

MARYLAND STATE TREASURER'S OFFICE

**Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401**

SUPPLEMENTAL QUESTIONS AND ANSWERS

FOR

REQUEST FOR PROPOSALS FOR

DISBURSEMENT BANKING SERVICES

RFP # DISB-04012011

May 18, 2011

- Q-1. If the State is willing to award to multiple providers, how would the State select the winning providers?
- a) By application type (Payroll, A/P, Personal Income Tax Refunds)?
 - b) By Product type (ACH/Wires, Check Payments, Card Services).
- A-1. It is our intent to award all disbursement activities to a single provider.
- Q-2. Page 21 Section 3.03.B.16: What are the current payment terms for a bank's monthly invoices?
- A-2. Net 30 days.
- Q-3. Page 24
Would you please provide the average payroll payment amount for:
- a. The 23,000 State employees and 3,800 MTA employees receiving their pay on paper checks and
 - b. The 209,000 State employees and 9,400 MTA employees receiving their pay via direct deposit?
 - c. Would you please elaborate or detail the frequency of pay for each of the 4 groups delineated by the number of employees in each of the 4 groups receiving their pay on paper checks?
 - d. What is the average annual employee turnover rate for each of the 4 groups?

- A-3. a. The volumes provided indicate the average number of checks paid in a month, not the number of State employees receiving checks. The average check amount for regular payroll is \$710. MTA numbers are not available at this time.
- b. The volumes provided indicate the average number of direct deposits in a month, not the number of State employees receiving direct deposit. The average direct deposit amount for regular payroll is \$1570. MTA numbers are not available at this time.
- c. With respect to employees receiving pay on paper checks:
- Regular Payroll is paid biweekly with an exception of a small number of employees who get paid monthly. There are approximately 2,630 biweekly employees and 30 monthly employees.
- University payroll is paid biweekly. There are approximately 2,940 employees.
- Contractual payroll is paid biweekly. There are approximately 2,054 contractual employees.
- MTA numbers are not available at this time.
- d. The average annual turnover rates are regular payroll: 13%; University payroll 29%; Contractual payroll 30%. MTA numbers are not available at this time.

Q-4. Does the state require collateral on the intra-day balance? In the body of the RFP, MD states that "***There are multiple days during the fiscal year when the State's disbursements total \$2-\$3 billion, and \$1 billion disbursement days are frequent.***" From our understanding, this \$2-3 bn balance will not remain overnight, as funds are received by disbursing bank on settlement date of payments. Does the State expect the disbursement bank to collateralize the highest intraday balance (i.e. a high of \$2 - \$3 BN) or just the end-of-day position which is expected to be zero (assuming no issues with payments settlement)? Would you clarify what is the highest end of day balance you anticipate having (or had historically over the past year) which would have to be collateralized.

A-4. The highest end of day balance, not intraday balance, is required to be collateralized. Because the account is non-interest bearing, no collateral is required at this time as the balance is fully covered by FDIC. However, the highest recent end of day balance was approximately \$50 million. The positive balance averages around \$14 million, and is offset by an average negative balance of around \$14 million.