

***Texas Health & Human Services Commission***



***Albert Hawkins, Executive Commissioner***

***Request for Offers  
for  
Texas EBT Application Software Support***

***RFO No. 529-07-0003***

***Date of Release: December 06, 2006***

# *Texas Health & Human Services Commission*

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## ***Notice of Intent to Offer***

Any vendor that intends to submit an offer is encouraged but not required to submit this form.

Name of Respondent or Joint Respondents: \_\_\_\_\_

\_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

**Please return no later than December 29, 2006 to:**

**Elizabeth Ward**

**Texas Health and Human Services Commission**

**Enterprise Contract and Procurement Services**

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**Austin, Texas 78751**

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## 1 GENERAL INFORMATION

### 1.1 *Mission Statement*

The Texas Electronic Benefits Transfer (EBT) System delivers services to Food Stamp and Temporary Assistance for Needy Families (TANF) State of Texas clients. One of the components of the EBT System is to provide transaction software application support to assist in the delivery of the Texas EBT services. The Health and Human Services Commission's (HHSC) mission in this procurement is to procure best quality and value software application support services for the Texas Electronic Benefits Transfer (EBT) System

### 1.2 *Mission Objectives*

HHSC's objective in this procurement is to engage a vendor to provide Texas EBT Application Software Support and Services. HHSC will select the Respondent whose solution represents the best value for the State of Texas.

### 1.3 *Background*

#### 1.3.1 Overview of the Health and Human Services Commission

HHSC was created in 1991 to oversee and coordinate the planning and delivery of health and human services programs in Texas. It is established pursuant to [Chapter 531, Texas Government Code](#), and is responsible for oversight of Texas health and human services agencies (HHS agencies). The chief executive officer of the Commission is Albert Hawkins, Executive Commissioner of Health and Human Services.

#### 1.3.2 Overview of the Office of Family Services EBT Operations

The EBT system delivers services to Food Stamp and Temporary Assistance for Needy Families (TANF) clients of the Texas Health and Human Services Commission (HHSC). More than 1.2 million Texas clients rely on the EBT system to access their benefits. HHSC staff throughout the state use the EBT system's administrative software application (AT) to issue Lone Star cards and help with case activity. Texas clients can access their benefits in more than 11,000 participating retail locations across the State. In fiscal year 2005, more than 108 million Food Stamp and TANF transactions were processed through the Texas EBT system.

Clients access their benefits with their Lone Star Card, similar to commercial debit cards, such as Visa or MasterCard. The Client enters his or her personal identification number (PIN) that is read by a point-of-sale (POS) device from a magnetic stripe on the card. The transaction is carried from the POS device through a Third-Party (TP) Processor's network to the EBT host system, where the system locates that client's benefits and the purchase amount is immediately encumbered. A response authorizing the purchase is generated and returned in a matter of seconds. The encumbered purchase amount is stored on the host, along with the amounts of other purchases made across the state that day, and is processed that night to generate a file which requests funds from the federal and state funding sources and transfers them to the TP Processors. The TP Processors then transmit payment for that day's purchases to the individual retailers.

Texas EBT transactions are processed through TP Processors, which provide authorization; funds transferring via Automated Clearing House (ACH) file transmission, settlement, and POS merchant services. Texas EBT TP Processors are certified by the Texas EBT System and route EBT transactions to the host EBT system.

The EBT system operates 24 hours a day, 7 days a week, with its primary goal remaining that of consistent, rapid issuance and safe, simple, continuous access to food stamp and TANF benefits for eligible Texas citizens.

Texas designed and implemented an innovative and successful approach to EBT in which vendor service providers are integrated into a working team managed by the HHSC Office of Family Services, Lone Star Business Services' Systems Integration and Management Services (SIMS) Unit. The SIMS Unit consists of the SIMS Manager, the Central Processing/Software Support Lead, the Retailer Management and Call Center Lead, the Risk Manager and the Project Manager. HHSC currently has three contractors supporting the EBT system. The three operational areas are:

- Central Processor/Data Center Operations (includes Application Software maintenance)
- Retailer Management Operations
- Call Center Operations

Lone Star Business Services acts as the primary integrator, managing all operations of the EBT system. The following sections provide a brief overview of the services provided by current Texas EBT contractors.

(A) Central Processing - Services are provided by Northrop Grumman Technical Solutions, Inc. (NGTSI)

Central Processing data center operations and Application Software support for the Texas EBT system includes:

- Data Center Operations
- 24x7 operator support
- Batch job processing
- Network management
- Monitoring EBT transactions
- Providing support to Third-Party (TP) Processors
- Physical and logical database maintenance and administration
- Project management for system enhancements and new features
- Software design, development, implementation and maintenance

The Central Processing contract with NGTSI is scheduled to end on August 31, 2007. Upon termination of the contract, the Data Center (DC) services included in the central processing contract will be provided through the Department of Information Resources (DIR) through an interagency agreement. The Application Software maintenance services currently provided through the existing contract are being re-procured by HHSC through this RFO.

(B) Retailer Management – Services provided by ACS, State and Local Solutions, Inc. (ACS)

Retailer Management services include the following:

- Settlement and reconciliation for TP Processors
- State-supplied POS management
- State supported network and transaction processing
- Retailer training and help desk
- Card PIN management services.

The following subcontractors currently support the EBT Retailer Management vendor:

**Pay By Touch** provides the following services:

- Processes transactions for the state-supplied POS terminals
- Provides retailer help desk support (Level 1)
- Provides settlement to the state-supplied retailers.

**Hypercom Corporation** provides the following services:

- POS terminal production and software support.

**TASQ Technology** provides the following services:

- Provides training and help desk support (Level 2).

**Personix Card Services** provides the following services:

- Card production and distribution
- PIN production and distribution.

The current EBT-2 Retailer Management contract is in the process of being re-procured.

(C) Call Center – Services provided by GTECH Corporation

The EBT Call Center provides client services such as the handling of Lone Star card issues, disputes, and providing manual voucher authorizations for retailers. The EBT Call Center receives approximately 3.3 million calls per month.

The Call Center Services contract is also being re-procured by HHSC. The new contract should be awarded in the summer of 2006, and transitioning will begin thereafter.

(D) Lone Star Technology SIMS Unit

The SIMS Unit serves as the prime integrator of all Texas EBT functions and operations. The SIMS Unit staff plans, organizes, directs, approves, and controls all activities and changes that are required to the Texas EBT System. The SIMS Unit is responsible for ensuring the integration of all functional areas of the EBT System. This integration activity is the foundation that ensures that the Texas EBT System

vendors work to perform all required client and retailer functions in a timely and cost-effective manner. Texas EBT vendors participate with and support the SIMS Unit to ensure the uninterrupted services of the Texas EBT System. The SIMS Unit will mediate any disputes among EBT vendors or with the DIR Data Center.

(E) HHSC Client Benefit System

HHSC's legacy client benefit system, System of Application, Verification, Eligibility, Referral and Reporting system (SAVERR) is being replaced by the Texas Integrated Eligibility Redesign System (TIERS). TIERS is a browser-based system that integrates the application process for more than 50 health and human services programs.

Nightly, benefits records are sent to the EBT Central Processor for processing. Batch files are currently transmitted from HHSC system using file transfer protocol (FTP) standards

During the new eligibility system interface processing, the EBT software will generate daily processing error exceptions by error code. These will include, but are not limited to, the following:

- Responsible Party errors
- Benefit Record errors
- Cancellation errors
- Invalid Format
- Duplicate record identification
- Double debits
- Transaction timeouts
- Double benefit issuance

1.3.3 Department of Information Resources (DIR)

Texas Government Code, Chapter 2054, subchapter L, as enacted by House Bill 1516, passed by the 79<sup>th</sup> Texas Legislature Regular Session (R.S.) impacted current EBT operations. The Department of Information Resources (DIR), a State of Texas agency, is responsible for strategic planning and coordination of the State's Information Technology (IT) environment. DIR directly assists agencies in meeting their IT requirements by providing services, which now shall include a statewide data center

consolidation effort. Hence, DIR will assume the responsibility of the Texas EBT Central Processing operations on September 1, 2007. One of the responsibilities of the Awarded Vendor of the EBT Software Application Support RFO is working closely with the SIMS Unit, DIR, and its Data Center Service (DCS) Provider to ensure a timely, efficient, and successful transition of the current EBT Central Processor operations to the new joint model.

For more information regarding the Texas data center consolidation effort, visit the DIR website at the following URL: <http://www.dir.state.tx.us/index.htm>

#### **1.4 Strategic Elements**

##### **1.4.1 Contract Term**

HHSC will award one contract for the Texas EBT Software Application Support for an initial term of five (5) years. HHSC will have the option to renew or extend the term of the contract for a period up to five additional years in any combination of months or years as necessary to complete the mission of this procurement. The maximum term of this contract may total ten (10) years.

##### **1.4.2 Contract Price/Type/ Catalog Information Systems Vendor**

HHSC will award one fixed fee contract to the successful proposing vendor.

This RFO solicits Offers from the published Catalog Information Systems Vendor (CISV) catalog. To receive a contract award pursuant to this RFO, a Respondent must be on the Texas Building and Procurement Commission's (TBPC) Centralized Master Bidder List (CMBL) and must be registered as a CISV prior to contract award.

