



PENNSYLVANIA
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January 27, 2015

Enclosed with this letter is Treasury's response to all remaining clarification questions on RFP 14-001 submitted by interested parties prior to 8:30 a.m. EST on Wednesday, January 21, 2015.

In addition, Treasury would like to advise Offerors of a proposed rulemaking notice that the Consumer Financial Protection Bureau (CFPB) issued on December 23, 2014 that might affect both issuers and states that provide prepaid financial products. While many provisions of the proposed rules are already covered in Treasury's RFP, and others are not applicable, Offerors should ensure that their proposals address and are developed with a comprehensive understanding of the proposed rules. The CFPB proposal can be found at the following link:

<http://www.gpo.gov/fdsys/pkg/FR-2014-12-23/pdf/2014-27286.pdf>

As described in the revised Calendar of Events posted on Treasury's website and emailed on December 22, 2014, Offerors must submit sealed proposals by 8:30 a.m. EST on Monday, February 09, 2015.

Sincerely,

Mark Lavelle
Issuing Officer

Question: *The number of UC claims and total dollar amount has decreased over that last few years. Since the data supplied in the RFP is over a year old, would the Commonwealth be able to provide monthly UC claims and the total dollar amount for 2014 (or even a partial year if all information is not currently available)?*

Response: Treasury provides an updated version of TABLE IV-2.2 (found on page 69 of the RFP) at the end of this document. Treasury would also like to elaborate on how the chart in the RFP was developed. Treasury Bureau of Unemployment Compensation Disbursements had ready access only to the total dollar amount of UC payments disbursed and the total number of payments being made in each category, *i.e.* check, direct deposit, and EPC; it did not have ready access to the total dollar amount of UC payments being made in each applicable category. In order to provide the data of interest in the RFP, Treasury calculated the percentage of payments being made in each category and multiplied the result by the total amount of UC payments made to get the amount of UC payments made in each category. The amount of payments made by direct deposit and EPC shown in the RFP was therefore an estimate based on the assumption that the average amount for each payment is identical.

Treasury has revised TABLE IV-2.2 to show the actual number and amount of deposits made by direct deposit and EPC for calendar years 2013 and 2014. Treasury does not have ready access to calculate the number and amounts for prior years.

In order to provide additional context, Treasury is presenting a revised TABLE IV-2.5 that shows the actual dollar amount and number of payments made by EPC for *both* UC and SWIF during calendar year 2014. It's worth noting that the number and amount of deposits made on EPC shown will vary between TABLE IV-2.2 and TABLE IV-2.5 (even after subtracting SWIF deposits of \$1.12 million posted in 2014). Any variance between the tables can be attributed to several factors, including:

1. Direct deposits that are rejected by a claimant's bank may be re-issued by Treasury onto an EPC.
2. The data in TABLE IV-2.2 are based on payment issuance date, whereas the data in TABLE IV-2.5 are based on posting date.
3. The data in TABLE IV-2.2 are based on production weeks during 2014 and include several days in December 2013 and January 2015, whereas the data in TABLE IV-2.5 are based on deposits posted to accounts during calendar year 2014.

Question: *Performance Bond and Liquidated Damages: If any liquidated damages are due to the Commonwealth, will those fees be taken from the performance bond or are liquidated damages in addition to the performance bond? If it is in addition to, when would the performance bond be invoked by the Commonwealth?*

Response: The financial performance instrument is described on both pages 24 and 72/73 of the RFP. The last sentence in the first paragraph number 8 on page 24 reads: "The Offeror will be required to maintain the financial instrument in the amount of one million dollars (\$1,000,000) throughout the duration of the Contract, including subsequent to any instances in which Treasury has drawn against the financial instrument." Page 73 also provides a list of actions that Treasury may take in the event that an Offeror fails to meet a Service Level, including "make a demand directly of Offeror for payment" and "exercise the financial instrument required in II-7 A. 8 of this RFP to collect liquidated damages."

In the event that liquidated damages are imposed on the selected Offeror, Treasury anticipates that it would consult with the selected Offeror before deciding on the action it would take to collect the damages. The required value of the financial instrument, however, must be immediately replenished in instances where the balance temporarily drops below the prescribed \$1,000,000 amount due to payments to the Commonwealth having been satisfied by the instrument (whether for non-compliance with SLAs or for any other contractually authorized reason).

Question: *Section J Unclaimed Property - # 2 please define the level or type of integration (SFTP only?) to the UP claims processing system that is required*

Response: To rigorously describe the level or type of integration Treasury requires would be nearly impossible without a thorough understanding of the Offeror's own system to establish EPCs. At a minimum, security risks require file transfers by the SSH File Transfer Protocol (also Secure File Transfer Protocol, or SFTP). Treasury's Bureau of Information & Technology will work closely with the Offeror to ensure a network protocol that provides file access, file transfer, and file management functionalities over any reliable data stream occur. However, additional integration steps that can be reasonably be anticipated or considered should be outlined by the Offeror for Treasury's evaluation and/or planning.

In a previous response, Treasury clarified that "interface" was a better description of the intended process rather than "integrate." Treasury anticipates that the any interfacing (integrating) between BUP and the Offeror would be analogous to the interfacing currently occurring for the UC and SWIF programs described in the RFP.

TABLE IV-2.2 (Revised)

All UC Claims Activity (Extensions Included)	Yearly Average during the past three (3) years (2012-2014)	Calendar Year 2014	Calendar Year 2013	Calendar Year 2012
Number of UC direct deposits	4,025,775	2,443,877	4,268,522	5,364,926
Amount of UC direct deposits	\$2,320,192,245	\$1,437,934,995	\$2,421,392,351	\$3,101,249,391
Number of UC EPC payments	2,793,016	1,604,052	2,866,705	3,908,290
Amount of UC EPC payments	\$1,266,828,650	\$754,336,378	\$1,283,310,529	\$1,762,839,042

TABLE IV-2.5 (Revised)

Calendar Year 2014			
Transaction	Total Number of Transactions	Total Amount of Transactions	Average Transaction
Deposit from Treasury	1,695,611	\$801,202,861	\$472.52
ATM: Balance Inquiry	893,517	n/a	n/a
ATM: In-Network	1,174,397	\$220,731,797	\$187.95
ATM: International	3,191	\$ 597,826	\$187.35
ATM: Out-of-Network	1,201,417	\$189,369,187	\$157.62
Teller Withdrawal	200,187	\$121,340,346	\$606.13
POS: Signature-Based	4,473,878	\$126,314,469	\$28.23
POS: PIN-Based	3,200,699	\$108,264,200	\$33.83
ACH Transfer to Outside Account	26,000	\$19,247,971	\$740.31
Online Bill Pay	1,896	\$491,043	\$258.99
IVR Calls	5,231,950	n/a	n/a
CSR Calls	191,267	n/a	n/a

The monthly average number of active cardholders was 91,181 in calendar year 2014.