6, Payment Provision) for the requested change, including the number of hours required to perform the request. However, should such changes result in a reduction in the contractor's responsibilities/efforts in providing services a like reduction in pricing will be negotiated in good faith based upon an equal sharing of contract related savings.

If the CSA chooses to formally approve the change, the Change Request Form will be signed and dated by the CSA's EBT Program Director and forwarded to the contractor. The contractor shall not begin work on a CSA-initiated Change Request until written approval is received from the responsible CSA. The contractor must provide a final development and implementation schedule within 14 days of receipt of the approved Change Request, and must include specific dates for development and implementation consistent with the schedule being proposed.

If there are any disputes regarding any of the information or pricing provided on the Change Request Form, the dispute resolution process, as defined in Standard Terms and Conditions, Article 10 of the standard NCS contract, included herein, must be used. The contractor must proceed with development and implementation of Conforming or Enhancing changes simultaneous with the dispute resolution.

Upon written approval of the change, the contractor must include the change in work plans, allocate resources as appropriate, and will provide ongoing status reports, as part of the regular status report, with hour and cost accounting (if any) to the CSA. Until such time as the change has been completed and accepted by the CSA, the CSA will monitor implementation of the approved changes through scheduled status reports and information provided by the contractor to the CSA as required by the Release Management provisions below.

11.9.7 Changes Initiated by the Contractor

The contractor must provide the CSA with written, advance notification of all self-initiated, non-remedial changes to the EBT system, including gateway services. The written notification must include, at a minimum, known or anticipated impacts the changes will have on the State's functionality, file formats, screens, reporting,

performance, and any costs or cost savings to the CSA. The contractor must coordinate all non-remedial changes to the system with the NCS. Non-remedial changes must be implemented at a time agreed upon with the CSA, so that the availability and participation of State program and technical staff can be assured. All contractor-initiated changes are subject to the prior written approval of the CSA. Upon such approval, the contractor will provide the CSA requesting the change with a proposed development and implementation schedule for completing the change, including the number of hours required to perform the request.

11.9.8 Updates to Manuals

As specified by the CSA, and *prior* to implementing system and operational modifications into production, the contractor must provide drafts to the CSA of all applicable manual sections/pages requiring update.

11.10 Release Management

The contractor must manage software releases in a manner that ensures high-quality products with minimal deficiencies. The contractor must provide releases no less than on a monthly basis or as otherwise designated and agreed to by the CSA.

Each year within the first quarter and thereafter, the contractor must provide an Annual Release Plan projecting the following:

- Frequency of releases by type (Delta or Package, see below);
- Migration schedule (for example, migrate Package releases into production monthly on the first Tuesday); and
- Contractor down times, including Continuity of Business testing and code freezes.

At the time a newly modified software version is delivered for testing by the CSA, the contractor must provide documentation to the CSA that the Contractor has modified the correct software version. This applies to all changes, regardless of type, or whether initiated by the contractor or the CSA. The contractor must deliver software to the CSA in accordance with the Contractor's Release Management Policy and accompanied by a Release Impact Statement.

11.10.1 Release Impact Statement

For every release the contractor must provide a Release Impact Statement that includes the Program release number; the Program release date to baseline; and date of Program release on the production environment. The Impact statement must also include back-out plans for the release; updated reference materials and user

manuals; new version(s) of software distribution instructions, if applicable; and expectations and responsibilities of the CSA during the planning and rollout of new releases.

For each individual change within a Release, the contractor must include the following in the Release Impact Statement:

- Program name;
- Contact person;
- Type of change, including individual change #;
- Brief description;
- Interdependencies or impacts on other programs;
- Detailed description of change; and
- Any applicable costs or cost savings associated with the Release.

11.10.2 Release Types

The CSA expects releases will generally fall into one of two categories, as described below. However, the Offeror may propose a comparable classification methodology.

11.10.2.1 Delta (Minor or Partial) Release

A delta, minor, or partial release is one that includes only those items or modules within the release unit that have actually changed or are new since the last package or delta release. This type of release contains a limited and measurable number of changes. Generally, these are minor changes to code and do not require extensive testing.

11.10.2.2 Package (Major or Full) Release

A package release involves a more substantial change to the software and may, in fact, be several minor releases combined. A major release would entail changes that involve more than one module or unit of code that have interdependencies. Generally, this type of release requires extensive unit testing as well as complete regression testing. For example, changes to one program or suite will often require changes to be made to others. If all these changes have to be made at the same time, they should be included in the same package release.

11.10.2.3Authorized Releases

Contractor must release into production only versions authorized by the CSA, and that conform to the contractor's established migration policy. The contractor must obtain prior written authorization from the CSA EBT Program Director or his/her designee.

11.10.2.4 Release Security

Master copies of all software must be kept in a secure compound in which the definitive authorized versions of all software are stored and protected. A secure compound is one or more software libraries or file-storage areas that are separate from development, test, or live file-store areas.

12 Performance Standards

It is the expectation of the NCS that the integrity and responsiveness of the EBT system be of the highest quality and that the requirements throughout this RFP are met. This section outlines the performance standards and the methods and potential dollar amounts for the assessment of liquidated damages for failure to meet performance standards. The NCS may include additional performance remedies, including liquidated damages, in their individual State contracts to recoup State losses incurred due to contractor non-conformance with performance standards. The core Cost per Case Month pricing shall not reflect the inclusion of liquidated damages and/or Letters of Credit or Performance Bonds.

12.1 Performance Standards

To ensure the contractor provides uninterrupted services to the NCS, clients/cardholders, and SNAP merchants, and meets the performance standards set forth in USDA FNS regulation, the NCS has defined and provided in this RFP a set of EBT system and service performance standards. It is the intent of the NCS to remedy any non-performance through specific remedies as defined for each CSA within the Performance Standard descriptions. The contractor must adhere to the performance standards as set forth in this RFP and in the requirements of this document.

The contractor must provide a consolidated report or individual specific reports of their performance as described in this RFP. Each report, or section of the consolidated report, must provide in detail the actual measures of performance for that standard. For example, if the standard requires daily or weekly conformity, then the report will detail actual daily or weekly

performance. The report(s) must also detail the degree to which the contractor either satisfied or did not satisfy the requirements of the standard. The detail must be sufficient so as to allow each state to calculate potential liquidated damages in the event of failure to perform. The CSA will work with the contractor during system design/development to determine performance report/file details.

Should contractor performance fall below the predefined standard, as measured by either contractor reporting or the result of CSA monitoring, the CSA will reserve the right to assess liquidated damages and/or require that the contractor develop and fully implement a corrective action plan. The corrective action plan must be delivered within five business days of the determination that the performance standard is not being met. Upon approval by the CSA the corrective action must be implemented no later than five days from the date the plan is approved by the CSA.

12.2 Penalty Calculation Description

As described below each CSA has authority to assess full or partial liquidated damages at its discretion for non-compliance with performance standards. In the event of contractor deficiencies in meeting performance standards, the CSA may opt to withhold a percentage of the monthly billing times the "State Multiplier" until such time as the deficiency is cured. The State Multiplier for each CSA is indicated below and will used to determine the total dollar amount to assess the liquidated damage value if the Benchmark/Threshold falls below the standard. Such action shall not affect the CSA's right to assess liquidated damages per the terms of the contract.

Example Penalty Calculation Example:

$2,500 = dollar value;

1 = the whole point below the standard. In this case the contractor failed to meet the benchmark/threshold of 99.9%, and was reported @98.9%;

$2,500 = the dollar value multiplied by the State multiplier;

$2,500 X 2 (NYS State Multiplier).

$5,000 = assessed damage value.

12.3 Performance Standard Reporting - Core Reports/Files/Inquiries

See the EBT Reporting Requirements Appendix for a complete listing and detail descriptions of the required core reports/files/inquiries. Specific details and data elements for all reports/files/inquiries will be determined by the CSA during the detail design phase.

Host and Transaction Processing, Communications Facilities, and Hot Backup			
#	**Performance Standard**	**Benchmark/ Threshold Measurement and Frequency**	**Liquidated Damages / Calculations**
1	**% of Availability (Uptime):** **1a.) EBT System Availability (Uptime):** 24 hrs a day, 7 days a week, 365 days a year, except for scheduled downtime, measured per month, for EBT Processor, transaction switch, and EBT Third Party Processors.	• 99.9% • Monthly	• 1st outage- 1% of monthly bill. For each additional hour segment an additional ½ % will be added. Result for each state multiplier. • 2nd outage- 2% of monthly bill. For each additional hour segment an additional ½ % will be added. An additional ½ % for each subsequent outage >2 will be added. Result for each state multiplier. • SM: NY=1, CT=10/RI=5/VT=5/NH=5, MA=5
	1b.) Client Web Portal Availability (Uptime): 24 hrs a day, 7 days a week, 365 days a year, except for scheduled downtime.	• 99% • Daily	• $2500 for each whole % point below standard times state multiplier • SM: NY=1, CT =1/RI=1/VT=1/NH=1, MA=1
	1c.) SOAP Communication Availability: 24 hrs a day, 7 days a week, 365 days a year, except for scheduled downtime. Currently this communication protocol is specific to NYS and Massachusetts and liquidated damages stated herein are applicable. During the contract term other CSA's may choose to develop and implement this technology at which time liquidated damages may be assessed should the contractor fail to meet the	• 99% • Daily	• $2500 for each whole % point below the standard, except for scheduled down time, for each state multiplier • SM: NY=2, CT =1/RI=1/VT=1/NH=1, MA=1

	benchmark once the CSA's ability to support this communication has been developed and implemented on the System Baseline.		
	1d.) EBT Administrative System Availability (Uptime): 24 hrs a day, 7 days a week, 365 days a year, except for scheduled downtime.	• 99 % • Daily	• $2500 for each whole % point below standard times state multiplier • SM: NY=2, CT =1/RI=1/VT=1/NH=1, MA=1
2	**2a.) EBT POS Transactions via Leased Lines:** % of System Transactions Executed Within Response Time Threshold	• 98% executed within 10 seconds • 100% executed within 15 seconds • Monthly	• $2500 for each whole % point below standard times state multiplier • SM: NY=2, CT =1/RI=1/VT=1/NH=1, MA=1
	2b.) EBT POS Transactions via Dial Up Systems:	• 95% executed within 15 seconds • 100% executed within 20 seconds • Monthly	• $2500 for each whole % point below standard times state multiplier • SM: NY=2, CT =1/RI=1/VT=1/NH=1, MA=1
	2c.) EBT Administrative Functionality Transactions These transactions include, but are not limited to posting of a benefit, account set up records, and account repayment.	• 99% processed within 2 seconds • Monthly	• $5000 for each whole % point below standard times state multiplier. • SM:NY=10 CT =1/RI=1/VT=1/NH=1, MA=1
	2d.) EBT Cardholder Web or IVR Transactions: Includes any	• 99% executed	• $5000 for each whole % point below

	transaction initiated via the cardholder web portal or IVR.	within 3 seconds • Monthly	standard times state multiplier. • SM: NY=10 CT =1/RI=1/VT=1/NH=1, MA=1
	2e.) SOAP Record Communication Transmission Rate Number: No less than 1500 records, incoming and outgoing, transferred per hour or maximum records sent. Currently this communication protocol is specific to NYS and Massachusetts and liquidated damages stated herein are applicable. During the contract term other CSA's may choose to develop and implement this technology at which time liquidated damages may be assessed should the contractor fail to meet the benchmark once the CSA's ability to support this communication has been developed and implemented on the System Baseline.	• Processes 99% • Monthly	• $5000 for each whole % point below the hourly standard times state multiplier. • SM: NY=10 CT =1/RI=1/VT=1/NH=1, MA=1
	2f.) Incoming SOAP Communication: Records received via SOAP communication This communication protocol is specific to NYS and Massachusetts. At state option, each CSA may choose to develop and implement this technology during the contract term. Liquidated Damages may be assessed upon the contractor's failure to meet the benchmark once the CSA's ability to support this communication has been developed and implemented on the System Baseline.	• 99% of records are processed within 3 seconds of receipt • Monthly	• $5000 for each whole % point per day below standard times state multiplier. • SM: NY=10 CT =1/RI=1/VT=1/NH=1, MA=1
	2g.) Data File Processing: All data file records, including but not limited to Benefit Files and CBIC Batch Update Files received via FTP or any other means.	• 99% of files are processed within 1 hour of receipt • Monthly	• $5000 for each whole % point below standard times state multiplier. • SM: NY=10 CT =1/RI=1/VT=1/NH=1, MA=1
3	**# of Inaccurate Transactions** **3a.) Inaccurate EBT Financial Transactions:** This includes any transactions made directly by the contractor and any of its sub-contractors acquiring networks. For example, transactions	• 99.9% accuracy assessed per	• $5000 times number of days under standard times state multiplier.