##### **1.4.3 HHSC's Uniform Contract Terms and Conditions**

HHSC's Uniform Contract Terms and Conditions, Version 1.3 will apply to the contract awarded as a result of this procurement. See Attachment 1 for the Uniform Terms and Conditions.

HHSC reserves the right to negotiate additional contract terms and conditions.

### **1.5 Basic Philosophy: Contracting for Results**

HHSC's fundamental commitment is to contract for results. A successful result is defined as the generation of defined, measurable, and beneficial outcomes that support HHSC's Missions and Objectives and satisfy the contract requirements. This RFO describes what is required of the Awarded Vendor in terms of performance measures and outcomes, and places the responsibility for how it is accomplished on the contractor.

### **1.6 External Factors**

External factors may affect the project, including budgetary and resource constraints. Any contract resulting from this procurement is subject to the availability of state and federal funds. As of the issuance of this RFO, budgeted funds are available to reasonably fulfill the requirements of this RFO. If, however, funds become unavailable, HHSC reserves the right to withdraw this RFO or terminate the resulting contract without penalty.

### **1.7 Legal and Regulatory Constraints**

#### **1.7.1 Delegation of Authority**

Respondents should be aware that state and federal law generally limit HHSC's ability to delegate certain decisions to a contractor. Specifically, HHSC may not delegate certain functions to a contractor, including but not limited to:

- (A) Policy-making authority; and
- (B) Final decision-making authority regarding acceptance of contracted services.

#### **1.7.2 Conflicts of Interest**

Respondents may not have personal or business interests that would present an actual, potential, or apparent conflict of interest with respect to this procurement and the performance of the resulting contract. For purposes of this RFO, a conflict of interest is any set of facts or circumstances that, in HHSC's determination, compromise, appear to compromise, or may reasonably compromise the respondent's fairness, independence or objectivity.

Respondents must disclose any potential conflicts or provide a statement acknowledging that no actual or potential conflicts of interest exist with respect to this procurement and the resulting contract. If selected for contract award, the Awarded Vendor is under a continuing duty to notify HHSC of any actual

or potential conflicts of interest that may develop during the course of the contract and may not engage in conduct that will create an appearance of impropriety.

HHSC is obligated by state and federal law to ensure a level playing field in the award of the contract. HHSC has implemented an aggressive policy concerning actual or potential conflicts of interest to ensure fair and open competition, and has included language concerning actual and potential conflicts of interest in Article 12 of its Uniform Terms and Conditions. Respondents must carefully review and understand this language when developing proposals.

### 1.7.3 Former Employees of a State Agency

Respondents must comply with State and federal laws and regulations relating to the hiring of former state employees (see e.g., Texas Government Code §572.054 and 45 C.F.R. §74.43). Such “revolving door” provisions generally restrict former agency heads from communicating with or appearing before the agency on certain matters for two years after leaving the agency. The revolving door provisions also restrict certain former employees from representing clients on matters that the employee participated in during state service or matters that were within the employees’ official responsibility.

As a result of such laws and regulations, a Respondent must certify that it has complied with all applicable state and federal laws and regulations relating to the hiring of former state employees. Furthermore, the Respondent must disclose any relevant past employment of its employees and agents, or its subcontractors’ employees and agents, by HHSC or another Texas health and human service agency, including a description of:

- (A) the nature of the previous employment with HHSC or the other agency;
- (B) the date the employment terminated; and
- (C) the annual rate of compensation for the employment at the time of termination.

### 1.7.4 Interpretive Conventions

Whenever the terms “shall,” “must,” or “is required” are used in this RFO in conjunction with a specification or performance requirement, the specification or requirement is mandatory on the potential vendor. A respondent’s failure to address or meet any mandatory requirement in its offer will be cause for rejection of the offer.

Whenever the terms “can,” “may,” or “should” are used in this RFO in conjunction with a specification or performance requirement, the specification or performance requirement is a desirable, but not mandatory, requirement. Accordingly, a respondent’s failure to address or provide any items so referred to will not be cause for rejection of the offer, but will likely result in a less favorable evaluation of the offer.

All references to “days” are calendar days, unless otherwise stated.

**1.8 HHSC Point of Contact**

The sole point of contact for inquiries concerning this RFO is:

Elizabeth Ward  
HHSC Enterprise Contract and Procurement Services  
909 West 45<sup>th</sup> Street, Mail Code 2020  
Austin, Texas 78751  
E-mail: Elizabeth.Ward@hhsc.state.tx.us  
Phone (512) 206-5416  
Fax (512) 206-5475

The physical address for overnight, commercial and hand deliveries is:

**OVERNIGHT/COMMERCIAL DELIVERY**

Elizabeth Ward  
HHSC Enterprise Contract and Procurement Services  
909 West 45<sup>th</sup> Street, Mail Code 2020  
Austin, Texas 78751  
Phone (512) 206-5416

**HAND DELIVERY**

Elizabeth Ward  
HHSC ECPS  
4405 North Lamar Blvd. Room 105  
Austin, TX 78751

All communications relating to this RFO must be directed to the HHSC contact person named above. All other communications between a Respondent and HHSC staff concerning this RFO are prohibited. In no instance is a Respondent to discuss cost information contained in an offer with the HHSC point of

contact or any other staff prior to offer evaluation. Failure to comply with this section may result in HHSC’s disqualification of the offer.

**1.9 Procurement Timeline**

Procurement Schedule	
RFO Release Date	12/06/2006
Vendor Conference	12/21/2006
Notice of Intent to Offer Due	12/29/2009
Vendor Questions Due	12/29/2006
HHSC Responses to Vendor Questions Posted	01/12/2007
Deadline for Withdrawal of Offers	02/02/2007
Vendor Offers Due	02/05/2007
Vendor Demonstrations/Oral Presentations/Site Visits (if necessary)	2/20/2007 – 3/02/2007
Negotiations	3/05/2007 – 3/30/2007
Tentative Award Announcement	4/16/2007
USDA/FNS Contract Review and Approval	4/16/2007 – 6/15/2007
Anticipated Contract Start Date	6/29/2007

**1.10 Communications Regarding This Procurement**

HHSC will post all appropriate communications regarding this procurement on its website, including the notice of tentative award. In addition, HHSC reserves the right to amend this RFO at any time prior to the offer submission deadline. Any changes, amendments, or clarifications will be made in the form of responses to vendor questions, amendments, or addendum issued by HHSC. Vendors should check HHSC’s website frequently for notice of matters affecting the procurement.

**1.11 RFO Cancellation/Non-Award**

HHSC reserves the right to cancel this RFO, or to make no award of a contract pursuant to this RFO, if HHSC determines that such action is in the best interest of the State of Texas.

### **1.12 *Right to Reject Offers or Portions of Offers***

HHSC may, in its discretion, reject any and all Offers, or portions of Offers, submitted in response to this RFO.

### **1.13 *Vendor Protest Procedures***

Texas Administrative Code, Title 1, Chapter 392, Subchapter C outlines HHSC's vendor protest procedures. A respondent may protest HHSC's tentative award of a contract. Such protest must be in writing and signed by the protestant or the protestant's authorized representative.

The protest must state the protestant's name and the specific award that is being protested, the legal and factual basis for the protest with specific supporting information and when applicable, how the protestant alleges the award or tentative award violated HHSC's rules, state or federal laws, or regulations governing the procurement. The protest must state an explanation of the facts in disagreement and the subsequent action the protestant is requesting.

The protest must be submitted to the HHSC's official point of contact no later than seven (7) calendar days following the announcement of the tentative award of the contract on HHSC's website. The protest must be delivered by hand, certified mail return receipt requested, facsimile or other verifiable delivery service and be limited to matters relating to the protestant's qualifications, the suitability of the goods or services offered by the protestant, or alleged irregularities in the procurement process. Failure to comply with the foregoing timeframe will result in HHSC's dismissal of the protest.

The HHSC division that conducted the procurement will review the protest and the Division Director will make an initial recommendation to the Executive Commissioner. The Executive Commissioner will review the protest and the Division Director's recommendations, and then issue a final determination regarding the protest. HHSC will provide the protestant with a written copy of the final determination within thirty business days of receiving the protest, or as soon thereafter as practicable. The Executive Commissioner's final determination will be HHSC's final action on the protest, and the protestant will have no further administrative recourse.

**2 MISSION RESULTS/SCOPE OF WORK**

The Awarded Vendor will support, maintain, and enhance the Texas EBT Application Software as required in this RFO.

