

**MARYLAND STATE TREASURER'S OFFICE
Louis L. Goldstein Treasury Building
80 Calvert Street, Room 109
Annapolis, Maryland 21401**

**PRE-PROPOSAL CONFERENCE
APRIL 5, 2016**

**Re: Request for Proposals for Banking Services and Electronic Payment Card Services
for the Maryland Department of Human Resources Child Support Enforcement
Administration RFP #CSEA-BANK-EPC-03142016**

April 21, 2016

State of Maryland Representatives:

Anne Jewell, Procurement Officer, State Treasurer's Office (STO)

Mary Christine Jackman, Director of Treasury Management, State Treasurer's Office

Leyla Layman, Deputy Executive Director, Child Support Enforcement Administration
(CSEA)

George Varghese, Director, Accounting and Banking, CSEA

Cynthia Shockey, Director, State Disbursement Unit, CSEA

A Pre-proposal Conference was held on April 5, 2016 at the Maryland State Treasurer's Office regarding the Request for Proposals for Banking Services and Electronic Payment Card Services (the "RFP"). The meeting opened with introductions by the State of Maryland Representatives (above) and by other attendees from CSEA, Joseph DiPrimio, Executive Director, CSEA and Vashti Green, Director, Contracts and Procurement, DHR, as well as representatives from the following firms: Bank of America Merrill Lynch, Capital One Bank, Mastercard, Systems and Methods, Inc., U.S. Bank, Visa, Xerox, and Wells Fargo Bank.

The Procurement Officer noted that the question and answer period will be open until April 20th and indicated that the Summary of the Pre-Proposal Conference and written questions and answers will become exhibits to the Contract. Further discussed were the date and time for when proposals are due to the Issuing Office. The Procurement Officer confirmed that there will be one contract awarded for this RFP and that the Offeror must propose a solution that meets all requirements included in the RFP. Ms. Jackman commented that the prime contractor is responsible for managing the Contract and responding to the State, regarding any issues. If there is a problem with a deposit, or an issue at a branch, the Contractor will be responsible. Ms. Jackman further advised that the day-to-day operations are significant and the State expects all banking issues and financial issues to be rectified immediately.

Please note clarification regarding a non-financial institution serving as a prime contractor. The RFP is written to require the prime contractor to be a financial institution. A non-financial firm may serve as a subcontractor. See Question 1 below.

Regarding the technical proposal format, the Procurement Officer commented that the ideal response would be to reiterate each subsection and then list the Offeror's response. Offerors submitting proposals in response should review the State's form of contract which is included in the RFP and consider legal review as well. The State will consider comments to the mandatory terms and conditions for clarification purposes however proposals that take exception or object to the terms and conditions may be basis for rejection of the proposal.

Ms. Layman stated that the CSEA's mission is to ensure children grow up receiving financial support from both parents and the family is able to stay financially independent. CSEA provides comprehensive child support services, including establishment of paternity as well as support orders, collecting and distributing both child support and medical support, enforcing orders that are in arrears, and the accounting of those child support payments that are made through the Department. Ms. Layman commented that for the last three years CSEA has exceeded the national average on all four key measures of the federal performance for child support. In order to improve customer services, in 2014 CSEA launched the EPiC card, through which child support payments can be distributed. Eighty-five thousand (85,000) customers have signed up for payments through this card; 90,000 customers receive direct deposit, leaving about 18,500 of their customers receiving paper checks.

Mr. Varghese provided a quick overview of the banking process commenting that the CSEA collects child support payments from non-custodial parents in all 23 counties and Baltimore City. Remittance is received multiple ways. Child support payments are remitted centrally to a front end vendor for the Agency who process and deposit into a depository account. Employers remit via EFT to the bank which then sends a file to the contractor processing the payment. Daily files come from the bank to the Agency where we get the data for the remittance. For the fiscal year of 2015, CSEA made 2.4 million disbursement transactions through a combination of checks, direct deposits and EPIC cards. Of these disbursements, approximately 166,000 transactions were in the form of paper checks. Mr. Varghese further commented that we are looking for three bank accounts: a) general banking account, b) depository account, and c) controlled disbursement account. The Department is also expecting a month-end full reconciliation.

Ms. Jackman highlighted that county offices make deposits which include cash and coin. An Offeror must offer a solution in their proposal of how this can be handled when making a deposit. She reiterated that this is, "not all electronic," and that many customers deal in checks and cash and that the selected contractor has to be prepared to deal with this, as it may not change. She stated that there are issues on a daily basis such as locating deposits, locating adjustments, and tracking payments and that we must have contacts that will work with us.

