



*****ADDENDUM #1 – CHILD SUPPORT*****

The attached addendum is intended to provide additional clarification of the Child Support requirements as they pertain to the Electronic Benefits and Funds Transfer (EBT/EFT) Services Request for Proposal (RFP). Vendors with questions or requiring clarification regarding any section of Addendum #1 (only) must reference the addendum by title and number and submit written questions via e-mail, first class mail or courier to the procurement officer referenced above by 3:00 p.m. (CST) **Thursday, December 23, 2010**. Each question must reference the section, page, and item in question. Vendors must submit all questions posed in a single e-mail message or document delivered via first class mail or courier to the procurement officer. Questions received after the deadline will not be considered.

The Department will provide an official written answer by **Thursday, January 6, 2011** to all questions regarding the addendum, received by **Thursday, December 23, 2010**. The Department's response will either provide clarification of the applicable issue or be in the form of a correction to this addendum. Vendor questions and the Department's responses, as well as any formal written addendum will be posted on the Department's website at www.dhr.alabama.gov by the close of business on the date listed.

Vendors' proposals must address all requirements included in this addendum.



ADDENDUM #1 - CHILD SUPPORT

A.1 Child Support Enforcement Division Overview

The Child Support Enforcement Division (CSED) is responsible for administering a statewide child support enforcement program under the provisions of Title IV-D of the Social Security Act (42 U.S.C. 651 through 659).

CSED is responsible for a variety of services to the public. These services include but are not limited to establishment of paternity, establishment of child support obligations, and medical support orders. CSED is also required to review and potentially modify child support orders. CSED is responsible for the enforcement of orders to pay child support. This is accomplished through a number of ways, e.g. the Income Withholding Order, which requires that child support be deducted from the parent's wages. Other effective means of enforcement are intercept of federal and state tax refunds, suspension of drivers and professional licenses, reporting delinquent cases to Credit Bureaus, civil contempt, referrals to the US Attorney's Office for interstate cases, and filing liens against assets. Our average State caseload is approximately 232,000 and of these approximately 192,000 have support orders. Our average growth rate in support orders is .12% per month.

Another service CSED provides is accounting and distribution of Child Support collections to families. In Fiscal Year 2010 CSED collected and disbursed \$257,099,547.08 and issued 1,901,596 checks.

A.2 Overall Expected Outcome

The DHR electronic Debit Card will provide a secure, convenient, and accurate payment delivery mechanism for Child Support payments sent to custodians. The card holder fees must be structured to ensure convenience and cost effective services to the payment recipients. Payments must be posted to debit cards and the customer must have immediate access to the funds. DHR expects to implement this solution in a negotiated phased approach.

A.3 Current System Description

Child Support payments are receipted daily by the Alabama Child Support Payment Center and transmitted electronically to CSED daily for distribution through the Alabama Locate and Enforcement of Child Support (ALECS) system. This is the Statewide Child Support System for IV-D cases. CSED currently makes payments to its customers through paper checks.

A.4 Technical Environment

A.4.1 HARDWARE

- PCs from various vendors
- IBM C92096-002Z9 Business Class mainframe

A.4.2 SOFTWARE

- Windows XP
- Microsoft Office 2003



- Internet Explorer 6.0
- EXTRA X-Treme 8

A.4.3 NETWORKS

- TCP/IP protocol
- Mainframe is accessed via Attachmate Extra terminal emulation software running TN3270 sessions through HIS (Host Integration Server) interface.
- Printing is also by TCP/IP

A.5 **File Transfers**

- Child Support Payment files must be transferred on a daily basis.
- Child Support Payment files can dramatically vary in size from one day to the next.
- On certain occasions such as the end of a month, quarter, or fiscal year, CSED is required to send more than one payment file in the same day.
- Vendor must be able to process a daily payment file and be able to process more than one file in the same day.

A.6 **CSED Responsibilities**

1. Provide mutually agreed information on eligible customers to the vendor to establish and maintain the account.
2. Payment transactions from the Department to the bank will be made according to NACHA-approved Pre Paid Debit (PPD) format.
3. Work with vendor on understanding customer base and requirements.
4. Work with vendor in development of instructional materials.
5. Provide CSED customers access to 24/7 IVR system as well as internet system for inquiries.

A.7 **Technical Requirements**

The components of the Debit Card electronic file process must comply with the following standards:

1. Receive and send an electronic file daily to establish and maintain accounts.
2. Vendor must electronically accept transactions in the NACHA-approved PPD format.