**2.1 Texas EBT System Description**

The current EBT System is divided into three functional components performed by three separate vendors under contract to HHSC. The Central Processing vendor provides the software and hardware for EBT data processing and supports the EBT Application Software. The Retailer Management vendor provides support for retailers POS management, POS network and transaction processing, settlement and reconciliation, and card and Personal Identification Number (PIN) management. The EBT Call Center vendor provides services to clients such as the handling of Lone Star card issues and disputes and providing manual voucher authorizations for retailers. Table 1 shows the main functions performed by these vendors. The SIMS Unit acts as the prime integrator to ensure that the vendors work closely together to deliver EBT client and retailer services in an effective and efficient manner

**Table 1 - Current EBT Contract Functions**

<b>Central Processing Contract</b>	<b>Retailer Management Contract</b>	<b>Call Center Contract</b>
<ul style="list-style-type: none"> <li>• Data center operations</li> <li>• 24x7 operator support</li> <li>• Batch job processing</li> <li>• Network management</li> <li>• Third-Party Processor support</li> <li>• Physical database maintenance and administration</li> <li>• Logical database maintenance and administration</li> <li>• Project management for system enhancements and new features</li> <li>• Software design, development, implementation and maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• EBT retailer management services</li> <li>• Settlement and reconciliation for state-supported retailers</li> <li>• Retailer training and help desk support</li> <li>• Card and PIN management services (card manufacturing, vault card inventory, card issuance, card replacements)</li> <li>• POS terminal management for state-supported retailers including: deployment, support, repair and replacement services</li> <li>• Support and operation of POS network processing transactions for the state-supported POS terminals</li> </ul>	<ul style="list-style-type: none"> <li>• 24 hour live operator phone support</li> <li>• Manual voucher authorization for retailers</li> <li>• Client services such as reporting lost cards and disputes</li> <li>• Automated support via the Interactive Voice Response Unit (IVR)</li> <li>• Call Center software system - interface to the Texas EBT System</li> <li>• Ad-hoc software development projects</li> </ul>

Section 2 – Mission Results/Scope of Work

In the future, the functions currently performed by the EBT Central Processing vendor will be divided between the DIR Data Center Service (DCS) Provider and the Application Software Vendor awarded the contract resulting from this RFO. The logical database maintenance, project management and software design functions will become the responsibility of the Awarded Vendor, as listed below.

**Table 2 - Future EBT Contract Functions**

<b>Application Software Support Contract</b>	<b>DIR Data Center Service Provider</b>	<b>Retailer Management Contract</b>	<b>Call Center Contract</b>
<ul style="list-style-type: none"> <li>• Logical database maintenance and administration</li> <li>• Project management for system enhancements and new features</li> <li>• Software design, development, implementation and maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• EBT data center operations</li> <li>• EBT Central Processing</li> <li>• EBT 24x7 operator support</li> <li>• EBT batch job processing</li> <li>• EBT network management</li> <li>• EBT Third-Party Processors support</li> <li>• EBT physical database maintenance and administration</li> </ul>	<ul style="list-style-type: none"> <li>• EBT retailer management services</li> <li>• Settlement and reconciliation for state-supported retailers</li> <li>• Retailer training and help desk support</li> <li>• Card and PIN management services (card manufacturing, vault card inventory, card issuance, card replacements)</li> <li>• POS terminal management for state-supported retailers including: deployment, support, repair and replacement services</li> <li>• Support and operation of POS network processing transactions for the state-supported POS terminals</li> </ul>	<ul style="list-style-type: none"> <li>• 24 hour live operator phone support</li> <li>• Manual voucher authorization for retailers</li> <li>• Client services such as reporting lost cards and disputes</li> <li>• Automated support via the Interactive Voice Response Unit (IVR)</li> <li>• Call Center software system - interface to the Texas EBT System</li> <li>• Ad-hoc software development projects</li> </ul>

Appendix E includes a summary of the delineation of responsibilities between the Awarded Vendor and the DCS Provider. For all requirements between both parties, refer to the detailed requirements contained within this RFO.

## **2.2 Texas EBT Application Functionality Overview**

The Texas EBT System utilizes a Software Application that provides unique and customized business rule functionality to meet complex transaction processing requirements. A general overview of such functions follows:

- Eligibility integration via batch processing
- Eligibility integration via direct database linkage
- Systematic combined debit and credit ACH settlement processing
- Texas EBT TP Processor Interface Specifications with a Triple Data Encryption Standard (TDES)
- FNS authorized Retailer EBT Data Exchange (REDE) processing and reporting interface (state and national)
- Systematic database maintenance reporting
- Call Center integration via Remote Procedure Calls (RPC's)
- Systematic manual card replacement
- Interoperability switching and reporting
- Web based (Graphical User Interface) GUI with multi-functional user and reconciliation requirements
- Systematic batch interface USDA Food and Nutrition Service (FNS) Account Management Agent (AMA) System
- Stand-in partial balance transaction approvals
- Client payback option for food stamp benefits
- Emergency cash program with online benefit deposit
- Delayed dormancy for food stamp benefits
- Extensive financial, operational, systematic and unique reporting requirements (Texas EBT Report Distribution)
- Food Stamp Expungement processing with annual and benefit aging requirements
- TANF Expungement processing with annual and two year lapsed benefit aging requirements

The Awarded Vendor must anticipate ongoing maintenance requirements, ad-hoc query reporting and new development to accommodate functional requirements for existing and future Texas EBT programs.

### **2.3 The Current Texas EBT Application Environment**

The current Texas EBT System consists of Application Software hosted on Hewlett Packard (formerly Digital Equipment Corporation) Alpha Servers running OpenVMS (7.3-1) as its operating system. There are three 'primary' host systems (BIGTX1, BIGTX2, BIGTX4) that provide real time transaction processing and two 'backend' host systems (BIGTX3, BIGTX5) that provide (Structured Query Report Writer - SQR) reporting functionality and store report data. The primary host systems are operationally promoted as 'secondary' or 'back-up' to provide triplex redundancy. The current system architecture was originally designed to separate reporting from the primary hosts for performance reasons.

The Texas EBT System primary site offers enough redundancy to prevent a single point of failure from affecting benefit delivery and requiring switchover to the backup contingency location. Each critical hardware component at the primary site has a physically separate counterpart that takes over in the event of failure. Should the primary site develop more extensive problems, the backup site is capable of supporting the entire EBT function.

The current Texas EBT System also consists of two independent test environments to replicate the production environment for development and TP Processor certification testing. The smaller (Dec-Alpha) test environment servers have full production database processing capability.

A detailed diagram of the current Texas EBT operating environment is included in Appendix C.

#### **2.3.1 EBT System Database Components**

The Texas EBT application utilizes Sybase (version 11.03) as the database on each host to store all client information and to process EBT transactions with identical parameters on all systems.

- Sybase SQL Server
- Sybase Open Client
- Sybase Open Server

Following is a list of approximate sizes in the EBT production database:

- 155 Tables
- 955 Columns
- 165 Views

### 2.3.2 EBT System Application Communications

Two software applications are primarily used to facilitate communications between major application components. They are:

- BRIDGE – Used to receive and format electronic messages from Texas EBT Central Processor engines.
- GATEWAY – Used to receive Remote Procedure Calls (RPC's) for processing through the GUIMAN application (described below) or to make 'pass-through' connections directly to the database.

### 2.3.3 EBT System Transaction Processing Components

Three main application products utilize the transaction processor (GTMS) API for inter-process communication, data distribution and re-processing.

1. POSMAN – Receives the POS messages from the BRIDGE and then transforms the Texas EBT adapted ISO 8583 electronic messages to SQL. The SQL transactions are first validated on the primary database and then committed and recorded to the Master Journal File (MJF). The MJF is then 'NPLXed' to the other hosts using Ethernet multicast.
2. GUIMAN – Used to receive the GUI transactions from the GATEWAY and similarly validate and commit on the primary host prior to being NPLXed to the other hosts.
3. BATCH – Used to process the following general categories of input files from external interfaces as well as system internal processing.
  - Benefit files from eligibility determination (SAVERR/TIERS)
  - Responsible party files with cardholder record information from eligibility determination (SAVERR/TIERS)
  - Cancellation files from eligibility determination (SAVERR/TIERS)
  - USDA/FNS authorized retailer (REDE) files
  - New EBT card issuance and manual replacement card files
  - Expungement, Dormant and Purge system files
  - Manual voucher authorization (expiration) files

#### 2.3.4 EBT System “Front End” Transaction Processing Components

The Texas EBT System Front End Transaction Processor (Engine) software integrates TP Processors for financial transaction activity with Triple Data Encryption Standard (TDES) pin encryption and TCP/IP protocol. Key replication between multiple Engines is also included so that TP Processors can be re-directed (Engine fail over) without a new key change request. Engines allow for individual TP Processors to connect with a single access (AI) code from two different originating (TP Processor) host locations. This enables TP Processor diversification and for contingency considerations with established settlement reporting. The three primary host Engines with redundant failover to Engines are located at the backup location. The Engine software operates on Windows servers with Ethernet network interfaces and hardware security integration. Engine software primarily consists of queuing functionality and four primary applications.

- Queue Server – Queues data between each Engine component application
- Waygate – Communicates with the host and sends messages from the Engine to the host (TCP/IP)
- IP Gateway – Communicates with TP Processors
- Engine – Operates as main processing module. Initiates key translation. Key generation and key replication. Stores TDES working keys and switches between Texas EBT primary host and interoperability switch
- Security Server – Connects with security hardware and Engine for key generation and key translation

### 2.3.5 Current Texas EBT Transaction Processing Operating Environment

This section is purposefully left blank. For a diagram of the current Texas EBT Transaction Processing Operating Environment, see Appendix C of this RFO.