As stated above, the Offeror awarded the Contract in response to this RFP will need to accept cash and coin from local offices. Any alternative collection methods that may be considered in the future would be procured separately.

Opened for Questions

Q-1. Can a non-financial institution bid as the prime with a subcontractor?

A-1. No. See item 1 in Section 3.02 of the RFP.

Q-2. Is there any major changes for this procurement compared to what CSEA has been doing?

A-2. A change is the addition of a controlled disbursement account.

Q-3. How do you identify the 23 locations in the State?

A-3. There are a total of 24 locations made up of 23 Maryland counties and Baltimore City.

Q-4. When it comes to handling the accounts, is there a need for the State to identify which locations the credits and debits are coming from?

A-4. Yes.

Q-5. Are you able to identify that now, and if so, how are you doing this?

A-5. Yes, we identify the locations based on the encoding on the deposit ticket. Each jurisdiction is assigned a number and that number is encoded on the deposit ticket..

Q-6. Do you have the same identification when it comes to adjustments?

A-6. Yes.

A-7. Is living wage confirmed or a stipulation?

A-7. The living wage requirement does apply to this procurement. The Living Wage form must be completed, signed and submitted with your technical proposal. See Section 2.13 and Appendix D of the RFP.

Q-8. Regarding the forms to be completed and submitted with the technical proposal, do these forms need to be completed by the prime and subcontractor? Does the subcontractor have to conform?

A-8. The Contractor is responsible for completing and submitting the required forms with their technical proposal.

Q-9. Offerors are to provide annual reports. How do you prefer to receive this, by a link?

- A-9. You can provide a link in your technical proposal however one hard copy is to be submitted with your original copy of the technical proposal.
- Q-10. Will personal loads be allowed, like payroll, direct deposits to the card?
- A-10. No. This card is single use and is for child support only.
- Q-11. Do you expect to be operational July 1st for the card or is there a transition period.
- A-11. In the event of a change from the current vendor, a recommendation for award will occur prior to July 1, 2016 with transition to follow once the Contract is fully executed.
- Q-12. What is your go-live date?
- A-12. After the Contract is signed, we will begin initial meetings to map out the path and work through transition as quickly as possible. Go-live is not expected on July 1.
- Q-13. Is there anything that the State is looking to improve on as it relates to the contract?
- A-13. We are very interested in hearing recommendations and hearing about innovations that we may benefit from. Something important to the Department is fraud prevention both internal and external.
- Q-14. The RFP states, as a minimum requirement that a customer gets, at least four ATM out-of-network ATM withdrawals per month. Does this apply to in-network?
- A-14. No. There are no limits on free in-network ATM Transactions. As stated in the RFP, Offerors must offer, at a minimum, one ATM withdrawal at other financial institution's ATM (out-of-network) per week.
- Q-15. Are there no stipulations for in network ATM fees?
- A-15. See answer to question 14 above.
- Q-16. On page 31, Section 3.08 Enhancements, for credit card payments. What is the State seeking here?
- A-16. One option may be the State would be interested in potentially exploring accepting credit cards at local offices to expand the opportunities by which our customers can pay.
- Q-18. In that instance, would you be looking for that individual constituent participant to absorb the fee, like a convenience fee, service fee, or would the State absorb that?

A-18. We would be open to recommendations.

Q-19. Will all Q&A's from all potential vendors be available for review?

A-19. Yes.

Q-20. Would the State of Maryland consider awarding separate contracts for Banking Services and Electronic Payment Card Services?

A-20. No. As stated in Section 1.02 Procurement Method, the STO will award a single contract arising out of the RFP.

Q-21. Section 3.02 Minimum Qualifications, 8(i), page 11: states "Cash access fee for the first withdrawal at financial institutions that accept VISA card limited to available balance only."

- a) Will the State accept financial institutions that accept MasterCard?
- b) Can this statement be amended to state "Cash access fee for the first withdrawal at financial institutions that accept MasterCard or VISA card limited to available balance only?"

A-21. a) Yes.

b) Reference to card brand is deleted in the First Amendment to the RFP.

Q-22. Can the State provide details on why this requirement is restricted to VISA given that both Visa and MasterCard provide the same levels of services for cardholders?