	incorrectly (or erroneously) denied, funds drawn from an incorrect account; overdraws of benefit accounts; incorrect debits and credits, including ~~adjustments and reversals~~ (Amended 1/4/13); failure to apply requested benefit cancelations; and/or incorrect postings of benefits to cardholder EBT accounts.	day. • Reported Monthly	• SM: NY=2 CT =1/RI=1/VT=1/NH=1, MA=1
	3b.) Inaccurate EBT Transactions processed via the IVR or Client Web Portal.	• 99.9% accuracy assessed per day • Reported Monthly	• $5000 times number of days under standard times state multiplier. • SM: NY=2 CT =1/RI=1/VT=1/NH=1, MA=1

4	**Data Files and Reports Accuracy and Transmission** **4a.) Data File Transmission:** Data files are sent according to the daily/ monthly schedule as defined in this RFP.	• 100% of data files are sent within 1 hour • Monthly	• $5000 for each whole % point below standard times state multiplier. • SM: NY=2 CT=2/NH=1/RI=1/VT=1, MA=2
	4b.) Data File Transmission Accuracy: Data files are accurately formatted and data is accurate.	• 100% of data files are accurate • Monthly	• $5000 for each whole % point below standard times state multiplier. • SM: NY=2 CT=2/NH=1/RI=1/VT=1, MA=1
	4c.) Report Transmission: Reports are sent according to the daily/ monthly schedule as defined in Appendix 15 and this RFP.	• 99.9% of reports are sent within 1 hour of the defined deliverable. • Monthly	• $2500 for each whole % point below standard times state multiplier. • SM: NY=2 CT=1/NH=1/RI=1/VT=1, MA=1
	4d.) Report Accuracy: Reports are accurately formatted and data is accurate.	• 99.9% of reports are accurate • Monthly	• $2500 for each whole % point below standard times state multiplier. • SM: NY=2 CT=1/NH=1/RI=1/VT=1, MA=1
	4 e.) File Accuracy: Timely FNS file transmissions of ALERT, AMA, and STARS in accordance to Appendix 15 of the RFP.	• 100% of data files are accurate. • Daily/Monthly	• $1,000 per instance for files that are delayed more than two (2) days. • An additional $1,000 for each additional day after the first two days the files are delayed. • $1,000 each time the “ALERT” file is entirely rejected by FNS. This also applies when the “ALERT” file is entirely rejected multiple times in a

			month/day exceeding the permitted number of file rejections. • SM: NY=2/ CT=1/NH=1/RI=1/VT=1, MA=1
5	**Cards and PINS** **5a.) Mailed Card Turn Around Time**: Mailed cards are produced and mailed within 3 calendar days. The calendar date of receipt of the data by the Contractor will be considered day zero. Following day zero, the first business day will be considered Day 1. Day 2 will be the first business day following day one, and Day 3 will be the first business day following day two. Cards will be measured as delayed if produced on Day 3 or greater.	• 100% of cards produced within 3 calendar days. • Monthly	• Cards produced on day 3 and any subsequent delayed days, the CSA will not be charged for those cards and corresponding postage. • Cards produced on or after day 3, an additional charge will be calculated as the total card cost times the number of cards times the number of days delayed minus 1. Example: 5,000 cards delayed for 3 days will be assessed at the rate of the cost of ***one*** card x 5,000 x 2. The cost per card in place within the contract cycle will be used to determine the damages.
	5b.)OTC Card Turnaround Time: OTC cards are produced within 1 hour from a client arriving at the CSA designated site.	• 90% of cards produced within 1 hour • Monthly	• $300 for each whole % point below standard times state multiplier. • SM: SM: NY=2 CT=1/NH=1/RI=1/VT=1, MA=1
	5c.) Bulk Shipment Card Turnaround Time: Cards are delivered within State time frame. NY/VT= 20 days CT/NH/RI/MA=5 days	• 100% on time card delivery • Monthly	• $1000 for each business day a bulk shipment is late.
	5d.) Card Standards: Cards meet ISO standards as defined in this RFP.	• 100% ISO compliance • Monthly	• $10 times number of non-compliant cards.
	5e.) PIN Mailer Turnaround Time: PIN Mailers are produced and mailed within 1 business day.	• 90% of PIN Mailers produced and	• PIN mailers produced and mailed on 2nd business and any subsequent delayed days, the CSA will not

		mailed within 1 business day. • Monthly	be charged for those PIN mailers and corresponding postage. • PIN mailers produced and mailed on or after 3rd business day an additional charge will be calculated as follows; total number of delayed PIN Mailers times the number of days delayed minus 1.
	5f.) PIN Mailer Accuracy: PIN Mailers are accurately formatted and the data contained within the PIN Mailer is accurate.	• 100% of PIN Mailers are accurate • Monthly	• $~~5000~~1000 (Amended 12/28/12) for each whole % point below standard times state multiplier. • SM: NY=2 /CT=1/NH=1/RI=1/VT=1, MA=1 • Additionally, CSA will not be charged for inaccurate PIN mailers and corresponding postage.
	5g.) PIN Selection Device Availability: PIN selection devices will be available and working as defined in this RFP.	• 100% of PIN Selection Uptime • Monthly	• $2500 for each whole % point below standard times state multiplier • SM: SM: NY=2/CT=1/NH=1/RI=1/VT=1, MA=1
	5h.) PIN Selection Transaction Processing: Timing begins upon entry of client PIN for processing.	• 98% executed within 45 seconds or less • Monthly	• $2500 for each whole % point below standard times state multiplier • SM: SM: NY=2/CT=1/NH=1/RI=1/VT=1, MA=1
6	**Direct Deposit and Direct Deposit Returns** **6a.) Direct Deposit and Direct Deposit Accuracy:** Direct Deposits and Direct Deposit Returns are accurate and formatted and data is accurate.	• 100% of direct deposits and returns are accurate • Monthly	• $5000 for each whole % point below standard times state multiplier • SM: NY=2/CT=1/NH=1/RI=1/VT=1, MA=1
	6b.) Direct Deposit and Direct Deposit Timeliness: Direct Deposits Direct Deposit Returns are processed in the time as specified Section 5.2.1.	• 100% of direct deposits and returns are on time	• $5000 for each whole % point below standard times state multiplier

		• Monthly	• SM: NY=2 CT=1/NH=1/RI=1/VT=1, MA=1
7	**Settlement and Reconciliation** **7a.) SNAP:** EBT contractor must provide credits to the financial institution holding the accounts for retailers or third party processors within two business days of the daily cutover period for retailer settlements in accordance with Federal regulations and AMA and ASAP standards.	• 100% compliance with regulations and standards • Monthly	• $1000 per occurrence beyond the measured cutover settlement, times state multiplier • SM: NY=2 CT=1/NH=1/RI=1/VT=1, MA=1 • Additionally, contractor is liable for the value of benefits incorrectly applied and any bank costs, charges, or damages that government or retailers may accrue from missed or incorrect settlement processing.
	7b.) Cash: EBT contractor must provide credits to the financial institution holding the accounts for retailers or third party processors according to applicable network rules and QUEST Operating Rules.	• 100% compliance with regulations and standards • Monthly	• $1000 per occurrence beyond the applicable network or QUEST settlement rules, times state multiplier • SM: NY=1 CT=1/NH=1/RI=1/VT=1, MA=1 • Additionally, contractor is liable for the value of benefits incorrectly applied and any bank costs, charges, or damages that government or retailers may accrue from missed or incorrect settlement processing.
8	**Disaster Preparation and Contingency Planning** **8a.) Continuation of Business (COB) Testing**: COB test conducted annually on mutually agreed upon date.	• COB is conducted on annual scheduled date.	• $2500 per month delayed from scheduled date, times state multiplier • SM: NY=10/NH=2 VT=2 CT=2 RI=2, MA=2
	8b.) Continuation of Business (COB) Reporting: Complete COB reporting as described in this RFP.	• Received within 30 days of completion of COB test.	• $2500 per month if delayed beyond the 30 days of completion, times state multiplier • SM: NY=10/NH=2 VT=2 CT=2 RI=2, MA=2

	8c.) Continuation of Business (COB) Accuracy: COB is conducted as specified in this RFP with no unexpected disruptions to normal EBT processing.	• 100% Accuracy (0 incidents)	• $2500 per incident times state multiplier • SM: NY=10/NH=2 VT=2 CT=2 RI=2, MA=2 • Any actual damages in excess of the liquidated damages cited by the CSA as a result of the failure of the COB or unexpected incidents as a result of the COB, including, but not limited to, additional costs incurred by the CSA.
9	**Transition/Conversion Plan** 9a.) Transition/Conversion Timeliness: contractor must assume EBT processing according to the schedule determined in this RFP and as noted during contract negotiations. The ensuing EBT contractor must prepare a Transition and Conversion Plan that complies with the FNS EBT System Transition Guide, Version 2.0, June 6, 2005 or the most recent version issued by FNS.Upon termination of the contract, the contractor must cooperate with the future EBT contractor to ensure a timely and accurate conversion of a the 3-Year on-line transaction history.	• 98% of deadlines • daily/ weekly during conversion in accordance to the plan.	• $500 per day times the number of days delayed for each individual deliverable described in the plan. • Additionally, actual damages in excess of the liquidated damages cited above incurred by the CSA as a result of the failure by the Offeror to convert the EBT systems and processing by the scheduled conversion date, including, but not limited to, additional costs for the continuation of EBT services. • SM: NY=5/NH=2/VT=2/CT=2/RI =2, MA=2
	9b.) Transition/ Conversion Plan Accuracy: contractor must accurately transition and convert EBT data and processes as defined in the RFP.	• 100% (0 incidents) • daily/ weekly during transition/ conversion	• $2500 per incident times state multiplier. • SM: NY=5 /NH=2/VT=2/CT=2/RI =2, MA=2 • Additionally, actual damages in excess of the liquidated damages cited above incurred by the