## **2.4 EBT Application Software Requirements**

### 2.4.1 Staffing Requirements

- (A) The Awarded Vendor will maintain a staff with skills, experience, and requirements as defined in this RFO to support the Texas EBT Application Software, including quality assurance. In addition, the staff may, from time to time, be required to perform work at the Texas EBT backup computer site. Currently, this site is located in San Angelo, Texas, but could be located elsewhere, although probably in Texas at some future time.
- (B) The Awarded Vendor must maintain a pool of experienced application developers and database administrators to support the Texas EBT system. For the first twelve months of the contract, two senior software engineers (one prime and one backup) must be available to support the Texas EBT Application Software and database. The prime senior software engineer is expected to be 100% dedicated to TX EBT for the first twelve months of the contract and the backup must be available in the absence of the prime software engineer. Respondents are required to describe and designate their key staffing personnel and methodology for meeting the staffing requirements for the first twelve months of the contract and thereafter. The software engineers must have a minimum of ten (10) years experience working on large on-line, real-time commercial financial transaction processing systems (e.g. systems that process 1 million or more monthly transactions with a total value of more than \$200 million), including at least five (5) years experience with EBT transactions, and five (5) years experience with senior-level logical Database Administration (DBA) support. If vacancies occur in these positions during the first year of the contract, the awarded vendor must fill them expeditiously with senior software engineers who possess the required experience, knowledge, skills and qualifications. An adequate number of junior-level software engineers must also be available during the contract period to provide the 24X7X365 on-call coverage required by this RFO. The Awarded Vendor's staffing pool must be trained or have experience with Electronic Benefits Transfer systems, including ISO 8583 messaging and encryption/decryption standards.

The prime senior level software engineer will be expected to respond at the highest priority level as required during the escalation response for any interruption in the Texas EBT System (see 2.7.1 Notification and Response). The senior level software engineers will be responsible for working closely with the System DBA that is provided by the DIR DCS Provider.

- (C) Application support staff must have experience developing and maintaining long-distance data replication for high-speed financial transaction processing and experience with triple-redundancy systems that use database replication techniques to support system failover in less than three (3) seconds without dropping transactions or building up significant queues of uncompleted transactions.
- (D) Application Software support staff must be on call and available to respond within five (5) minutes to suspected software-related problems on a 24X7X365 basis.
- (E) In their responses to this RFO, Respondents must describe in detail how they will support expected, as well as unanticipated, fluctuations in the workload associated with maintaining EBT application source code. Respondents must also describe their methodology for prioritizing Texas EBT issues that may compete for resources with other projects and/or staffing obligations under other contracts.
- (F) The Awarded Vendor must provide a Project Manager who has decision-making authority and will assume responsibility for coordination, control, and performance of staff, including any subcontractors. The Project Manager must be available to HHSC during regular HHSC business hours for the workweek. This will be from 8:00 a.m. through 5:00 p. m. (Central Time), Monday, through Friday, excluding State holidays. The Project Manager should be located in Austin, TX, or be available as required by HHSC for in-person meetings.
- (G) Any changes to key personnel associated with the contract must be submitted in writing and approved in writing by HHSC prior to the change being made.
- (H) The Awarded Vendor must provide an organizational chart and list of the Vendor's corporate chain-of-command, as well as the Awarded Vendor's methodology and established procedures for contacting individuals within that chain-of-command.

- (I) The Awarded Vendor must use a proven process for management of project management staff, subcontractors, suppliers, and remote field resources. HHSC will retain the right of final approval for subcontractors, project management staff, and other key personnel. Respondents must outline their methodologies for managing project management staff and subcontractors in the Project Management Plan requested in Section 2.11.
- (J) Respondent must identify and fully describe how proposed Key Personnel meets all the staffing requirements. Individual resumes that demonstrate experience germane to the position proposed must also be submitted, as required by Section 3.11.1 Part 1 – Business Proposal, Section 3.

#### 2.4.2 Texas EBT Application Software

- (A) The Texas EBT Application Software will be supplied by HHSC. This software was originally developed (C programming language) in the early 1990s and has been modified and upgraded by members of the original software development team since that time.

The Awarded Vendor must:

- work with HHSC and the DCS Provider to establish procedures supporting all Texas EBT application programs, documentation, database schemas, file layouts, transaction rules, and documentation required;
  - define initial and ongoing staff skills and staffing levels to meet all service level requirements;
  - develop a comprehensive application program maintenance process;
  - acquire and manage any workstation hardware and communication lines that may be needed by the Awarded Vendor in order to maintain the Texas EBT Application Software on development hardware housed at the Consolidated Data Center; and
  - develop a comprehensive software Implementation and Maintenance Plan.
- (B) Texas has a national reputation for the superior performance, reliability and flexibility of its EBT system that to date has processed over \$21 billion in transactions, while settling 10 million transactions per month with 100% accuracy on a daily basis. HHSC requires all involved parties, including the Awarded Vendor, to commit to quick response to system outages, based on agreed to

service level requirements. The Awarded Vendor must both respond to HHSC and begin remediation work within five (5) minutes of an EBT system outage.

Texas EBT is highly visible and represents a critical function of the state that requires EBT industry-specific technical skills and in-depth program knowledge to support. With this baseline understanding of the high-level business requirements of the Texas EBT program, the Awarded Vendor must develop a comprehensive plan that ensures that the Texas EBT application maintenance and support staffing meets all the requirements of this RFO. In their responses, Respondents must define their methodology in detail for meeting all requirements, including service levels, relating to the maintenance and support of the Texas EBT Application Software as defined in this RFO.

- (C) In their responses, Respondents must describe how they will cooperate with HHSC and the DCS Provider in order to provide service levels that allow the Texas EBT system to maintain a 99.9% or better uptime.
- (D) The Awarded Vendor must work with HHSC and the DCS Provider to establish and use comprehensive software version control methods and procedures that will be managed by the DCS Provider. Additionally, the Awarded Vendor will be responsible for conversion of existing software version control records maintained by the current vendor into whatever system is established.
- (E) The Awarded Vendor must provide electronic copies of software and support documentation to HHSC within 30 days following any changes or upon request by HHSC.
- (F) The Application Software maintained by the Awarded Vendor must allow the Texas EBT Call Center staff to interface with the EBT system through the use of Interactive Voice Response (IVR) software. The Awarded Vendor must modify the EBT Application Software as necessary to ensure that the IVR software can perform its functions via Remote Procedure Calls (RPC) and/or other methods to communicate with the EBT system and database. The IVR software will be supplied and maintained by the Call Center contractor.
- (G) The Awarded Vendor must maintain the web-based Administrative Terminal (AT) application software, which provides all necessary functionality to ensure that the Texas EBT Retailer

Management Contractor can perform all required settlement and reconciliation functions, including dispute resolution and adjustments.

- (H) The Awarded Vendor must cooperate with and support the Retailer Management contractor and all TP Processors to ensure that the Texas EBT software accurately processes, records and reports on transactions initiated by EBT POS devices and meet or exceed established service levels.
- (I) The Awarded Vendor must ensure that the EBT software accurately processes, records and reports on all batch transaction files and AT-generated on-line transactions that originate from the HHSC's Eligibility system, while meeting or exceeding established service levels. Batch files are currently transmitted from the HHSC system using file transfer protocol (FTP) standards.
- (J) The Awarded Vendor must ensure that all required Automated Clearing House (ACH) and EBT retailer settlement functions and services supported by the EBT software are accurately calculated and meet all established service levels. The rules, procedures, and information flow between the EBT system and the ACH service provider is defined by the National Automated Clearing House Association (NACHA).
- (K) The Awarded Vendor must manage the software development environment used to properly store, secure, test and execute all applicable applications programs. The DCS Provider will provide hardware and systems software that can be used by the Awarded Vendor to address this responsibility. The DCS provided environment will include hardware that can be used by the Awarded Vendor for application development and unit testing, as well as integration testing. Upon successful completion of integration testing by the Awarded Vendor, the DCS Provider will conduct pre-production testing. The awarded vendor may, but is not required to, establish a software development environment at the vendor's facilities. If such an environment is established, it must be functionally equivalent to the development and unit-testing environment maintained by the DCS Provider. FNS may participate in user acceptance testing. In their Offers, Respondents must describe in detail their methodology for addressing this requirement, including the following:

- (1) Using a version control system that is managed by the DCS Provider for check out and check in of any Texas EBT software that is to be modified by the Awarded Vendor. The

Awarded Vendor must use any change management, version control and/or other applicable software maintenance tools and techniques required by HHSC or the DCS Provider.

The EBT production software library contains source code, sub-routines, procedures, and other application software needed to operate the EBT System. This library will be secured, and only personnel with a need to access the library will have access to the source code. The DCS Provider will be responsible for compiling, production testing and installing the object code into the production library. All production execution for the EBT System will be from this library.

(2) For program failures and enhancements, the Awarded Vendor will check out the software that will be changed using procedures established by the DCS Provider. The Application source code will be moved from the production code library to the maintenance environment by the DCS Provider at the request of the Awarded Vendor. All application program modifications and enhancements will be made to the source code in the DCS provided maintenance environment or if necessary on equipment maintained by the Awarded Vendor. Once the application(s) changes have been unit tested, they will be moved to a DCS provided test environment for user acceptance testing. After the program changes are approved by HHSC and the DCS Provider, they will be moved by the DCS Provider to a staging library. The Data Center operations personnel will use this library for final pre-production testing by appropriate staff. Once approved, DIR DCS Provider staff will move the updated source code into the production library, where it will be compiled or assembled, and the object code will be installed into the production environment. At this point in the process, the Application Software changes are again classified as production ready.