A-22. The current banking service provider offered the VISA label. The State will accept any labeled card.

Q-23. What is the advantage to the cardholder for the offeror to have a large in network ATM footprint if they are able to withdrawal from all other ATM's for free? What is the advantage to the offeror with a large in network ATM footprint if they need to pay for 4 out of network withdrawal per month?

A-23. The State prefers the Offeror to have a network with a large footprint. All proposals will be considered.

Q-24. Pg 11 "Cash access fee for the first withdrawal at financial institutions that accept VISA card limited to available balance only." – Q: First withdrawal per week? Per month?

A-24. First withdrawal per week.

Q-25. Section 3.01 Background (pg 9) asks offerors to “reduce and/or eliminate the issuance of paper child support checks”. But Pg 15 requires offerors to cash checks for free “The Offeror shall also pay the amount of all properly drawn checks against the account to the presenter both without charging the presenter a fee, if the presenter can substantiate his/her identity in accordance with standard banking practice and regardless of whether or not the presenter has an account with that bank.” – It’s difficult to reduce paper checks if recipients are offered free check cashing. Q: Would the State be willing to remove this requirement?

A-25. No.

Q-26. Will a bidder be disqualified if they do not provide the free transactions prescribed in RFP Section 3.02 Minimum Qualifications item 8 for EPC fees? As bidders are challenged with financial models that are both fair to the cardholder and cover the cost for bidders, some of the items requested by the State may be unsustainable with pending and current prepaid regulations.

A-26. Failure to meet minimum qualifications may result in rejection of the proposal.

Q-27. Pg 15 “Provide at least one location in each Maryland County and Baltimore City for the presentment of all properly drawn checks against the account.” – This will be a difficult task for most if not all potential providers even with the corresponding bank option. Would the State be willing to remove this requirement?

A-27. No.

Q-28. If not, how will the State judge a vendor’s proposal if they do not have a branch (or corresponding bank) in each of the 23 counties plus Baltimore? Disqualification or simply a lower score?

A-28. All Offerors must propose a solution that provides at least one location in each county. If an Offeror does not have a location in a particular county, they will need to work with a correspondent bank.

Q-29. What is the frequency of disbursements for the child support program? (e.g., on average, does each claimant receive 2 disbursements per month or 4 disbursements per month).

A-29. On an average a claimant receives 2 disbursements per month.

Q-30. What is the average number of disbursements per claim for the program (e.g., on average how many disbursements does a claimant receive over the life of a claim).

A-30. We are unable to obtain this information from CSEA's system.

Q-31. Can the state provide the composition of 2.4M electronic disbursements made during the FY 2015?

A-31. The composition of 2.4M electronic disbursements were, 51% Direct Deposit and 49% EPiC card.

For EPiC customers, what is the:

Q-32. Average load per disbursement over the past 24 month?

A-32. There were 2,438,822 disbursements over the past 24 months with an average load per disbursements of \$110.33.

Q-33. # of ATM withdrawals per month, last 24 months?

A-33. Average is 120,252 per month.

Q-34. \$ of ATM withdrawals per month, last 24 months ?

A-34. Average is \$12,222,641.67 per month.

Q-35. # of Teller withdrawals per month, last 24 months?

A-35. Average is 2,735 per month.

Q-36. \$ of Teller withdrawals per month, last 24 months?

A-36. Average is \$1,358,366.15/per month .

Q-37. # of POS PIN transactions per month, last 24 months?

A-37. Average is 254,297 per month.

Q-38. \$ of POS PIN transactions per month, last 24 months?

A-38. Average is \$3,735,610.49 per month.

Q-39. # of POS SIG transactions per month, last 24 months?

A-39. Average is 631,236 per month.

Q-40. \$ of POS SIG transactions per month, last 24 months?

A-40. Average is \$13,312,351.39 per month.

Q-41. # of transfers to a personal bank account per month, last 24 months?

A-41. Average is 558 per month.

Q-42. \$ of transfer to a personal bank account per month, last 24 months?

A-42. Average is \$227,116 per month.

Q-43. # of live agent phone calls per month, last 24 months?

A-43. Data is not available for the last 24 months. For the last 12 months the average
7,807.

Q-44. # of IVR calls per month, last 24 months?

A-44. Data is not available for the last 24 months. For the last 12 months the average is
348,253.

Respectfully submitted,



Anne Jewell, CPPB
Procurement Officer