			CSA as a result of the incident.
10	**Retailer Management, Customer Service and Training** **10a.) Answer Timeliness**: Cardholder and retailer calls answered by automated system as defined in this RFP.	• 98.5% within 20 seconds • Monthly	• 1% of the total EBT monthly billing as defined in the RFP times state multiplier. • SM: NY=1/CT=1/RI=1/VT=3/NH=1, MA=1
	10b.) IVR Calls Answered: Cardholder and retailer calls answered by IVR after menu selection	• 100% within 5 seconds • Monthly	• For each whole % point above the standard,1% of the total EBT monthly billing times state multiplier. • SM: NY=1/CT=1/RI=1/VT=3/NH=1, MA=1
	10c.) Call Selection Wait Period: Cardholder or retailer calls answered by live operator.	• ~~100~~ 99.8 (Amended 1/4/13)% answered by live operator within 2 minutes. • 3% answered by live operator within 30 seconds. • Monthly	• 1% of the total EBT monthly billing times state multiplier for *each* standard. • SM: NY=1/CT=5/RI=1/VT=3/NH=1, MA=1
	10d.) Abandon Call Rate: Cardholder and retailer calls abandon call rate	• < 5% • Monthly	• For each whole % point above the standard,1% of the total EBT monthly billing times state multiplier • SM: NY=1/CT=1/RI=1/VT=3/NH=1, MA=1
	10e.) Blocked/ Busy Signals: Cardholder or retailer calls.	• 0% for first 400 concurrent callers • < 2% after the first 400 concurrent callers • Monthly	• 1% of the total EBT monthly billing times state multiplier for *each* standard. • SM: NY=1/CT=1/RI=1/VT=3/NH=1, MA=1

	10f.) Cardholder Service Line Availability: Customer Service toll free line is available 24 hours per day, 7 days per week.	• 100% • Monthly	• $2500 for each whole % point below standard times state multiplier. • SM: NY=2 /CT=1/RI=1/VT=1/NH=1, MA=1

11	**Incident, Problem, Change and Release Management (Amended 1/4/13)** **11a.) Incident/Problem Management~~:~~; Incident/ Problem Response Time**: Contractor documents and submits an impact statement to incidents/problems reported by the CSA or Contractor.	• Immediate for CSA and Contractor detected/reported incidents/problems. • ~~5 business days for Contractor detected/ reported problems.~~ • Quarterly	Events, incidents or problems identified by the CSA must also adhere to the following standards and must be addressed by the contractor with the same expectations specified in Section 11.7.2 of the RFP. In the event the contractor fails to comply with the specified requirements, the affected CSA reserves the right to withhold 1% of the most current monthly voucher or $10,000, whichever is greater. • $1,000 per problem per month delayed reporting times state multiplier. • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
	11b) Incident/Problem Written Resolution Report: (Amended 1/4/13) Contractor investigates and provides written resolution report for Contractor or CSA reported incidents and problems as described in Section 11.7.2 of the RFP**.**	• Within 5 calendar days for Contractor and CSA detected and/or reported incidents/problems.	• $1,000 per reported incident/problem per month where a written resolution is not provided times the state multiplier. • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
	11c.) Incident Management: % of Repeat Incidents: % of incidents that can be classified as a repeat incident, relative to all incidents.	• 2% • Quarterly	• Number of repeat incidents times $500 times state multiplier

			• SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
	11d.) Incident Management: % of Incidents Resolved within target/deadline: # of incidents closed within allowed time frame, relative to the total number of incidents.	• 99% • Quarterly	• $500 per incident not resolved times month(s) delayed times state multiplier • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
	11e.) Problem Management: % of Repeat Problems: % of problems that can be classified as a repeat problem, relative to all incidents.	• 0% • Quarterly	• Number of repeat problems times $2500 times state multiplier • SM: NY=2 CT/RI/VT/NH/MA=1
	11f.) Problem Management: % of Problems Resolved within target/deadline: # of problems closed within allowed time frame, relative to the total number of problems.	• 99% • Quarterly	• $2500 per problem not resolved times month(s) delayed times state multiplier • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
	11g.) Change Management: Time (Days) Request for Change Response: Change Request Form and the results are returned as defined in this RFP.	• 14 calendar days • Quarterly	• $250 per day delayed times state multiplier • SM: NY=2 /CT=1/RI=1/VT=1/NH=1, MA=1
	11h.) Change Management: % of Changes Implemented within target/deadline: # of changes implemented within allowed time frame, relative to the total number of changes.	• 99% • Quarterly	• $2500 per change not implemented times month(s) delayed times state multiplier • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
	11i.) Change Management: % of Unauthorized Implemented Changes: # of implemented changes that were not authorized by the CSA relative the total implemented changes.	• 0% • Quarterly	• $5000 per change not authorized times state multiplier • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
	11j.) Change Management: % of Changes that Cause Incidents: # of implemented changes that have caused incidents relative the total implemented changes.	• 0% • Quarterly	• $2500 per unique incident times state multiplier • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
	11k.) Change Management: % of Backed Out Changes: # of closed changes which were rolled	• 0% • Quarterly	• $2500 per backed out change times state multiplier • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1

	back relative to the total number of changes.		
	11l.) Release Management: % of Unauthorized implemented Releases: # of releases that were not authorized by the CSA relative the total releases.	• 0% • Quarterly	• $5000 per release not authorized times state multiplier • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
	11m.) Release Management: % of Backed Out Releases: # of releases which were backed out relative to the total number of releases.	• 0% • Quarterly	• $2500 per backed out release times state multiplier • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
	11n.) Release Management: % of Releases Implemented on Schedule: # of releases implemented within allowed time frame, relative to the total number of releases.	• 99% • Quarterly	• $2500 per release not implemented times month(s) delayed times state multiplier • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
	11o.) Release Management: % of Releases that Cause Incidents: # of releases that have caused incidents relative to the total releases.	• 0% • Quarterly	• $2500 per unique incident times state multiplier • SM: NY=2 /CT=2/RI=1/VT=1/NH=1, MA=1
12	**Cash Access** **12a.) Cash Access Availability**: Contractor provides continuous cash access as defined in this RFP.	• 100% • Quarterly	• 10% of monthly EBT billing will be withheld until Contractor meets cash access standard.
13	**Adjustment Processing** 13a.) The contractor must adjust cardholder accounts, as applicable by FNS regulation or QUEST Rules, to correct auditable, out-of-balance settlement conditions that result from a system error. A system error is defined as an auditable processing failure at any point in the redemption process that results in the improper crediting or debiting of an account or the failure to credit or	• 100% • Monthly	• $250 per deadline missed times state multiplier. • SM: NY=2 CT=2/NH=1/RI=1/VT=1, MA=1

	debit an account. The adjustment transaction must reference the original transaction that is completely or partially erroneous.		

13 Proposal Requirements

To be eligible for contract award, Offerors must submit a complete response to this Request for Proposals in conformance with the format and content requirements set forth in the RFP.

13.1 Proposal Submission

A sealed package for each section of the proposal (Financial, Administrative and Technical) including one original (labeled original on the outside cover), twenty (20) hardcopy proposals and twenty (20) electronic copies stored on a Computer Disk (CD) in Microsoft Word/Excel/Project format must be mailed or delivered to the following addresses:

NYS OTDA
Bureau of Contract Management
40 North Pearl Street, 10th Floor, Section A
Albany, NY 12243
ATTN: Jim Herrick

All original and proposal copies must be received no later than 2:00 pm Eastern Time, ~~January 18, February 1st 2013~~ (Amended from February 1 to January 18th on 11/8/12) February 1st, 2013 (Amended 11/20/12). Proposals received after the cutoff time may not be accepted. Faxed or emailed proposals will not be accepted. All proposals and accompanying documentation become the property of OTDA and the NCS and ordinarily will not be returned. All information proposed will be held in confidence and will not be revealed to or discussed with competitors, except as required or permitted by Federal and State(s) law.

A proposal must consist of the following separate documents:

- Administrative Section.
- Technical Section.
- Financial Section.
-

The Administrative, Technical, and Financial Sections must be bound separately. Each Section must include the following information clearly on the exterior of the packaging:

- Offeror's Name and Address;
- Electronic Benefit Transfer (EBT) RFP;
- ADMINISTRATIVE/TECHNICAL/FINANCIAL SECTION (as appropriate); and
- Proposal Due Date.

13.2 Table of Contents

The Administrative, Financial and Technical Sections must each include a table of contents, and each sub-section must be identified with index tabs. Each section of the proposal must be arranged in the same sequential numbering order as numbered in the RFP.

13.2.1 Executive Summary

An Executive Summary must be submitted in the Technical Section. The Executive Summary must include the following:

- A description of the Offeror's understanding of the requirements presented in the RFP;
- A description of how the Offeror can assist the NCS and individual member States including the Offeror's approach and range of services proposed to be provided; and
- A statement that the individual signing the signature pages is authorized to bind the company. Include a statement explaining how that official's authorization has been conferred.

13.2.2 Signature Pages

Each of the three sections, Financial, Administrative and Technical, must include a transmittal letter signed by an official who is authorized to bind the Offeror to its provisions, including a statement explaining how that official's authorization has been conferred.

A proposal must consist of the following separate documents:

- Administrative Section.
- Technical Section.
- Financial Section.
-

13.3 Administrative Section

Section 2, Procurement Information, details requirements, in addition to those listed below, for the Administrative Section.

Offerors must fill out the Standard Response Forms in Appendix 14 and include them in the Administrative Section of the submitted proposal.

Include the following information within the Administrative Section transmittal letter:

- Offeror point of contact including address, telephone number and e-mail address; a listing of all proposed subcontractors; and a listing of all significant, proposed suppliers.

13.3.1 Contractual Agreement Statement

The Offeror must make a statement as to the willingness of the firm to enter into a contractual agreement containing the terms and conditions, specifications, and requirements set forth throughout this RFP and at a minimum the CSA's current Contract Terms and Conditions provided as Appendix 13 and any terms and conditions contained in the State Appendices. Any exceptions to the terms and conditions must be clearly described in the Offeror's statement.

The Offeror must agree to fully comply with all system security policies and procedures contained in Section 6.2. Offeror agrees that its officers, agents, employees and subcontractors may be required to consent to undergo background security clearances, to include fingerprinting and background checks, as may be required by the NCS, prior to being authorized to work pursuant to the terms of this Agreement. If deemed necessary and at the sole discretion of the NCS, the CSA shall arrange for the scheduling of fingerprinting and shall pay any processing fees, such as those prescribed by the New York State Division of Criminal Justice Services or an equivalent entity within the CSA. Any fees otherwise related to conducting background checks will be paid by the Offeror.

Failure to protect the confidentiality and privacy of information and information assets by the contractor will be assessed the greater of all direct costs incurred as a result of an employee or subcontract employee's breach of Appendix 13 – Standard Terms and Conditions, *Article 15 Confidentiality of Information*, resulting from the Contractor's or subcontractor's negligence, malfeasance or misfeasance in determining the fitness of such employee pursuant to the Contractor's approved comprehensive plan for the conduct of criminal history/ security background checks, or five (5) times the employee's annual salary.