- (L) Respondents must describe in detail their standard processes and capabilities for providing software on time, within budget, and to acceptable standards as described in this RFO. Including the following:
- (1) Creation of Software Specifications, stating what it is that is going to be developed, combined with formal sign off and approval mechanism;
  - (2) Use of a Technical Specification, stating precisely how the items specified in the Software Specifications are to be developed and how they will be used. The Technical Specification should be a living document throughout the term of a project, and:

- (3) Code review with metrics that allow developers to walk through an implementation, and to suggest improvements or changes.

In evaluating proposals, HHSC will favor Respondents who utilize robust software development standards and processes, such as the Software Engineering Institute's (SEI) Capability Maturity Model (CMM). For the purpose of supporting the Texas EBT Application Software, a Respondent performing at a level 3 CMM or better is preferred.

- (M) In their responses, Respondents must describe how they will cooperate with the DCS Provider in order to maintain the Application Software and logical database structures to provide the following transaction service levels:

(Assuming as many as 1200 transactions per minute and a maximum transaction delay of 5 seconds from POS to host)

- 98% of all leased line transactions shall be processed within ten (10) seconds or less, measured at the POS device.
- 100% of all leased line transactions shall be processed within fifteen (15) seconds or less, measured at the POS device
- 95% of all dial-up line transactions shall be processed within 15 seconds or less, measured at the POS device

HHSC and the Awarded Vendor shall agree that the Awarded Vendor shall not be subject to liquidated damages for failure to meet a performance standard where said failure is caused by HHSC, another EBT contractor, another State agency or party. HHSC reserves the right to make the final determination in the identification of performance failures and assessment of liquidated damages.

2.4.3 Texas EBT Application Software Components

(A) The Awarded Vendor is responsible for supporting and maintaining the Texas EBT Application Software that will be provided by HHSC. Support and maintenance will be defined as any action necessary to ensure that the Application Software accurately and timely processes, records, and reports on EBT data, within agreed-upon service levels. The Awarded Vendor must support and maintain the following EBT System components. The Table includes EBT Application Software components and the estimated lines of codes that are currently supported:

EBT Component	"C" Code	Host Code	Sybase SQL	Sybase SQR	OS Scripts	Total Estimate
EBTLIB	4825	2603				7428
GATE	15404	1670				17074
GSRV	18016	2996				21012
BRIDGE	2718	335				3053
OPSRVLIB	2246	174				2420
POSMAN	24314	2144				26458
GUIMAN	34692	3065				37757
BATCH	30367	4780				35147
TTOP	14790	6606				21396
Database			77439			77439
Reports				29873		29873
OS Scripts					21434	21434
<b>Total Estimate</b>						<b>300491</b>

The "Host Code" and "C Code" listed in the table above is the source code and the database stored procedures, which determine the Texas EBT business rule functionality for the applicable EBT Component in the table.

(B) Respondents who indicate in writing their **desire** to review the Texas EBT Application Software and related documentation will be allowed to do so at an HHSC facility in Austin, Texas. Respondent must contact the HHSC Point of Contact for this RFO at least 45 days prior to the proposal due date as defined in Section 1.9, and **must execute a Confidentiality and Nondisclosure Agreement to be provided by HHSC**. HHSC staff will schedule and manage software reviews by vendors on a first-come-first-serve basis. Respondents that schedule time for code reviews will not be allowed to remove documents from the resource room or to make copies of any information provided for

review. Cameras of any type, including camera phones, will not be permitted during the Application Software review.

## **2.5 Application Maintenance Environment and Test Participation Requirements**

### **2.5.1 Maintenance Environment**

The Awarded Vendor will have access to a development and testing environment that is provided by the DCS Provider. This environment will include, but may not be limited to, hardware, system software, communication circuits, system support, and the physical Database Administrator (DBA) support required to maintain and certify the Texas EBT Application Software. If desired by the Awarded Vendor, a fully compatible development and unit test system may be maintained at the facilities of the Awarded Vendor. Any such testing system will include communication circuits, hardware, system software, and must be established and operated by the Awarded Vendor at no additional expense to HHSC. Respondents must define their procedures and processes for physical and logical software control and distribution between test and production sites, as required in the Software Control Management Plan.

The DCS Provider will provide a pre-production test environment that will closely simulate the live production environment. This test environment will include all hardware, system software, communications, facilities, and personnel to support the different test phases needed to enable HHSC and the DCS Provider to certify the Application Software prior to installing it in the production EBT System environment. A diagram of the current data center environment is provided in Appendix C. The environment is subject to change from time to time as the DIR Data Center refreshes its technology and consolidates the environments of agencies that use similar hardware. Unless otherwise agreed by all parties, any hardware consolidation will be accomplished in a way that does not significantly affect the Awarded Vendor's ability to perform its responsibilities under this RFO.

The DIR DCS Provider is responsible for verifying that the production databases are loaded with the most current, accurate, and complete data. The Awarded Vendor must participate in final acceptance testing, including, but not limited to verifying that all programs, screens, reports, and data are accurate and operating efficiently.

### 2.5.2 Test Participation

During the contract implementation period, the Awarded Vendor must participate in an acceptance test and certify that all current EBT Application Software programs, and associated information will be transferred to the Awarded Vendor from the current EBT Central Processing Vendor. FNS may participate in any phase of user acceptance testing. The Awarded Vendor must fully test and accept all programs before the end of the implementation period including:

- Application programs, procedures, and other data items needed for the EBT Application Software
- Test scripts and test cases used to verify the Application Software
- Application Software documentation
- Database schemas with definitions
- Data dictionaries
- File layouts with element definitions and key structure defined
- Transaction layouts with posting rules and documentation

HHSC will work with the vendors to ensure that neither the Awarded Vendor nor the DCS Provider causes an unreasonable delay to the agreed-upon implementation schedule.

### 2.5.3 Test Environment and Implementation Schedule

If the Awarded Vendor elects to establish and utilize an initial development and testing environment at its facilities, the operating environment must be fully tested prior to use. Parties must agree to an implementation and testing schedule. Respondents must include their proposed implementation schedule in the Implementation Plan as required in Section 2.11 of this RFO.

## 2.6 ***Application Maintenance Requirements***

Software maintenance is defined as maintenance of the Texas EBT Application Software source code including, but not limited to, remedying software defects, fixing bugs and deficiencies; adapting software to handle changes in the environment such as in the operating system or database management system; and perfecting the functionality, usability, reliability, performance, or security of the system. Routine software maintenance may also involve changes to the software in order to correct deficiencies found during routine field usage or after new or enhanced functionality is added. Changes resulting from

changes to state and/or federal laws, regulations or rules are considered maintenance changes and will be completed by the Awarded Vendor at no additional cost to HHSC. After any enhancement has been implemented and accepted by HHSC, it will become a maintenance item and maintained by the Awarded Vendor at no additional cost to HHSC. Software maintenance does not include new applications or major rewrites of existing application software that substantially change the application's functionality. However, once the new or rewritten application is placed in production, subsequent changes and/or bug fixes are considered to be software maintenance activities. Current software changes, historical changes, and any work-in-progress will be transferred to the Awarded Vendor.

Software enhancement is defined as a software development initiative that improves and/or adds functionality to any software component of the Texas EBT System including, but not limited to, the EBT host, network, reconciliation retailer and call center components. The scope and responsibility for software enhancements are managed through the change approval process. The Awarded Vendor must provide up to 2000 work hours of software enhancements per year at no charge to HHSC during each contract year. The contract year begins on the contract execution date and annually on that date thereafter. Individual enhancement projects requiring less than 40 (forty) hours will not count against the 2000 hour annual allocation, and will be performed at no additional cost to HHSC. HHSC will be allowed to carry over a maximum of 1000 of the 2000 hours that are unused from one year to the next. After the 2000 hours, plus any carry-over hours that have been expended during a given contract year, any authorized enhancements greater than a 40-hour effort per project will be reimbursed by HHSC. Respondents must propose an hourly cost for such enhancements in the Cost Proposal section 3.11.2, Table E. HHSC reserves the right to request additional changes and updates to the EBT Application Software, as it deems necessary. HHSC does not guarantee the utilization of all hours each year for the life of the contract. Any unused hours over and above the 1000 hours that may be carried over from year to year, will be forfeited by HHSC.

The Awarded Vendor will maintain and submit a monthly Software Reporting Log showing the specific time allotted and spent on each maintenance and enhancement project. The Software Log must identify the programming staff and their work hours for each project. The Software Reporting Log must be submitted to HHSC by the 15<sup>th</sup> calendar day of every month.

The Awarded Vendor is responsible for creating and maintaining a progress log of all ongoing changes, maintenance projects, enhancements, modifications, and new projects. This log must be accessible by

HHSC. Meetings will be coordinated between the Awarded Vendor and HHSC SIMS staff on a weekly basis for status updates and review of all items in the progress log.