A.8 **Debit Card Requirements**

1. Card Capabilities and Features
 - a. The card must be a nationally branded card and must be accepted by any participating merchant and the card must allow for PIN-based purchases.



- b. The card must be “Regulation E” compliant and section 205.15 of Regulation E applies. Any sub-contractors who otherwise would be responsible for Regulation E will also be responsible for Regulation E in relation to this contract.
- c. The vendor will allow CSED to choose the name and graphic for the card.
- d. The vendor will provide for secured card activation prior to use.
- e. The vendor must provide a simple means for establishing and changing PINs.

A.9 Card Usage and Conditions

- a. The vendor must describe in detail all account services it will provide to cardholders.
- b. Describe any limitations placed on the customer, such as amount available to withdraw daily and number of transactions permitted daily.
- c. Describe any account transactions which will be disallowed under the program.

A.10 Card Network Access

- a. The network must be accessible and the technology used must be currently active and available within the state as well as in other states.
- b. The card must perform through an operating ATM Network as well as Point of Sale (POS) and allow for nationwide/international ATM access and the withdrawal of cash through a normal ATM transaction.

A.11 Card Issuance

- a. The vendor and any sub-contractors who would otherwise be responsible for Regulation E must assume all Regulation E responsibility for the card, including providing monthly statements compliant with Regulation E by mail to cardholders.
- b. The vendor must not deny access to the DHR Electronic Debit Card Program to any customer referred by the department.
- c. The vendor will be responsible for issuance of initial and replacement cards to customers.
- d. The vendor will describe its card issuance process and timeline for customer accounts.

A.12 Card Account Customer Service

- a. The vendor will notify cardholders at least 30 days in advance of changes in policy that affects them or the account.



- b. The vendor will provide all instructional materials to the cardholders and the materials will at a minimum be in both fifth grade level English and Spanish.
- c. The vendor will provide 24/7 customer service access at a minimum in both English and Spanish via Integrated Voice Response System (IVR), toll free phone access, as well as optional internet access.
- d. The vendor will describe its approach to the following customer service issues:
 - i. How customers are notified of changes in policy or procedure that affect them.
 - ii. How customer complaints are resolved and the timeframes associated with the process. Include the types of issues you anticipate will be raised and tell how they will be resolved.
 - iii. How errors are resolved and timeframes associated with the process.
 - iv. Describe the procedure and time line for the replacement of a customer card.
 - v. Describe the process for responding to lost and stolen cards.
 - vi. Describe how issues of fraud and liability are handled.
 - vii. Describe how returned mail (monthly statements, promotional information) is handled, e.g. are addresses updated?
 - viii. Describe what services are available to cardholders who live outside of the continental United States and those with FPO and APO addresses.

A.13 Project Schedule and Work Plan

Vendor must provide a detailed plan for the implementation CSED customers' program area. Include a work plan explaining how the vendor intends to meet the project deliverables. This plan should include the following at a minimum:

- a. Statement of understanding of the project
- b. Timeline and description of the plan for implementation of manually enrolled card accounts.
- c. Timeline and description of the plan for implementation of electronically enrolled card accounts.
- d. Timeline and description of the card design process.
- e. Timeline and description of the initial card issuance process.
- f. Timeline and description of the on-going card issuance process.



- g. Timeline and plans for instructional materials to be provided to customers.
- h. Description of how the project will be managed, prioritized, and controlled.
- i. Description of how Federal Regulation E will be met, including but not limited to providing a secure internet-based management tool for customers to view the financial transaction detail posted to the account; a bilingual (English and Spanish) customer service contact for customers to inquire about new deposits, available balance, recent transaction history, and all service needs related to the use of the card; and periodic statements to cardholders, itemizing deposit amounts, and detailed transaction history for the card.

A.14 Quality Management

The vendor should fully describe its proposed Quality Management Plan, addressing all features and performance measures considered necessary when providing the DEBIT CARD services, as outlined in this section. The vendor should describe in any existing or proposed policies, procedures, and other efforts to ensure quality, plus an assurance of its commitment to a cooperative effort of development with CSED staff and with other external affiliates associated with the project.

A.15 Disaster Recovery Plan

Vendors will provide a disaster recovery plan. The disaster recovery plan should demonstrate that in the event of a catastrophe the cardholders' inconvenience will be minimal.