13.3.2 Proposal Validity

The Offeror must make a statement that binds the validity of the proposal contents for a minimum of 270 days.

13.3.3 Debarment from Federally Funded Contracts

The Offeror must provide a statement that assures the NCS that the Offeror is not suspended or debarred from entering into contracts that are federally funded.

13.3.4 Competing Commitments

The Offeror must provide a statement that assures the NCS that, if awarded the EBT contract, the Offeror is free of competing commitments that would impede successful performance.

13.3.5 Letter of Credit or Performance Bond

Each Offeror's Administrative section must include a statement, without exception, that it is committed to providing the required letter of credit or performance bond for each CSA, as described in Article 3 in the Standard Terms and Conditions. The Offeror's proposal must include a written commitment from a financial institution on Company Letterhead to provide the Letter of Credit in the event of contract approval.

13.3.6 Litigation

Briefly describe any current litigation and/or formal administrative protests or actions such as notices of default, unsatisfactory performance involving State or Federal government and private companies related to the quality or performance of EBT, EFT or related services for any local, county, State or Federal government agency, public or private association, or private organization.

13.3.7 Exceptions to Specifications, Terms and Conditions, Requirements

Offerors must provide a comprehensive listing of the Offerors exceptions to the specifications, terms and conditions, and requirements set forth in this RFP. Any exceptions, caveats, expectations or additional information to specifications, terms and conditions, and/or requirements expressed in this RFP must be listed, clearly explained, and cross-referenced to the response to which it applies. Exceptions to this RFP may only be made to the extent they are minor and do not materially alter the Terms and Conditions, specifications and requirements stated herein, and will be subject to acceptance by the NCS or to Offeror withdrawal prior to contract award.

In a discreet section of their response, Offerors must provide a comprehensive listing of the Offeror's exceptions to the specifications, terms and conditions, and requirements set forth in this RFP. This listing must be clearly explained, and cross-referenced to the response section to which it applies.

The NCS reserves the right, in its sole discretion, to determine the materiality of the Offeror's stated exceptions. The NCS strongly encourages prospective bidders to raise issues and/or concerns relating to contractual terms and conditions, specifications, and/or requirements expressed in the RFP during the question and answer phase rather than during proposal submittal.

13.3.8 Required Bid Forms

The Offeror must complete the following forms, included as *Appendix 14, Standard Response Forms*:

- Contractor Certification to Covered Agency ST-220 CA
- Certification of Good Faith Efforts – OTDA Form 4976
- MWBE/EEO Policy Statement
- MWBE Utilization Plan – OTDA Form 4937
- MWBE Subcontractor's and/or Suppliers' Letter of intent to Participate – OTDA Form 4938
- Equal Employment Opportunity (EEO) Staffing Plan – OTDA Form 4934.1
- Procurement Lobbying Act Forms
- MacBride Fair Employment Principals
- Bidder's List Application Form
- Non-Collusive Bidding Form
- OSC On-line Vendor Responsibility Questionnaire
- ~~Contractor Disclosure of Contacts Form.~~ (Amended 1/4/13)

13.3.9 Non-Discrimination, Equal Employment Opportunity and Minority and Women-Owned Business Enterprise

Non-Discrimination, Equal Employment Opportunity (EEO) and Minority and Women-Owned Business Enterprise (M/WBE) All work conducted under this contract must be in compliance with the specifications set forth in the applicable Request for Proposal and OTDA's policies and procedures set forth in Appendix A, Standard Clauses for NYS Contracts, and as may be amended from time to

time. By submission of its bid/proposal, the successful Contractor agrees that it will not discriminate against any employee or applicant for employment to the extent required by Article 15 of the Executive Law (also known as the Human Rights Law) and all other State and Federal statutory and constitutional non-discrimination provisions, and as more fully set forth in paragraph five of Appendix A. By submission of its bid/proposal, the successful Contractor further agrees that it will comply with applicable Federal, State and Local requirements concerning Equal Employment Opportunity and opportunities for Minority and Women Business Enterprises, including but not limited to the Statute and its implementing regulations as promulgated by the New York State Division of Minority and Women's Business Development (DMWBD) and set forth at 5 NYCRR Parts 140-144), and as more fully set forth in paragraph twelve of Appendix A. The successful Contractor further agrees that it will comply with OTDA's Appendix Z, attached and incorporated by reference herein, for the specific EEO/MWBE requirements and associated forms required for this procurement.

13.3.10 Dun and Bradstreet Comprehensive Report

Offerors and any proposed subcontractors (see Section 3.1) must demonstrate their financial stability and viability by submitting a current Dun and Bradstreet Comprehensive Report that has been prepared using Offeror information and not that of a parent corporation or other such affiliated entity.

13.4 Technical Proposal Response Section

In submitting their technical response, Offerors shall present a detailed plan describing the services they are offering to perform and their capabilities and qualifications. The technical response shall not merely restate the RFP requirements but shall clearly explain how the requirements will be met. Responses which merely offer to conduct a program in accordance with the requirements of the RFP may be deemed non-responsive and will not receive further consideration. The technical response must address all core and core optional requirements and shall be submitted in the format and sequence described below.

Each Offeror's Technical Section must include separate detailed responses to the requirements describing the services set forth in the following sections;

a) Section 3, Contractor Qualifications and Organizational Experience;

b) Section 4, Detailed Technical Requirements,

c) Section 5, EBT Administrative Functionality,

d) Section 6, Settlement and Reconciliation,

e) Section 7, Disaster Preparation and Contingency Preparation,

f) Section 8, WIC EBT Requirements,

g) Section 9, Retailer Management, Cardholder and Retailer Customer Service, Training, and New York State Specific Requirements;

h) Section 10, Cash Access Services, and;

i) Section 11, Project Planning Phases, including Change and Release Management as well as the requirements outlined below.

The Technical Section must be placed in the Offeror's Response in the same order as specified in the RFP.

Please Note: Offerors must not include any cost information in the Technical Sections of their proposal.

13.4.1 Narrative Sections

A narrative description must be submitted to each numbered item, together with any explanatory charts, schedules, plans and other required documentation that shows that the Offeror understands the requirements of the RFP and proposes to meet those core and core optional requirements as described in each of the above-mentioned sections of the RFP, including Section 11.8 through 11.10 Change and Release Management/Plan.

Each response must clearly indicate the section number and page number of the RFP that the Offeror's response addresses. Each response must be numbered identically to the corresponding requirement of the RFP. Each response must be preceded by a statement as to the willingness or unwillingness to provide the specific service(s)/function(s) requested.

13.4.2 Statement of Offeror Ability

State the ability of your firm to provide sufficient staff to meet the NCS production and operational requirements. Identify all proposed subcontractors. Explain whether qualified staff will be provided by using existing on-staff resources, through direct recruitment, through subcontractors or a combination thereof. Provide, in detail, the Project Manager and staffing projections as described in *Appendix 11 - Key Personnel Experience Reference Forms and Resume* for the Offeror's Proposed Project Manager assigned to the project,

including those hired through a subcontractor. Appendix 11 must list three (3) references for this position. The Offeror is responsible for ensuring that all physical addresses, telephone numbers, and email addresses provided as required in Appendix 11 and reference contacts are current and that the reference contacts are available and willing to provide prompt responses to NCS inquiries. The NCS will contact the references by email. References will not be acceptable if they are employees of the Offeror or any proposed subcontractor.

It is the responsibility of the Offeror to provide proof of experience and capability for each of the key personnel proposed by the Offeror. Appendix 11 information must also be submitted for any additional key personnel being submitted with the proposal, and so designated on the *Project Team Resource Chart. Appendix 11A, Letter of Intent to Accept Employment – Key Staff,* must be submitted for each proposed Key Personnel who are not currently employed by the Offeror or its proposed agent.

13.4.3 Comments, Limitations, Additional Information

Any exceptions, caveats, or additional information which affects the Offeror's technical responses to any section of this RFP must be listed, cross-referenced to the numbered requirement(s) to which it applies, and clearly explained under the response to *Section 13.3.7.* The NCS or CSA reserves the right to disqualify a response if such exceptions or caveats will negatively and materially affect the Offeror's performance if it were to be awarded the contract.

13.4.4 Supporting Documentation

All technical publications cited in any section of the Offeror's proposal must be included in this section, with each publication identified by index tabs and table of contents entry.

13.4.5 Offeror Suggested Revisions

The OTDA encourages contractors with whom it does business to develop ideas that will lead to cost containment, productivity improvements, and/or operational efficiencies. Offerors must respond to all RFP requirements as requested and can additionally suggest revisions in the manner described herein. The purpose of this section is to encourage Offerors to describe revisions to the statement of work that have not been requested or required by this RFP. The OTDA expects that the Offerors' expertise and experience will provide a source of innovative concepts for improving the efficiency, effectiveness, and productivity which could lead to

program savings. Examples of such innovative technologies include, but are not limited to:

- Web Services;
- Innovative marketing strategies;
- Enhanced card technologies and card production techniques; and
- Detection and prevention of fraud activities.

Offerors with suggestions must, based on the Offeror's understanding of the EBT statement of work and the constraints and performance standards articulated in this RFP, develop the following for each Offeror suggested revision. A responsible proposal must address the requirements set forth in the RFP. However, suggested revisions will not be scored and OTDA is under no obligation to include the suggested revisions in the evaluation process. Offerors may also submit suggested revisions that will lead to cost containment, productivity improvements, and/or operational efficiencies.

13.4.6 Revision Format Requirements

A brief narrative that explains the potential revision including all benefits and disadvantages both tangible and intangible as well as the effect on equipment, software, materials staffing as well as any pricing components (fixed, one-time and reimbursable costs) including both decreases and/or increases as applicable.
Description of the effect of the revision on the performance in standards outlined herein. Statement of any and all design, development and implementation costs and any increases or decreases in operation costs.
Description of the impact on NCS members, clients and/or any other affected party and an estimate of the annual savings.
Such revisions may be accepted or rejected by the OTDA, in its sole discretion, in whole or in part. Offerors must not make their cost proposal contingent on acceptance of any Offeror suggested revision(s).

13.4.7 State Usage of Suggested Revisions

The State reserves the right to use any Offeror suggested revisions proposed by any Offeror. This right extends to revisions suggested by unsuccessful Offerors. By submitting any Offeror suggested revision(s) in its proposal, an Offeror agrees to the terms of this paragraph. The State will not, in any manner, reimburse the unsuccessful Offerors for any of their suggested revisions, which the State may decide to implement. An Offeror’s suggested revisions will not be used in evaluating that Offeror's proposal. Offeror suggested revisions will be considered during contract negotiations with the successful Offeror.

The OTDA reserves the right to reject any revision proposed by an Offeror that the OTDA deems impractical in the New York State environment or not in the best interest of the State.

13.5 Financial Section

Pricing Section 14, details the requirements for the financial section Pricing Schedules.

The NCS has provided a complete set of Pricing Schedules within the RFP in the Pricing Section 14 that Offerors must use to submit the Financial Section of the Proposal. Some deviations, where indicated, may be necessary due to the uniqueness of each Offeror's solution; however, to gain proposal uniformity to assist in proposal evaluation, Offerors must conform to chart outlines and instructions. Any deviations must be clearly explained. The charts must be submitted in the same order as found in the appendices and labeled appropriately.