#### 2.6.1 Application Maintenance Environment

The Awarded Vendor and the DIR DCS Provider will establish an environment needed to properly store, secure, test and execute all EBT application programs. This ongoing task will consist of the following steps:

- (A) Maintenance of all production source code in a production library that is maintained by the DIR DCS Provider. This library will contain the source programs, sub-routines, procedures, and other components of the Application Software needed for the Texas EBT System. All production execution for the EBT System will be from object code that is created by compiling and/or assembling source code from this library.
  
- (B) For program maintenance and enhancements, the Awarded Vendor will work with the DCS Provider and HHSC to establish procedures for checking out source code and making changes in a DIR established development and testing environment. The DCS Provider will move programs from the production source environment to the maintenance environment. All program modifications and enhancements will be made to the source code in the development and testing environment. The Awarded Vendor may also utilize its own development and testing environment if desired. However, all modified EBT software must be tested in the DCS Provider maintenance environment prior to being submitted for pre-production testing. Once the Awarded Vendor has completed unit testing, the modified source code will be moved to the DCS Provider supplied test environment for user acceptance testing by HHSC. After the application program changes are approved by the user or appointed representative, the program will be moved to a pre-production testing environment for final testing by the DCS Provider. When final testing is successfully completed, the DCS Provider will move the modified source code into the production source code library, where it will be compiled or assembled. The object program resulting from this process will then be installed into the production environment by the DSC Provider. At this point in the process, the modified program is again classified as production ready.

### 2.6.2 Software License Agreements

The Awarded Vendor must comply with Texas EBT software license agreements, which include but are not limited to the following agreements:

1. Texas Electronic Benefit Transfer System License Agreement
2. Texas EBT Web-based GUI
3. Interoperability Agreement

See Appendix B for additional Software License Information.

To review the software licenses, Respondents must indicate in writing their desire to review the Texas EBT Application Software and related documentation as required in **Section 2.4.3 (B)**. Respondent must contact the HHSC Point of Contact for this RFO at least 45 days prior to the proposal due date as defined in Section 1.9, and **must execute a Confidentiality and Nondisclosure Agreement to be provided by HHSC.**

### 2.7 Texas EBT System Availability and Outage

Texas EBT System architecture provides for a triplex system with a primary host, secondary host and a backup host to meet uninterrupted processing expectations. Texas EBT System Availability is defined as meeting the following system requirements on a continuous basis while maintaining a 7-day, 24-hour availability.

- Processing availability for financial transaction activity originating at Point-of-sale (POS) devices from certified Texas EBT Third-Party (TP) Processors.
- Primary host availability (hardware, communications, operating system, application software).
- Central processor (Engine) integration of electronic messaging for Texas EBT cardholder financial transaction activity from all certified Texas EBT TP Processors.
- Transaction processor (Engine) integration and interoperability network switching for out-of-state cardholder financial transaction activity originating from specified Texas EBT TP Processors.
- Data circuit availability (primary or backup functionality) provided to specified Texas EBT TP Processors.

- Call Center integration functionality requirements to include automated response (IVR), associate answer and retailer manual voucher approval.
- Remote Procedure Call (RPC) processing via GUIMAN.

Texas EBT System Outage (downtime) determination will be based on the following criteria:

*Texas EBT Cardholder* - Inability to process Texas EBT cardholder POS financial transaction activity from one or more Texas certified EBT Third-Party Processors.

- All outages must be quantified and rounded to the nearest second.
- When the outage is limited to one or more (but not all) Third-Party (TP) Processor(s), total outage is allocated based on the percentage monthly transaction volume by TP Processor. The most recent month's summary transaction activity volume by TP Processor will be used to determine allocation percentages. For example, given: TP Processor A is down for 10 minutes and TP Processor A conducted 10% of the Total Texas EBT transaction activity for the prior month. If the interrupted system outage only applied to TP Processor A, the resultant Texas EBT System Outage is 1 minute (10 minutes X .10). Each additional TP Processor outage is added (applied) to the total outage as applicable.

*Texas EBT Call Center Activity* – Inability to process Call Center functional requirements to include IVR and associate answered calls.

*Texas EBT User Access* – Inability to access and/or complete expected user functionality requirement from Web Based GUI or other established interface to the Texas EBT System (i.e., Interop Exception, AMA).

The investigation and determination of outages will be based on a thorough investigation by all means available to include the following.

- TP PROCESSOR transaction history
- Daily (Whale) Master System Inquiry Report

- Data network availability. For data network support provided to specified TP Processors, downtime determination is based upon simultaneous outage of both the primary (frame) and backup (ISDN) data circuits
- Operator logs

#### 2.7.1 Notification and Response

With the Texas EBT Triplex System, there is no specified exclusion for regularly scheduled downtime involving routine maintenance. Requests for downtime to perform required maintenance must be specifically approved and coordinated.

The notification and response expectation for all interruptions to the Texas EBT System are based on the following.

1. DIR Data Center Service Provider: Central Processor Operations staff will follow established procedures following system interruptions or other malfunctions to include the following notification requirements. The DCS Provider will:
  - Contact the primary on call software application and support staff immediately upon determination that software support is required. [Contact secondary on call software application and support staff if no response from primary within five (5) minutes.]
  - Contact network or other systems support staff immediately upon determination that their associated support is required
  - Coordinate with and respond to affected TP Processors
  - Initiate pager and email notification for all identifiable Texas EBT System interruptions or outages
  - Disseminate the initial Incident Report (IR) unless otherwise notified by LST
2. Software Application Support: The Awarded Vendor will establish a primary and secondary on call (24 X 7) support staff notification process to include the following:
  - Primary (and secondary) on call support software staff response time is five (5) minutes maximum and will be accountable as a SLA

- On call support staff will escalate to acquire additional software assistance to include DBA support assistance as required
- Pager notification will be initiated immediately upon problem resolution

### 2.7.2 Incident Reporting

Texas EBT System outages, interruptions or malfunctions will be recorded in a Texas EBT Incident Report (IR) based on the following. HHSC Lone Star Technology (LST) staff will determine when an Incident Report is required and who has primary responsibility for the Texas EBT outage, interruption or malfunction. Primary responsibility for the Summary IR will be based on the nature of the interruption, processing malfunction or reporting error.

1. Transaction Processing: Expected functional requirement is the primary responsibility for the central processing component. For example: An operator error, inadvertent or otherwise, causes an interruption.
2. Software Application Maintenance and Support: Expected functional requirement is the primary responsibility for the software maintenance and support component. For example: A TP PROCESSOR retrieves an inaccurate daily settlement report that is directly attributable to an error made by a software application support staff.
3. Call Center: Expected functional requirement is the primary responsibility for the Call Center. For example: A TP Processor is unable to complete manual voucher authorizations attributable to a Call Center Remote Procedure Call (RPC) error.
4. Retailer Management: Expected functional requirement is the primary responsibility for the retailer manager component. For example: The retailer manager fails to ensure that retailer transaction settlement detail is settled in a timely manner with state supported retailers.

System outage (downtime) will be included in each IR as applicable based on the following criteria. Any additional outages outside of these criteria will be recorded and considered for service level agreement (SLA) reporting as applicable.

- Critical Outage: Any interruption in EBT point-of-sale transaction activity (POSMAN). Outage (downtime) determination applied to the required 99.9% Texas EBT System availability (up-time) determined on a monthly basis.

- Non-Critical Outage: Any interruption in Remote Procedure Call (RPC) processing (GUIMAN). Outage (downtime) determination applied to the expected 98% Texas EBT System availability determined on a monthly basis.

Vendor responsible for the initial incident report will be responsible for the summary incident report, which is due 7 calendar days after the incident. LST may assume primary responsibility for the Summary IR in certain circumstances to include the following:

- Primary IR responsibility cannot be assigned to a central processing or software application maintenance and support vendor
- Natural disasters
- Eligibility system, federal system or other integration failures
- TP Processor outages
- Unavoidable and/or undetermined error or failures

## **2.8 Application Reporting Requirements**

The Awarded Vendor and the DCS Provider will be held accountable for the timely production, accuracy, and electronic distribution of the reports required in this section, as well as the following high-impact reports and files:

- Fraud files
- Retailer files
- Process ad hoc reports, as requested
- All state and federal interface files, batch files, and mandatory reports

When reporting errors occur, the Awarded Vendor and the DCS Provider will be responsible for the timely electronic distribution of all corrected reports and files, which are considered High Impact. The Awarded Vendor will also be held accountable for the accuracy of reports and files relating to hardware processing errors and/or transfer difficulties.

2.8.1 Service Level and Incident Reports

The Awarded Vendor will be required to provide the following reports and will be held accountable for their accuracy and timeliness:

- (A) *System Availability Report* – The EBT System must be available 99.9 % of up time. A service Level Agreement Report documenting all system outages will be due every 5<sup>th</sup> business day of the month for the previous month of operations. The report must provide an availability breakdown by Central Processor, individual Front-end transaction processors, RPC processing, and TP Processors.
- (B) *System Security Report* – Provides audit trail of central processing systems access. A System Security Report will be due every 28<sup>th</sup> calendar day of the month.
- (C) *Incident Reports* – Initial Incident Reports that detail any host computer system downtime or telecommunications failures must be forwarded to HHSC within one (1) business day from the time of the outage and/or incident. Summary Incident Reports will be due within seven (7) calendar days following the time of the outage. The Summary Incident Report will include resolution and steps taken to prevent recurrence. All Incident Reports relating to Central Processor downtime are High Impact reports, and must be handled accordingly. During HHSC non-business hours (nights, weekends, and holidays), a text page and/or verbal notification will be provided, with written Initial Incident Report to be forwarded during the next business day.