A.16 Contractor Reporting Requirements

- a. The vendor will demonstrate its ability to generate reports to the department related to customer accounts by providing sample summary and detailed reports.
- b. The vendor will describe its ability to send a daily electronic data file to inform the department of the date an account is ready to accept deposits.
- c. The vendor agrees to notify the department when a card or PIN mailer has been returned by the Post Office as undeliverable.
- d. The vendor, at a minimum, shall submit reports which provide the following information:
 - Cards issued
 - Accounts added and deleted
 - Cards/accounts cancelled
 - PIN mailers returned for bad address
 - Total dollar value of deposits
 - Total dollar value of withdrawals



- Accounts with deposits that have had no withdrawal activity for 3 months, 6 months, 9 months, and 12 months.
- A report showing the dates deposits are not credited to accounts in the required time frame.

A.17 Program Marketing

- a. The vendor will submit a client Marketing Proposal for evaluation and consideration as part of the response to the request for proposal.
- b. The vendor agrees that CSED will have final approval of instructional materials provided with the card.

A.18 Value-Added Requirements

The following requirements are value-added requirements that provide additional functionalities and capabilities desired of a Vendor's proposed solution.

1. Card Program Enhancements

- a. The Vendor allows for customer withdrawals at a bank teller window.
- b. The vendor allows the card to remain active until CSED indicates otherwise.
- c. Vendors should describe any other additional cardholder features and capabilities proposed as program enhancements.

2. Debit Card Program Fees

- a. The vendor does not charge a monthly account fee to the customer.
- b. The vendor allows unlimited balance inquiries at no charge to the state or cardholder.
- c. The vendor allows unlimited purchases with the card at no charge to the state or cardholder.
- d. Vendor allows a minimum of four cash withdrawals per month at no charge.

3. Program fee schedule

As Part 2 of the proposal, Vendor will submit a comprehensive fee schedule for the proposed debit card program for customers, to include the following:

- a. All customer fees associated with card usage
- b. All customer fees associated with card replacement
- c. Overdraft fees which may be attributed to customers and the applicable conditions.



GLOSSARY

ALECS – Alabama Locate and Enforcement of Child Support system. This is the Statewide Child Support System for IV-D cases.

ASDU – Alabama State Disbursement Unit. This organization will receipt all child support payments (except Non IV-D obligor payments) in the State, transfer IV-D payments to the DHR for allocation, distribution and disbursement to payees, and transfer Non IV-D income withholding payments to the AOC for disbursement to payees. Disbursement services are provided by the State Comptroller.

ASDU State Treasurer’s Account – This is the account into which the ASDU will deposit all child support payments it receives. This account will be owned by and under the control of the State of Alabama. It will be separate from the State Treasurer’s Accounts managed by the DHR or the AOC and may have several sub accounts, depending on necessity, for items such as “unidentified payments.”

ACH – Automated Clearing House. An electronic funds-transfer system run by the National Automated Clearing House Association.

Comptroller – The State Comptroller is responsible for creating child support payment warrants from disbursement files created by ALECS. Disbursement information is transferred to the Comptroller by the DHR. (The Comptroller does not currently disburse Non IV-D payments.)

Court Order – This is the legal document which establishes the amount of child support to be paid, by whom it is to be paid, to whom it is to be paid and the payment frequency. It may be accompanied by an Income Withholding Order (IWO) that directs an employer to withhold the child support payment and remit it to the ASDU.

Court Order Number – Each court order is assigned a sequential number within the jurisdiction of a County Court. County Courts can assign a Court Order Number that is also used by another county.

EFT – Electronic Funds Transfer. This is a means of sending/receiving payments electronically.

FTP – File Transfer Protocol. This is a communications protocol that governs the transfer of files from one computer to another over a network.

IV-D – The section title within the Social Security Act which establishes the mechanism for a State to provide establishment, enforcement and collection services for custodial parents seeking child support from non-custodial parents.



NACHA – National Automated Clearinghouse Association. This organization develops operating rules and business practices for the Automated Clearinghouse Network and for electronic payments in the areas of internet commerce, electronic bill and invoice presentment and payment (EBPP, EIPP), e-checks, financial electronic data interchange (EDI), international payments, and electronic benefit transfer (EBT).

Participant – This can be the obligor, obligee, or children associated with a particular case. It is only used in the context of the ALECS (IV-D) system.

PID # – Participant Identification Number. This is a number assigned by ALECS to each individual associated with a IV-D child support case. The same PID # will be used in all cases with which an obligor, obligee or child is associated. The PID # is used to allocate payments among multiple cases within ALECS.