13.6 Proposal Evaluation and Selection

The evaluation and selection methodology outlined in this section is applicable to the contract to be awarded by New York, Connecticut, New Hampshire, Rhode Island and Vermont. It is also applicable to the Commonwealth of Massachusetts if they choose to procure under the NCS RFP. By submitting a proposal under this section, the Offeror agrees to extend the pricing to any and all NCS participants.

The NCS is committed to a fair and impartial evaluation process. The NCS intends to evaluate all proposals uniformly and consistently to ensure that all Offerors have an equal opportunity for selection. Proposals will be evaluated on both the proposed service and the cost of the service. The Evaluation Committee will be comprised of NCS Representatives who do not have a conflict of interest in this procurement.

All proposals received by the date specified in the Timetable, Section 2.4 will be screened for responsiveness by NCS. Only proposals judged to be responsive to the requirements set forth in this RFP will be evaluated.

Offeror responses to both the cost and technical sections of the RFP are considered important in the evaluation of proposals. The basis of the award will be "best value", meaning the selection will be based on the optimal combination of cost and technical scores.

The evaluation process is structured to ensure the most effective solution for the NCS EBT system. The NCS is seeking a solution that:

- Meets or exceeds the detailed EBT system requirements described in this RFP;

- Offers innovative/effective methods for meeting the management of performance, technical and functional requirements;
- Proposes skilled and experienced individuals for critical project functions;
- Demonstrates the corporate and team strength required to convert multiple States at one time or individually to ensure effective and seamless EBT system operations;
- Presents an effective, realistic work plan for the NCS and individual states to implement the specifications of this RFP; and
- Provides value to the NCS for the contractor's proposed services and associated pricing.

13.6.1 Administrative Proposal Evaluation Methodology

13.6.1.1 Format and Content Evaluation

Offeror's Administrative Proposal will be examined to determine compliance with the requirements of the RFP on a pass/fail basis. Failure to meet any requirement specified in this RFP may result in an Offeror's removal from further consideration.

13.6.2 Technical Proposal Evaluation Methodology

13.6.2.1 Format and Content Evaluation

Offeror's Technical Proposal will be examined to determine its compliance with the requirements of this RFP. Failure to meet any specified Core Requirement, but not limited to, those outlined in this RFP may result in an Offeror's removal from further consideration.

Each Offeror's ability to deliver the EBT services described in this RFP will be evaluated and scored. In performing the evaluation of the Offeror's Technical Proposal, the NCS Evaluation Committee will perform any/all of the following:

- Review all proposals for any conditions that may disqualify the Offeror and to ensure that the required elements have been met;
- Review proposal content, contact references and assign a preliminary score to each factor for each technical proposal;
- clarify details contained in the Offeror's proposal if deemed necessary;
- If any, require responses to clarify questions;

- Consider any information obtained through reference checks including experience with the Offeror or its proposed subcontractors, if any;
- If deemed appropriate by the NCS, additional points may be awarded if the Offeror's proposal commits to provision of services that exceed the requirements specified in the RFP; and
- Require an Offeror to give an oral presentation(s) and or arrange an NCS site visit(s) to amplify and/or clarify the Offeror's Technical Proposal as deemed necessary by the NCS.

The criteria against which the Technical Section will be evaluated are described below. The maximum number of percentage points given to each of the criteria in the scoring of the proposals is also stated below.

Criterion 1: Understanding the Scope of Work to be Performed and the Proposal Requirements **(30%)**

An assessment will be made of the Offeror's understanding of the NCS requirements and the scope of the work to be performed under this RFP. The proposal will be reviewed with respect to its description of the work required to adequately design and implement EBT services described throughout this RFP.

Included in the evaluation of this criterion is the assessment of the Offeror's Executive Summary per section 13.2.1., an examination of the Scope of Services, Proposal Requierments and Cash Access Requirements as per sections 1.4, 10, and 13.

Criterion 2: Project Staff **(10%)**

An assessment of the qualifications and experience of the proposed NCS Project Manager and proposed staffing resources will be made based upon the resumes or proposed minimum qualifications submitted for each position and the adequacy of staffing levels proposed. A portion of the requirements detailed in Section 3 will also be evaluated under Criterion 2.

Criterion 3: Qualifications and Related Experience **(25%)**

An assessment will be made of the experience of the Offeror and proposed subcontractors with projects of similar size and scope. Included in the assessment of this criteria is an evaluation of the project's relationships within the corporate structure, the use of sub-contracted or in-house resources, and references verifying experience, success and the ability to meet timeframes. A portion of the requirements detailed in Section 3 will be evaluated under Criterion 3.

Criterion 4: Quality of Technical Approach **(35%)**

An assessment will be made of the Offeror's proposed work plan that details tasks and how services will be delivered, including the over-all project organization and administration of the project. An assessment of how well the requirements identified in Sections 4, 5, 6, 7, 8, 9, and the requirements detailed in Section 11 of this RFP are met. Requirements detailed in Sections 11.1 through 11.7 will be reviewed and evaluated under Criterion 4.

13.6.3 Technical Proposal Score

A technical score will be derived by totaling these four criteria. The Offeror scoring the highest will be assigned a final technical score of 60 points. The remaining Offeror's final technical scores will be derived using the following formula:

- (Proposal Being Evaluated Technical Score/Highest Technical Score) * 60 Points.
- At the discretion of the NCS, Offerors submitting a proposal receiving a final technical score of less than 50 points may be eliminated from further award consideration.

13.7 Financial Proposal Evaluation Methodology

Each Offeror's Financial Proposal will be examined to determine compliance with the requirements of this RFP as specified in, but not limited to those outlined in this RFP. Failure to meet any of these requirements may result in an Offeror's removal from further consideration.

Each Offeror having passed the Administrative and Technical proposal evaluations will receive a single Financial Proposal Score. To arrive at a Financial Proposal Score, the NCS will apply the Offeror's proposed rates as submitted using the Pricing Schedules at estimated volumes over the contract period to derive the total projected price offer. Conversion/ Start-up, Core, Letter of Credit/ Performance Bond, and certain Core Optional costs will be factored into the total price offer calculations. Similarly, costs that may be incurred during the optional extension periods will be diluted in recognition of the fact that the options may not be exercised. Other Core Optional and State Specific cost components will not be factored into the total projected price offers but will be determined to be either reasonably, unreasonably or neutrally priced. The NCS reserves the right to remove from further consideration any Offeror proposing unreasonably priced Core Optional and/or State Specific cost components. Alternatively, a CSA will retain the option of removing an

unreasonably priced Core Optional or State Specific cost component from the eventual contract.

As an incentive to secure reasonable Cardholder ATM Usage Transaction Fees, the financial evaluation team will reduce an Offeror's total projected price offer in the event that such fees are priced at less than $.50. The reduction (i.e. the amount that the fees are priced under $.50) will be multiplied by the projected number of Cardholder ATM Usage Transaction Fees over the contract term and subtracted from the total projected price offer for evaluation purposes. Additionally, Cardholder ATM Usage Transaction Fees priced in excess of $.50 will be multiplied by the projected number of Cardholder ATM Usage Transaction Fees over the contract term and added to the total projected price offer for evaluation purposes.

Surcharged transactions may not incur usage transaction fees (interchange and switch fees) that will be billable to the state (RFP Section 10) or to the cardholder.

The total price offers will be ranked with the low bid by a responsive and responsible Offeror awarded the maximum total of **40** points. Each remaining bid will be assigned a Financial Proposal Score based on the following formula:

(Low Bid Price Offer divided by Proposal being evaluated Bid Price Offer) *40 Points.

13.8 Presentations

The NCS may elect to have all or some of the Offerors submitting proposals in response to this bid make presentations. The decision whether or not to conduct presentations will be based on the proposal's rankings, technical and financial combined, based on the criteria stated above. The NCS may limit presentations to the Offeror with the highest ranking and those Offerors whose scores were within 20% of the combined score of the highest ranked Offeror. In the event presentations are conducted, the NCS will reevaluate the scoring each presenter received in the initial review of its proposal. The NCS may adjust a score(s) the Offeror received in accordance with the evaluation criteria the NCS used, if deemed warranted by the NCS, based on additional information it may receive during the presentation.

13.9 Selection

To arrive at a Total Combined Score, the NCS will combine the Offeror's Technical Score and Financial Score. Selection will be based upon an overall ranking of the proposals that pass each phase of the evaluation. Technical scores will account for **60%** of the overall score. Financial scores will account for **40%** of the overall score.

The Offeror with the highest overall point total of the Technical and Financial scores combined will be tentatively selected for contract award subject to successful completion of contract negotiations. Again, the basis for selection shall be "best value".

14 Pricing

This section describes the format and content of the financial responses. Price quotations must be submitted in the format specified. Offerors are encouraged to offer the most advantageous solution at the most competitive pricing that meets the needs of the NCS. The total projected price offers for evaluation purposes will be determined in accordance with Section 13.

Pricing shall be submitted in the format specified. Financial responses that do not provide financial proposals in the required format may be rejected at the option of the State/NCS. Unless identified otherwise, prices quoted shall apply for the duration of the Contract executed as a result of this RFP. If the prospective Offeror seeks to take issue with the specific format, the issue should be addressed during the question and answer phase of the procurement.

Financial responses must be submitted in a separate sealed package from the technical and administrative responses and clearly labeled as "Financial". Refer to Section 13 for submission requirements.

14.1 Period of Validity

Offeror's proposals must include a statement as to the period during which the provisions of the proposals will remain valid. The minimum requirement is 270 days from the date proposals were due, as specified in Section 2.12.

14.2 Required Pricing Components

Financial responses must include prices for all core, and core optional products and services included in the pricing schedules in this Section of the RFP:

14.2.1 Start-up Pricing

Offerors must use the attached Pricing Schedules to indicate startup costs for core, core optional, or state specific services whether the participating CSA chooses to pay up front, or amortize the costs, as defined below.

In the event that CSA elects to make an up-front payment for start-up costs for core services, and those core optional, or State specific services initiated by the

CSA during contract negotiations, payment to the Contractor shall be made as follows: 30% upon CSA acceptance of those deliverables identified in *Appendix 10* of this RFP as due within 180 calendar days of contract approval. The remaining 70% of startup costs will be paid upon completion and acceptance of all remaining deliverables listed in *Appendix 10*. The final list of deliverables and associated due dates will be agreed to and finalized during contract negotiations.

In the event that CSA elects to amortize the start-up costs for core services, and those core optional, or state specific services initiated by the CSA during contract negotiations, monthly payments shall begin upon CSA acceptance of those deliverables identified in Appendix 10 of this RFP as due within 180 calendar days of contract approval and shall continue for 84 consecutive months contingent upon acceptance of deliverables due after 10 calendar days.

For those start-up costs for core optional and State specific services initiated after contract negotiations, the CSA will amortize such costs over the remaining months of the contract, exclusive of any extension years.

14.2.2 Cost per Case-Month (CPCM)

Price quotations for the core EBT services shall be expressed in terms of a Cost Per Case-Month (CPCM). The core CPCM represents the fixed price to deliver core services to a single active case for one month. Offerors must be aware that submitted Pricing Schedules must contain their CPCM price for all core EBT services and costs as identified throughout this RFP.