2.8.2 Daily Run-Balancing and Key Financial Reports

The Awarded Vendor will be responsible for quickly correcting any software-related problems that are detected during production processing, such as daily run-balancing of control totals, financial reports, and related files. Reports and files with suspected inaccuracies will not be distributed until released for distribution by HHSC according to established procedures.

The DCS Provider is responsible for the timely distribution of reports and the Awarded Vendor is responsible for the accuracy of the reports. The table below includes identification information and a brief description of key financial reports that are currently produced by the EBT system. The list of reports is subject to change at any time during the term of the Software Maintenance contract.

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REPORT NAME	FREQUENCY
<b>FIN001 – EBT Benefit Activity Report (Summary)</b>	
This report shows all benefit deposits for a given day. It is divided into sub-program by showing previous liability processed today, and total liability to-date.	Daily
<b>FIN002 – EBT Account Activity Report (Summary)</b>	
This report shows the activities, both financial and non-financial, which affect benefit account balances by State Benefit Year and Federal Fiscal Year. Transaction counts and amounts are grouped by benefit month. [X-ref FIN006]	Daily, Monthly
<b>FIN003 – Client Payback Report (Detail)</b>	
This report shows all food stamp client paybacks made for a particular day by EBT account number.	Daily
<b>FIN004 – Expunged Activity Report (Detail)</b>	
This report shows all expunged authorizations for a particular day.	Daily
<b>FIN006 – Money Movement Activity Report (Summary)</b>	
This report shows all financial activities, which affect benefit accounts balances. Transaction counts and amounts are grouped by benefit month. [X-ref FIN002]	Daily
<b>FIN007 – Reversals Activity Report (Detail)</b>	
This report shows all withdrawal reversals and refund reversals for a particular day.	Daily
<b>FIN008 – Error Adjustment Report (Detail)</b>	
This report shows all debit and credit error adjustments for a particular day by benefit month.	Daily
<b>FIN009 – Refund Activity Report (Detail)</b>	
This report shows all Food Stamp refund activities for a particular day.	Daily
<b>FIN011 – Retailer Activity Report (Detail)</b>	
This report shows a summary of financial activities for retailers for a particular day grouped by program type. [X-ref MGT004]	Daily
<b>FIN012 – Retailer Adjustment Report (Detail)</b>	
This report shows all adjustments made against retailers for a particular day formatted by retailer account number.	Daily
<b>FIN013 – Retailer Prenote Report (Detail)</b>	
This report tests that an ACH transfer can be made to the TP Processors bank account prior to the actual transfer.	Daily
<b>FIN014 – Retailer EFT Report (Detail)</b>	
This report provides the Concentrator Bank with funds transfer information by retailer for a particular day. It is produced in report and data format and is the basis for the ACH transfer.	Daily, Monthly
<b>FIN014 Interop– Retailer EFT Report (Detail)</b>	
This report provides the Concentrator Bank with Interop funds transfer information by retailer for a particular day. It is produced in report and data format and is the basis for the ACH transfer.	Daily, Monthly
<b>FIN015 – Client Statement (Detail)</b>	
This report details the client transaction history for a given time period. It lists transaction by date and time.	Ad-hoc
<b>FIN018 – Retailer Voucher Activity Report (Detail)</b>	
This report shows manual voucher activity for a given day formatted by retailer account number.	Daily
<b>FIN021 – Money Movement Summary (Summary)</b>	

Section 2 – Mission Results/Scope of Work

REPORT NAME	FREQUENCY
This report shows money movement activities that affect benefit account balances. This report is grouped by state fiscal year and program. [X-ref FIN002]	Daily, Monthly
<b>FIN023 – Third Party Retailer Financial Activity (Detail)</b>	
Details adjustments, manual vouchers and transaction summaries by store for each TP Processor in summary format by date and time. (Also produced in a data format as the "recon" or "dat" file.)	Daily, Monthly
<b>FIN023 Interop – Third Party Retailer Financial Activity - Interop (Detail)</b>	
Details adjustments, manual vouchers and transaction summaries by store for Interop TP Procссор in summary format by date and time. (Also produced in a data format as the "recon" or "dat" file.)	Daily
<b>FIN027 – Daily Voucher Report (Detail)</b>	
This report shows vouchers settled through the EBT system listed by voucher number.	Daily
<b>FIN044 – Batch Potential Expunge Activity Report (Detail)</b>	
This report lists cases that are scheduled to be expunged. Formatted by case number, name and date.	Daily
<b>MGT004 – Monthly Retailer Activity Report (Summary)</b>	
This report shows all financial activities for retailers for a particular month listed by date. [X-ref FIN011]	Monthly
<b>MGT005 – Daily Transaction Report (Summary)</b>	
This report shows daily EBT system transactions formatted by EBT action.	Daily
<b>MGT007 – Transactions By Day Report (Summary)</b>	
This report shows EBT system transactions summarized by day and program type.	Daily
<b>OOS-REPLACE-CARD (Detail)</b>	
This report shows all EBT cards mailed out-of-state by account number with OOS address.	Daily
<b>MGT016 – Administrative Terminal Summary Report (Summary)</b>	
This report shows the EBT system summary by HHSC region and office. The report lists transactions by program type and action type. [X-ref OPR017]	Monthly
<b>MGT024 – Monthly Processing Statistics Food Stamp Transactions (Detail)</b>	
This report summarizes the total amount of POS Food Stamp financial transactions per day.	Monthly
<b>MGT028 – Monthly Processing Statistics Cash Transactions (Detail)</b>	
This report summarizes the total amount of POS cash financial transactions per day.	Monthly
<b>MGT032 – Monthly Processing Statistics Acquirer Information (Detail)</b>	
This report summarizes all financial transactions for each retailer by corporate headquarter.	Monthly
<b>MGT035 – Monthly Card and PIN Processing Statistics (Detail)</b>	
This report shows a summary of card and pin processing activity by day.	Monthly
<b>OPR010 – Manual Voucher Activity Report (Detail)</b>	
This report shows all manual vouchers entered for a particular day listed by voucher number.	Daily
<b>OPR012 – Expired Voucher Report (Detail)</b>	
This report shows all expired manual vouchers after seven days of original voice authorization listed by voucher number.	Daily
<b>OPR016 – FNS Retailer Activity Report (Summary)</b>	
This report summarizes all POS financial transactions listed by FNS number. [X-ref FRB095]	Weekly

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REPORT NAME	FREQUENCY
<b>OPR017 – Administrative Terminal Report (Detail)</b>	
This report shows the administrative terminal activity for a particular day listed by user sign on. [X-ref MGT016]	Daily
<b>CARDMAIL – Mail Card Report (Detail)</b>	
This report shows EBT cards that were mailed to clients for a particular day. The report is formatted by PAN, clients name and address. [X-ref "cardmail.dat file]	Daily
<b>PINMAIL – Mail Pin Report (Detail)</b>	
This report shows pin packets that were mailed to clients for a particular day. The report is formatted by ECN, clients name and address. [X-ref "pinmail.dat file]	Daily
<b>Opr029 – Host Access Security Log (Detail)</b>	
This report shows access attempt to all Texas EBT host systems as a security monitor report.	Daily
<b>OPR032 – Pending Reversals Report (Detail)</b>	
This report shows pending reversals for a particular day.	Daily
<b>Files and Unnumbered Reports</b>	<b>Frequency</b>
<b>Retailer Fee EBT Report</b>	
This report shows transaction processing fees paid to TP Processors on a monthly basis and is titled "RETFEE" in output report format. The file is also produced in ACH format as "YYYYMMDD_Retailer_Fee_ACH_monthly.dat".	Monthly
<b>Cash Fees EFT Report</b>	
This report shows cash back fees paid to TP Processors for cash withdrawals. It is produced in report format as "YYYYMMDD_cash_fees_daily.out" and ACH format as "YYYYMMDD_cash_fees_daily.dat" and "YYYYMMDD_cash_fees_monthly.out" and ACH format as "YYYYMMDD_cash_fees_monthly.dat".	Daily, Monthly
<b>Efunds Exception Report</b>	
This report (efunds_exception) provides exception variance between the Efunds settlement and Texas EBT interop reconciliation files.	Daily
<b>Database Integrity Checker</b>	
This report (bigtx1_dic) provides specific variances by host as desired to ensure database synchronization across all hosts.	Daily
<b>Database Maintenance Monitor</b>	
This report (bigtx1_dmm) provides specified system and device monitoring to ensure enhanced performance on all hosts.	Daily
<b>FRB095 Retailer Activity Report</b>	
The file is produced and sent to FNS as "YYYYMMDD_fcs_export_weekly.dat. FNS uses the file to reconcile amounts drawn through ASAP. [X-ref OPR16]	Weekly
<b>Card Mail</b>	
This file is produced and sent as "YYYYMMDD_cardmail.dat" to Personix for card production and mailing. [X-ref OPR23]	Daily
<b>Pin Mail</b>	
The file is produced and sent as "YYYYMMDD_pinmail.dat" to Personix for PIN packet production and mailing. [X-ref OPR024]	Daily
<b>Whale Report – System Availability Report</b>	
This report shows the number of transactions processed through the POSMAN, GUIMAN and BATCH products for each minute of the day.	Daily
<b>FNS Alert File</b>	