14.2.2.1 CPCM Definition

The definition of the CPCM includes all costs associated with account creation and management; transaction processing; and financial accounting.

The Case Month Cost includes on-going communications and host maintenance which provide the following functionality:

- Accept and process data from State;
- Benefit Authorization inclusive of posting, updates and aging;
- Account setup;
- Account Maintenance based on data received from State (i.e. card records, demographics) as defined in the Detailed Design Document;
- Card and PIN processing (i.e. mailers, PIN selection);
- PIN Creation and Generation;
- PIN Maintenance (defined in detail in Glossary or within RFP);

- Financial Settlement and Reconciliation;
- All levels of required Reporting, including data files, Admin system inquiries and formatted reports. (Operational, fiscal, performance);
- Administrative System functionality;
- Transaction processing from ATMs, POSs, and POBs;
- Associated Fees;
- All core requirements not identified separately in this cost section; and
- All phase-out costs associated with core requirements.

14.2.3 Definition of Case

A case is defined as an entity, as uniquely identified by a case number assigned by a State system, to which the state issues benefit(s). A case number will be attached to each benefit record sent from the State to the EBT contractor.

14.3 Billing

The CSA(s) may only be charged for active cases for which new benefit authorizations are made available during the billing month. Monthly benefits transmitted prior to the availability date shall not constitute an active case until the benefit has been made available to the cardholder (e.g., availability date of the benefit has been reached).

For invoicing purposes, an active case is defined as a case for which one or more benefit(s) has been authorized and transmitted to the EBT contractor to be made available during the billing month. A single cardholder who has benefits made available by the State from both a SNAP and cash program is billable at the applicable cash cost per case-month and the applicable SNAP cost per case-month.

To support a multi-state EBT procurement, pricing for core services is volume based. Monthly billings to the CSA(s) shall be based on the quoted CPCM in the pricing tier that corresponds to the total actual number of cases across the NCS. Offerors should refer to the State Appendices for caseload statistics. Please note, however, that while this historical data may be used to project caseload and transaction volume, caseloads are not guaranteed.

The contractor must provide monthly invoicing to the CSA in arrears on a standard voucher in a form acceptable to the CSA. The monthly invoicing must be accompanied by supporting documentation, provided electronically, and broken into two parts. Part 1 and Part 2 must reconcile.

Part 1 of the documentation must be detailed information in support of all billing charges for EBT services and for pass-through expenses. Data must be provided on unduplicated active case counts of cases in which benefits are made available during the billing month. Data must be broken down by benefit program (SNAP, cash, and other programs as determined

by the State). Cash benefits that are transferred to direct deposit accounts must not be included in the CPCM case counts. Part 1 must also provide a separate accounting of any benefits made available which occur in a month other than the month of the intended available date as supplied by the State. Part 2 of the documentation must include a distribution of monthly shares, statewide and by local district that allocates the monthly billing charges across all benefit types and to Federal, State, and Local shares (Local Shares only apply to New York State). Such allocation methodology will be determined during detail design. The sum of local district reports must equal the statewide summary for every component and within each report, statewide and local, columns and rows must foot and cross-foot. This reporting must be provided in an Excel file that allows for manipulation of the data.

The applicable rate escalators, as bid in response to the *Section 14*, pricing schedules, shall be applied annually to all recurring charges on the 12-month anniversary date beginning 12 months after the issuance of the first benefit by the contractor. Start-up costs and other one-time charges will not be subject to escalation.

14.3.1 Public Payphone Charges

The Offeror will be reimbursed by the CSA for the interexchange rate for calls to the 1-800 Toll Free Customer Service number originating at public payphones during a single service month. The CSA will pay the Offeror, as a pass through in arrears on a monthly basis, the lower of: 1) the contractor's bid rate; or 2) the Federal Communications Commission (FCC) Default rate. The contractor must support any NCS option for not accepting payphone calls and as such will not be required to reimburse the Offeror. Currently the State of New York does not accept payphone calls.

The Offeror must provide the CSA with information concerning payphone call volumes and other information available to the Offeror. Such information must be submitted monthly in support of the invoicing for payphone interexchange charges. A base price must be included in Schedule 14.6, subject to change in accordance with FCC regulations.

14.4 Letter of Credit or Performance Bond Pricing

The Offeror must include the pricing to each State for the following amounts as described in *Section 2.15* and in *Appendix 13, Article 3*.

State	**Letter of Credit or Performance Bond**	**In the Amount of**	**Monthly Recurring Price**
Commonwealth of Massachusetts	Performance Bond	$4,000,000	
Connecticut	Performance Bond	$2,500,000	
New Hampshire	Letter of Credit	$1,000,000	
New York	Letter of Credit	$12,100,000	
Rhode Island	Performance Bond	$1,000,000	
Vermont	Letter of Credit or Performance Bond (Amended 12/28/12)	$1,000,000	

Please Note: Offerors may submit an annually renewable Performance Bond or Letter of Credit depending on the State's specific requirements and in accordance with Appendix 13, Article 3. (Amended 1/4/13)

14.5 NCS EBT Conversion/Start-Up Pricing - Core Services

Offerors must use the following pricing schedules when submitting their financial proposals.

State	**Conversion/ Start-Up Fixed Price Offer**	**Basis Points**
CT	$	%
MA	$	%
NH	$	%
NY	$	%
RI	$	%

VT	$	%

Notes:

a) In addition to Schedule 14.5 above, complete Schedule 14.6 to delineate how the conversion/ start-up price offer amount was derived to include: personal services; hardware/ software; facility; subcontracting and other cost components.

b) Each NCS member may elect to pay conversion/start-up costs in two payments upon CSA acceptance of deliverables or amortize the costs over 84 equal monthly payments in accordance with Section 14.2.1. If the latter option is selected, the interest rate will be determined by adding the number of basis points proposed by the Offeror to the five-year Treasury bill rate in effect on the date that the contract is signed by the selected Offeror and the individual CSA.

14.6 NCS Conversion/Core Services Start-Up Cost Breakout

Start-up Component	**CT**	**NH**	**NY**	**RI**	**VT**	**MA**	**Description**
Personal Services							Include projected FTE's and functions to be performed
Subcontracted Services							Include proposed subcontractors along with a description of services to be provided
Hardware/ Equipment							Please itemize
Software							Please itemize
Network Related							Please itemize
Facility-Related							Please itemize
Materials and Supplies							Please itemize
Travel							Please itemize
Other- Please Specify:							Please itemize

14.7 Pricing For NCS EBT Core Price per-Case Month - Cash

NCS Caseload	Price per Case-Month: Cash
<100,000	
100,000-200,000	
200,001-300,000	
300,001-400,000	
400,001-500,000	
500,001-600,000	
600,001-700,000	
700,001-800,000	
800,001-1,000,000	
1,000,001-1,100,000	
1,100,001-1,200,000	
1,200,001-1,300,000	
1,300,001-1,400,000	
1,400,001-1,500,000	
1,500,001-1,750,000	
1,750,001-2,000,000	
2,000,001>	

Notes:

a) The rates bid are applicable for the first 12 months of EBT benefit issuance. Thereafter, rates will be subject to increase in accordance with the applicable escalator as bid.
b) The tier reflecting the combined active caseload volume of all participating NCS members determines the monthly price.
c) Each state's active billable cases will be multiplied by the price associated with the combined active caseload volume of the participating NCS members.
d) Prices are to be exclusive of all ATM usage transaction fees.
e) The Offeror's proposed cost per case month pricing for cash cases will apply to any future cases added to EBT cash as a result of additional programs.

14.7.1 Cash Cost Per Case-Month Breakdown

For informational purposes breakdown, by percentage, the CPCM into the categories listed below. This information will not be used for evaluation purposes. The total percentage must equal 100%.

Category	**% of CPCM**
Host Transaction Processing	
Account Establishment, Maintenance, and Federal/State Settlement	
Transaction Fees	
ARU Supported Customer Service Line	
CSR Supported Customer Service Line	
Retailer Management	
Administrative Costs and Overhead	
Markup	

14.8 Pricing for NCS EBT Core Price per Case-Month - SNAP

NCS Caseload	**Price per Case-Month: SNAP**
<100,000	
100,000-200,000	
200,001-300,000	
300,001-400,000	
400,001-500,000	
500,001-600,000	
600,001-700,000	
700,001-800,000	
800,001-1,000,000	
1,000,001-1,100,000	
1,100,001-1,200,000	
1,200,001-1,300,000	
1,300,001-1,400,000	
1,400,001-1,500,000	
1,500,001-1,750,000	
1,750,001 – 2,000,000	
2,000,001 – 2,500,000	
2,500,001>	

Notes:

a) The rates bid are applicable for the first 12 months of EBT benefit issuance. Thereafter, rates will be subject to increase in accordance with the applicable escalator as bid.

b) The tier reflecting the combined active caseload volume for all participating NCS members determines the monthly price. Each state's active billable cases will be multiplied by the price associated with the combined active caseload volume of the participating NCS members.

14.8.1 SNAP CPCM Breakdown

For informational purposes breakdown, by percentage, the CPCM into the categories listed below. This information will not be used for evaluation purposes. The total percentage must equal 100%.

Category	% of CPCM
Host Transaction Processing	
Account Establishment, Maintenance, and Federal/State Settlement	
Transaction Fees	
ARU Supported Customer Service Line	
CSR Supported Customer Service Line	
Retailer Management	
EBT-Only Acquisition and Deployment	
Administrative Cost and Overhead	
Markup	

14.9 Pricing for NCS EBT Rate Escalators

Contract Year	Escalator
Year 2	
Year 3	
Year 4	
Year 5	
Year 6	
Year 7	
1st Optional Extension	
2nd Optional Extension	

Offerors: insert proposed rate escalators for each contract year. Escalators will be factored into the total price offers for evaluation and selection purposes. Rate escalators will be applied annually to all recurring charges on the 12-month anniversary date beginning 12 months after the issuance of the first benefit by the Contractor on a state-by-state basis.

Start-up costs and other one-time charges will not be subject to escalation. Usage Transaction Fees, ATM Balance Inquiry Fees, if selected, Cash Access Network, Section 10.1 and monthly performance bond/letter of credit fees are not subject to escalators or other increases.

14.10 Core Optional Services and State Specific Pricing

Offerors must present pricing for core optional services in the attached Pricing Schedules as an incremental cost to the core CPCM for core EBT services or on a per unit basis as defined in the pricing schedules.

Due to budgetary constraints, States must have flexibility in purchasing core optional and State specific services. As such, core optional and State specific services may be required by the CSA at any time during the contract period. Such services may also be discontinued by the CSA, with 90 days written notice (see Article 27), at any time during the contract period, including any extensions. As described in Section 14.2.1 above, any start-up costs for individual core optional and State specific services must be shown separately on the Pricing Schedules. In the event that such core optional or State specific services are terminated during the contract period, annualized costs (i.e. leases) must be prorated accordingly.

Offerors are encouraged to identify means to reduce the costs of EBT services to the State(s) or provide increased services to the State(s) and their cardholders.

14.10.1 NCS EBT Start-Up Pricing for Core Optional Services

State	**Conversion/ Start-Up Fixed Price Offer**	**Basis Points**
CT	$	%
MA	$	%
NH	$	%
NY	$	%
RI	$	%
VT	$	%

Note:

The NCS, at the individual discretion of each, may elect to pay core optional start-up costs in advance or over time broken down into equal monthly payments of 84 months or by the number of months remaining in the contract duration, excluding option periods, when the NCS member elected to implement the option. If the latter option is selected, the interest rate will be determined by adding the number of basis points proposed by the Offeror to the five-year Treasury bill rate in effect on the date that the contract is signed by the selected Offeror and the individual CSA. If the option is selected subsequent to contract execution, the then-current Treasury bill rate will be applicable.

Complete the following schedule to delineate how the start-up price offer amount was derived to include: personal services; hardware/software; facility; subcontracting and other cost components. Replicate and complete the form for each core optional service that includes a start-up component.

14.10.2 NCS Conversion/Core Optional Services Start-Up Cost Breakout

Start-up Component	**CT**	**NH**	**NY**	**RI**	**VT**	**MA**	**Description**
Personal Services							Include projected FTE's and functions to be performed
Subcontracted Services							Include proposed subcontractors along with a description of services to be provided
Hardware/ Equipment							Please itemize
Software							Please itemize
Network Related							Please itemize
Facility-Related							Please itemize
Materials and Supplies							Please itemize
Travel							Please itemize
Other- Please Specify:							Please itemize

14.10.3 Pricing for NCS EBT – Core Optional Requirements

Description	Pricing Format	One-Time Charge or Start-up Costs	Price Offer
4.2.3.1 – SNAP contractor managed adjustment process.	Adjustment Process including cardholder notices, telephone inquiries and system updates. Price must be an incremental price per case-month to participating CSA exclusive of reimbursable postage.		
4.2.3.1 – Cash contractor managed adjustment process.	Adjustment Process including cardholder notices (per notice), telephone inquiries and system updates. Price must be an incremental price per case-month to participating CSA exclusive of reimbursable postage.		
4.2.3.2 **-** Card Authentication Value	One-Time Charge		
4.2.3.3 **-** ATM Balance Inquiry	Cost per transaction		
4.2.3.4 **-** ATM/POB Usage Transaction Fees ATM Withdrawals provided by CSA to cardholder up to pre-determined quantity *See c) below under Notes*	Fee per ATM/POB withdrawal (not subject to escalation/increases)		
4.2.3.4 **-** ATM/POB Usage Transaction Fees (in Excess of CSA	Fee per ATM/POB withdrawal (not subject to escalation/increases)		

Description	**Pricing Format**	**One-Time Charge or Start-up Costs**	**Price Offer**
determined Quantity per Month) – Paid by Cardholder *See c) below under Notes*			
4.5.9 **-** Retention of Current Card Production Process	One-Time Charge		
4.5.15 **-** Local District, Group Home or Congregate Care PIN Selection via Hardware Device- CSA	Monthly price per device inclusive of lease, maintenance, shipping and installation		
5.2.1 - Direct Deposit Services	Price per deposit		
5.2.2 **-** Direct Deposit Enrollment Management Services	Price per month for each case enrolled in direct deposit for which a deposit is made		
5.2.3 **-** Alternate Direct Deposit Proposals: Electronic Payment Cards	Monthly account fee paid by Cardholder		
5.2.17. **-** Branded Debit Card Services – fees to Cardholder	Price per ATM withdrawal (exclusive of surcharge) paid by Cardholder		
5.2.17. Branded Debit Card Services – fees to Cardholder	Price per account balance inquiry paid by Cardholder		
5.2.17. **-** Branded Debit Card Services – fees to Cardholder	Price per card paid by Cardholder		
5.2.17. **-** Branded Debit Card Services – fees to Cardholder	Price per replacement card paid by Cardholder		
5.2.25 **-** Electronic Funds Transfer for	Price per successfully completed transfer		

Description	**Pricing Format**	**One-Time Charge or Start-up Costs**	**Price Offer**
Contractor Payments			
5.2.26 **-** Electronic Funds Transfer for Contractor Payments	Price per successfully completed transfer		
5.3 **-** Data Warehouse Functionality and additional Ad-Hoc reporting functionality	One-time charge		
5.3 **-** Data Warehouse Functionality and additional Ad-Hoc reporting functionality	Recurring monthly price		
7.2.1 **-** Disaster Vault Card and PIN Inventory.	Price per 10,000 cards, excluding postage		
7.2.2 **-** Drop-Ship Delivery for States Utilizing Contractor Issued Disaster Vault Cards.	Price per 10,000 cards,		
9.1.2.1 **-** Hand-held Wireless POS Device	Monthly price per device inclusive of lease, maintenance, shipping, installation, and all transaction processing fees.		
9.1.2.1 **-** Card Reading Wedge	Monthly price per device inclusive of lease, maintenance, shipping and installation		
9.1.2.2 **–** Funds Transfer Support for Certain Facilities – Set-Up Charge	One-Time cost per facility		
9.1.2.2 **-** Support for Certain Facilities - On-Going Charge	Recurring monthly price per facility		
9.3.1 **-** Interpreter Options	Monthly price per language		

Description	Pricing Format	One-Time Charge or Start-up Costs	Price Offer
9.3.2 **-** ARU PIN Restriction	One-time charge		
9.3.3 **-** ARU Card Replacement	One-time charge		
9.3.4 **-** Cardholder Training Brochure	Price per thousand		
9.3.4 **-** Cardholder Video (English and Spanish)	Initial One-time charge		
9.3.4 **-** Cardholder Video- Additional Language	Initial One-time charge per language		
9.3.4 Cardholder Video (for English, Spanish or other languages)	Unit price per video		
9.3.4.1 **-** One-Time Translation Fee Per Language for Cardholder Printed Materials	Initial one-time charge per language		
9.3.4.2 **-** Cardholder Training Brochure	Price per hundred thousand		
9.3.4.3 **-** State/Local District Training Materials	Initial One-time charge including updates		
9.3.4.3 **-** State/Local District Training Materials	Unit price per hard copy		
9.3.4.3 **-** State/Local District Training Materials	Unit price per CD		
9.4 **-** Mass Mailing (excludes pass-through postage. Postage will be reimbursable and is not subject to any markup)	Per 1,000 pieces with one page inserted		
9.4 Mass Mailing (excludes pass-through postage. Postage will be reimbursable and is not	Per 1,000 pieces for each additional page		

Description	**Pricing Format**	**One-Time Charge or Start-up Costs**	**Price Offer**
subject to any markup)			
10.1 – Cash Access Network	Incremental price per case month (cash only).		
14.3.1 - Public Payphone Charges	Base payphone charge per call (subject to change in accordance with FCC regs)		

Notes:

a) All core optional prices are inclusive of any corresponding report and close out costs necessary to the participating CSA.
b) Applicable start-up costs or any one-time charges must be separated out. Offerors may indicate if such costs are not applicable by inserting "N/A".
c) Offerors must explain any difference between the fees charged to cardholders versus the fees charged to the state for *4.2.3.4* ATM Usage Transaction Fees.
d) Offerors must price all core optional requirements listed above as required. Should an Offeror possess pricing models that they believe to be more efficient/cost effective for the NCS for any of the above core optional services, the Offeror is requested to address such options in the question and answer process.

14.10.4 Card Production Pricing for NCS EBT Card Issuance

Monthly NCS Card Volume Tier	**Finished Product Non-Photo** **Mailed directly to cardholder** **(USPS, 1st class, presorted by zip code)** **(per card)** **Produced and mailed within New England States**	**Finished Product Non-Photo** **Mailed directly to cardholder** **(USPS, 1st class, presorted by zip code)** **(per card)** **Produced and Mailed from location (within the Continental U.S.A.) chosen at contractors discretion**	**Finished Product Non-Photo** **Mailed directly to cardholder** **(USPS, 1st class, presorted by zip code)** **(per card)** **Saturday or non-business day card production**	**Finished Product Non-Photo** **Mailed directly to cardholder *overnight*** **(per card)**	**Finished Product Photo** **Mailed directly to cardholder** **(USPS, 1st class, presorted by zip code)** **(per card)**	**Finished Product Photo –** **Mailed Directly to cardholder *overnight*** **(per card)**	**Cards Returned Undeliverable**
RFP Section Requirement	***4.5.4***	***4.5.4***	***4.5.4***	***4.5.4***	***4.5.4***	***4.5.4***	***4.5.11***
1-1,000							
1,001 – 5,000							
5,001 – 10,000							
10,001 – 15,000							
15,001 – 20,000							
20,001 – 50,000							
50,001 – 100,000							
100,001 – 150,000							
150,001 +							

a) Notes:Offeror or must provide cost per card and mailing option for given tier. Tiers indicate the number of cards produced across the NCS in a billing month.
b) Offerors must bid any related start-up costs for each mailed card type listed in Schedule 14.10.4 to allow each CSA to opt into card production services at any time during the contract period.
c) Escalators will be applied one year after the first card was produced for each state using the optional service and continue for each subsequent anniversary date of first card production over the term of the negotiated contract.

14.10.5 EBT Conversion to New Card Stock Services

Conversion to New EBT Card Stock		
Conversion to New EBT Card Stock 4.5.2	One-Time Charge	
Card Design 4.5.12	One-Time Charge	
Massachusetts Multilanguage Card Insert	Price per 10,000	

14.10.6 EBT Card Stock Production Services – Both Blank Card Stock & Customized Cards

4.5.12 – EBT Card Stock Production	
Monthly NCS Card Volume Tier	***State Design Blank EBT Card Stock (per Card)***
1-1,000	
1,001 – 5,000	
5,001 – 10,000	
10,001 – 15,000	
15,001 – 20,000	
20,001 – 50,000	
50,001 – 100,000	
100,001 – 150,000	
150,001 +	

4.5.12 – EBT Card Stock Production	
Monthly NCS Card Volume Tier	***Cardholder Customized Cards -Card Bulk Delivery (Finished Product)***
1-300	
301-500	
501-1,000	
1,001-2,000	
2,001-3,500	
3,501-5,500	
5,501-6,500	
6,501-9,000	
9,001-9,500	
9,501 – 11,000	
11,001 – 13,000	
13,001 – 15,000	
15,001 – 17,000	
17,001 +	

14.10.7 Over-The-Counter (OTC) Card Production Equipment

4.5.8 – Over-the-Counter (OTC) Cards			
Scenario #1 – A La Carte State Options			
Item Description	**Pricing Format**	**One-Time Charge or Start-up Cost**	**Price Offer**
Create Software to Link Card printing and/or embossing equipment to card production process.	One Time Cost.		
Lease of Embossing Equipment (similar to or the same as Datacard 295)	Price per year for the life of the		

	contract.		
Purchase of Embossing Maintenance Contract	Price per year for the life of the contract.		
Purchase of Embossing Equipment (similar to or the same as Datacard 295)	One Time Cost.		
Purchase of Card Printer (similar to the Datacard SD260)	One Time Cost.		
Lease of Card Printer (similar to the Datacard SD260)	Price per year for the life of the contract.		
Purchase of Card Printer Maintenance Contract	Price per year for the life of the contract.		
Scenario #2 – Contractor Provides Issuance Location, Equipment, Software & Staff			
Item Description	**Pricing Format**	**One-Time Charge or Start-up Cost**	**Price Per Card**
Internal and External Network Capabilities			
Scenario #3 – State Provides Issuance Location & Staff, Contractor Provides Equipment & Software			
Item Description	**Pricing Format**	**One-Time Charge or Start-up Cost**	**Price Per Card**
Internal and External Network Capabilities			
Scenario #4 – State Provides Issuance Location, Equipment, Software and Staff			
Item Description	**Pricing Format**	**One-Time Charge or Start-up Cost**	**Price Per Card**

Internal and External Network Capabilities			

Notes:
a) Core optional pricing for OTC card production must include any required reports and services to close out the provision of service to the participating CSA.
b) Provide pricing for all four (4) scenarios above. Applicable start-up costs or any one-time charges must be separated out. If a one-time charge/start/start-up cost or price per card column does not apply, enter "N/A into the proper column.

14.10.8 EBT Card Production Services Incremental Pricing for All Forms of Issued Cards (excluding Vault and Emergency)

4.5.12 – Card Design		
Description	**Pricing Format**	**Price Offer**
4 Color Printing	Incremental Cost per Card	
Embossing	Incremental Cost per Card	
Holographic Overlay	Incremental Cost per Card	
Embedded Hologram	Incremental Cost per Card	

14.10.9EBT Card Type Production Services

4.5.13 – Card Types – Vault Card		
Monthly NCS Card Volume Tier	**Vault Card with No Pin Established**	**Vault Card with Pin Embedded**
1-1,000		
1,001 – 5,000		
5,001 – 10,000		
10,001 – 15,000		
15,001 – 20,000		
20,001 – 50,000		
50,001 – 100,000		
100,001 – 150,000		
150,001 +		

14.10.10 Card Sleeves - EBT Card Production Services

4.5.146 – Card Sleeves – Low Grade		
Description	**Pricing Format**	**Price Offer**
1 – 10,000	Price per Sleeve	
10,001 – 50,000	Price per Sleeve	
50,001 – 100,000	Price per Sleeve	
100,001 – 250,000	Price per Sleeve	
250,001 – 500,000	Price per Sleeve	
500,001 – 750,000	Price per Sleeve	
750,001 – 1,000,000	Price per Sleeve	

Notes:
1) Currently, the NCS has a paper or TYVEK® card sleeve option.
2) Start-up costs may not be included in the price offer.

14.10.11 Card Sleeves - EBT Card Production Services

4.5.14 – Card Sleeves – High Grade		
Description	**Pricing Format**	**Price Offer**
1 – 10,000	Price per Sleeve	
10,001 – 50,000	Price per Sleeve	
50,001 – 100,000	Price per Sleeve	
100,001 – 250,000	Price per Sleeve	
250,001 – 500,000	Price per Sleeve	
500,001 – 750,000	Price per Sleeve	
750,001 – 1,000,000	Price per Sleeve	

14.10.12 EBT Mailed PIN Production Services

4.5.16 – Mailed PIN		
Monthly NCS Card Volume Tier	**PIN Mailer Mailed directly to Cardholder Postage Included** **(per mailer)**	**PIN Mailer Bulk Delivery (Finished Product) Postage Not Included** **(per mailer)**
1-1,000		
1,001 – 2,000		
2,001 – 2,500		
2,501 – 3,000		
3,001 – 3,500		
3,501 – 4,000		
4,100 – 5,000		
5,100 – 6,000		
6,100 – 7,000		

14.10.13 NCS WIC Transition/Conversion & Start Up Pricing

The Offeror must propose for each CSA a fixed price for WIC transition, conversion and start-up. If an Offeror is not proposing a price, the cell must indicate $0.

WIC TRANSITION, CONVERSION AND START UP PRICING	
Transition and Conversion Pricing	**Firm Fixed Price Per State**
New York	$
Massachusetts	$
Connecticut	$
New Hampshire	$
Vermont	$
Rhode Island	$
WIC START UP PRICING	
Start Up Pricing	**Firm Fixed Pricing Per State**
New York	$
Massachusetts	$
Connecticut	$
New Hampshire	$

Vermont	$
Rhode Island	$

14.10.14 NCS WIC CPCM (Household)

Each month‘s pricing shall be based on the number of active WIC-EBT cases for each CSA WIC-EBT for that billing month. If the total case counts within a billing month fall outside of the range provided within the pricing schedule, the price will be set at the lowest or highest case ranges within this pricing schedule, as applicable.

OPTIONAL WIC CPCM PRICING	
CSA Active WIC Cases for the Billing Month	**WIC CPCM**
Less than 60,000	$
60,001 to 70,000	$
70,001 to 80,000	$
80,001 – 90,000	$
90,0001 – 100,000	$
90,001 to 100,000	$
100,001 to 110,000	$
110,001 to 120,000	$
120,001 to 130,000	$
130,001 to 140,000	$
140,001 to 150,000	$
150,001 to 160,000	$
160,001 to 170,000	$
170,001 to 180,000	$
180,001 to 190,000	$
190,001 to 200,000	$
200,001 to 210,000	$
210,001 to 220,000	$
220,001 to 230,000	$
230,001 to 240,000	$
240,001 to 250,000	$
250,001 to 260,000	$
260,001 to 270,000	$
270,001 to 280,000	$
280,001 to 290,000	$
290,001 to 300,000	$
300,001 to 310,000	$
310,001 to 320,000	$
320,001 to 330,000	$
330,001 to 340,000	$
340,001 to 350,000	$
350,001 to 400,000	$

401,000 to 450,000	$
450,001 to 500,000	$
Over 500,000	$

14.10.15 NCS WIC Per-Unit Hardware Prices

Offerors shall indicate their installed per unit purchase or lease price, as indicated, for specified hardware. The specified hardware may be purchased at the option of the State. There are no guarantees of minimum or maximum purchase amounts. Offerors must specify the brand, model and the technical specifications for the offered hardware.

WIC PER UNIT HARDWARE PRICES	
Description	**Installed Price Per Unit**
WIC POS Terminal with Integrated PIN Pad	
Purchase price per WIC EBT-only POS terminal with Integrated PIN pad, printer and scanner.	$
Monthly maintenance fee, including supplies, per WIC EBT-only POS terminal with integrated PIN pad, printer and scanner.	$
Monthly lease price, including maintenance and supplies, per WIC POS terminal with integrated PIN pad, printer and scanner.	$
WIC POS Terminal with Hand Held PIN Pad	
Purchase price per WIC EBT-only POS terminal with hand-held PIN pad, printer and scanner.	$
Monthly maintenance fee, including supplies, per WIC EBT-only POS terminal with hand-held PIN pad, printer and scanner.	$
Monthly lease price, including maintenance and supplies, per WIC EBT-only POS terminal with hand-held PIN pad, printer and scanner.	$
Magnetic Stripe Card Reader Device	
Purchase Price per magnetic stripe card reader.	$
Monthly maintenance fee, including supplies, per magnetic stripe card reader.	$
Monthly lease price, including maintenance	$

and supplies, per magnetic stripe card reader.	
PIN Selection/Change Terminal	
Purchase price per PIN selection/change terminal.	$
Monthly maintenance fee per PIN selection/change terminal, including supplies.	$
Monthly lease price, including maintenance and supplies, per PIN selection/change terminal.	$
WIC-Specific Card Design	
Card Design Fee for WIC-Specific Card.	$

14.11 NCS Additional Pricing

4.2.2.1.2 – Network Responsibilities		
Description	**Pricing Format**	**Price Offer**
Wide Area Network Charges Included in Conversion/ Start-Up Price on Schedule ***14.~~6.2~~5 (Amended 12/28/12)*.**	One-time charge included in ***14.~~6.2~~5(Amended 12/28/12)***	
Wide Area Network Charges Included in Core Pricing on Schedules ***14.~~6.3~~7*** *and* ***14.~~6.5~~8 (Amended 12/28/12)*.**	~~One~~Recurring~~-time~~ monthly charge included in ***14.~~6.2~~7 and 14.8 (Amended 12/28/12)***	
Cost of Money – Inadequate County Settlement Funds	Percentage plus or minus then-current prime rate	

14.12 EBT Change Request Rates

Personal Services		
Position Title	**Daily Rate – Normal Status**	**Daily Rate – Travel Status**
Technical Director		
Technical Manager		
Technical Project Leader		
Database Analyst		

Training Specialist		
Sr. Systems Analyst		
System Analyst/ Programmer		
Other (please list)		
Non-Personal Services		
	Percentage	**N/A**
Administrative/ Mark-Up Rate*		N/A

The selected Offeror may be requested to perform Change and Release Management assignments at the discretion of the CSA. For personal services, the daily travel status rates are to be inclusive of all travel/ per diem charges. The daily rates for normal status are to be exclusive of all travel/per diem charges. The contractor and CSA will mutually agree upon which status, or a combination thereof, is applicable for the specific change request. The daily rate is based upon an eight-hour workday exclusive of lunch breaks. Utilization of personal services in increments of less than eight hours will be prorated accordingly. Any applicable non-personal services charges would be billed at cost as evidenced by invoicing to be submitted by the Contractor plus the mark-up/administrative fee.

* The Administrative /Mark-Up Rate cannot exceed 5% and is not applicable to personal service charges.

14.13 NY State Specific Pricing – Schedule NY.1 – Direct Deposit – RTC, Medicaid ARU, NYC Message System, and NYS Real Time Service.

Description	**Pricing Format**	**Price Offer**
9.1.2.2 - NY State Specific Appendix – Direct Deposit for Residential Treatment Centers	Recurring monthly price	
9.5.1 New York City Message System	Recurring monthly price	
9.5.1 New York City Message System- Browser Access	Recurring monthly price	
9.5.2 New York State Real Time Web Service Access	Recurring monthly price	

14.14 Electronic Funds Transfer (EFT) Child Support Payments, *New Hampshire State Specific Pricing*

Description	**Pricing Format**	**Price Offer Per Item** **(Where Applicable)**	**Price Offer Monthly** **(Where Applicable)**	**Price Offer Yearly** **(Where Applicable)**
The State of New Hampshire Implementation cost	The offeror must provide a full breakdown of how this implementation cost was determined.			
Postage	The state will reimburse the contractor for 100% of the postage for activities related to all mailing costs in performing the requirements**.**			
Postage Equipment	The contractor will be responsible for this cost.			
Debit Card Services	Refer to main body of NCS RFP pricing and description in section ***5.2*** of the RFP.			
EFT Services	Refer to main body of NCS RFP pricing and description in section ***5.2.3*** of the RFP.			
Check Issuance – Fixed price per check for every check issued correctly.				
SDU Operational Costs Including; Printing and mailing of Coupons, Data Entry, Payment Processing activities,	The responder is required to provide a fixed price response to this section of the cost proposal.			

Imaging, and all other functions to meet the operational requirements.				
New Hampshire SDU Facility Costs	If other NCS States opt into utilizing the Core Optional SDU Services of this RFP, the pricing for their SDU Facility costs will be negotiated during implementation based upon that State's individual requirements. In the New Hampshire pricing response the bidder must provide town or city location, the number of square foot required and the price per square foot.			

Notes:
a) Provide pricing for all the above scenarios. Applicable start-up costs or any one-time charges must be separated out. If a one-time charge/start/start-up cost does not apply, enter "N/A into the proper column.