## Section 2 – Mission Results/Scope of Work

REPORT NAME	FREQUENCY
A file "YYYYMMDD_fcs_alert_trx.dat" is produced and sent to FNS that contains detailed information for each food stamp transaction and is used by FNS for fraud detection and investigative activities.	Daily
<b>TX Fraud File</b>	
A file "YYYYMMDD_tx_fraud.dat" is produced that contains detailed information for each food stamp and TANF transaction. The file is used by HHSC OPI for investigative purposes and is also used to populate the EBT Archive Data System database.	Daily
<b>Soon to Expire Report</b>	
This report shows client cases that have encumbered manual voucher authorizations. The report is formatted by voucher date of expiration and voucher authorization date. File name is "YYYYMMDD_soon_to_expire_voice.out"	Daily
<b>HHSC BACKFILES</b>	
<b>Activity</b>	
A file "YYYYMMDD_activity.dat" is produced daily. The file contains selected information relating to detailed account transaction activity.	Daily
<b>Benefit Back</b>	
A file "YYYYMMDD_benefitfile.dat" is produced daily. The file confirms that benefits sent by SAVERR have been received. The file also reports any benefits issued through the Administrative Terminal Application.	Daily
<b>Dormant</b>	
A file "YYYYMMDD_HHSC_dormant.dat" is produced on the 4 <sup>th</sup> of each month by SAVERR request (otherwise Zero filled daily). Cases (accounts) are identified that have not been accessed for 90 days. The report is used by SAVERR to place a "Hold Code Z" on those cases so that no additional benefits will be authorized by SAVERR/TIERS.	Monthly
<b>Coupon Data File</b>	
A file "YYYYMMDD_coupon.dat" is produced daily with zero fill as it is no longer applicable (as of 3/7/2003) and produced only to satisfy SAVERR/TIERS processing requirement.	Daily
<b>HHSC BATCHFILES</b>	
<b>Benefit</b>	
Multiple files "HHSC_embeYYJJNNN.fil" are sent throughout the day in order to deposit expedited food stamp benefits into the EBT system. On a daily basis, HHSC sends a file "HHSC_mobeYYJJXXX.fil" to deposit daily TANF benefits into the EBT system. Additional "mobe" files are sent after cutoff to deposit monthly food stamp and TANF benefits	Daily
<b>Responsible Party</b>	
One or more files "HHSC_respYYJJNNN.fil" are sent from HHSC to EBT in order to add or update client biographical data on the EBT system. The file will create and add the case to the EBT system if the case did not previously exist.	Daily
<b>Cancel</b>	
One or more files "HHSC_cxlYYJJNNN.fil" are sent from HHSC to EBT to cancel benefit authorizations previously sent to the EBT system	Daily
<b>Cast</b>	
A file "HHSC_castYYJJ001.fil" is sent daily from HHSC to EBT to report the death of a client. The information is used by the EBT system to close out the account and expunge benefits.	Daily

## **2.9 Additional Requirements**

- 2.9.1 HHSC and the USDA's Food and Nutrition Service retain the right to conduct on-site evaluations and/or inspections of the Awarded Vendor's records and site(s), including subcontractor facilities, at any time during the contract period.
- 2.9.2 The Awarded Vendor must have procedures in place to escalate problems, including procedures for notification of its corporate management (outside of the project) about major problems. Additionally, Respondents must identify their priority for supporting Texas EBT software in relation to other software products supported for other clients.
- 2.9.3 The Awarded Vendor must respond to HHSC complaints and inquiries involving the Awarded Vendor's subcontractors in a timely manner. Unless otherwise specified, written responses are due within five (5) business days from the date of HHSC's written complaint or inquiry.
- 2.9.4 The Awarded Vendor must provide and obtain HHSC approval for a comprehensive project management and change management infrastructure including a project management methodology, automated project management tools, and associated project management techniques (Microsoft Project preferred).
- 2.9.5 The Awarded Vendor must comply with all the DIR DCS Provider procedures and standards. The DCS Operations and Processing Manual are projected to be available by April of 2007.

## **2.10 EBT System UNIX Migration Requirements**

Contingent upon funding approval, HHSC plans to migrate the existing EBT system hardware and software to a UNIX platform in fiscal year 2008. The Awarded Vendor must be fully capable of supporting and maintaining the existing OpenVMS operating system and Sybase version 11.03, including GTMS transaction processing software, all 'C'-based programs, database code, reports, OpenVMS command scripts and any other form of code that supports the current Texas EBT system residing on OpenVMS, as well as all existing hardware.

The Awarded Vendor must be fully capable of supporting the migration of the Texas EBT operating environment to a UNIX platform as required by this RFO. Respondents must identify such capabilities and fully describe how proposed Key Personnel possess the qualifications and experience necessary to fulfill the requirements of Section 2.10. Individual resumes that demonstrate experience germane to the UNIX migration requirements must also be submitted, as required by Section 3.11.1 Part 1 – Business Proposal, Section 3.

Respondents must identify their proposed cost for the Texas EBT operating environment migration to a UNIX platform. Proposed cost must be included as required in Section 3.11.2 Part – Cost Proposal.

#### 2.10.1 UNIX Migration Overview

Sybase ceased support of its product on OpenVMS on December 31, 2003. Since Sybase's decision to discontinue support, there is an existing proposal to migrate to a UNIX based platform. The UNIX Migration system will continue to employ full remote site triplex architecture with transactions processed by three primary hosts, two at the main site and one at the backup. The difference in the UNIX Migration architecture from the current system is that the reporting functionality would reside on the same physical systems as the primary host, as noted in Section 2.10.7 (diagram).

#### 2.10.2 UNIX Migration Project - Requirements and Expectations

The following provides a description of the current UNIX Migration Project requirements and expectations. The UNIX Migration Project or some form of overall system migration has been in discussion since Sybase discontinued support of its OpenVMS product in December 2003.

Recommendations regarding the unique transaction processing functionality and requirements of the Texas EBT Systems have been carefully considered from both internal analyses and from outside consultants, including Sybase Professional Services. The Texas EBT System must be significantly more robust and capable of expanding and supporting additional Texas agencies, EBT jurisdictions and benefit programs. Primary goals and objectives include the following.

- Address the technological issues confronting the Texas EBT host system (this is a joint effort with HHSC)
- Provide state of the art hardware with an industry standard operating system
- Determine the most cost effective solution
- Achieve the lowest risk for implementation
- Maximize best value for the state and all stakeholders
- Deliver robust, scalable solution for expansion

HHSC has determined that porting the entire Texas EBT application from the OpenVMS platform to a UNIX platform is the most cost effective and lowest risk alternative. The Sybase relational database server would be moved to a UNIX server and the Sybase software upgraded to version 12.5 or higher. New hardware will provide improved performance and growth expansion capability.

The expected changes in the operating environment due to the UNIX migration are diagramed in Section 2.10.8 and Section 2.10.9.

### 2.10.3 Software Migration Plan

The required UNIX upgrade must retain all of the existing business logic in which the Texas EBT Lone Star System has a large investment, while eliminating the Sybase support issue on OpenVMS. Existing reporting functionality and customized stored procedures will be maintained.

All Application Software running on the host OpenVMS systems will be ported as a whole to UNIX, including the GTMS transaction processor, all other 'C'-based programs, database code, reports, OpenVMS command scripts and any other form of code that supports the current Texas EBT system residing on OpenVMS.

### 2.10.4 Hardware Migration

It is intended that the UNIX Migration Project will incorporate IBM p570 or similar hardware processors with considerably more powerful processing capability per CPU than current Texas EBT servers. The current Texas EBT Systems utilizes two 'back end' servers primarily for reporting and system integration purposes. It is intended that the proposed UNIX Migration Project system design would incorporate current Texas EBT reporting and integration functionality into the 'front end' host systems. This system architecture modification provides hardware savings over the current architecture by eliminating the need for two of the existing Texas EBT central system computers and their additional costs. The new UNIX platform will provide real-time transaction processing, integration functionality and reporting on the same hosts in a triplex, triple redundant system.

Any addition of hardware to the EBT system post September 1, 2007 will comply with the DIR DCS change process. The DCS Provider will have an "add resource change" process for upgrading the existing EBT hardware. The DCS Provider will provide the hardware and operating system conversion

through the change process. Existing OS scripts are considered part of the Application Software and the Awarded Vendor is responsible to remediate them so that future functionality is handled within the application layer. The DCS Provider will also determine the timing of the conversion to coincide with other conversions and needs for the Texas data centers. The Respondent to this RFO will be expected to develop a cooperative plan to perform the conversion of the application software, database, and testing of the overall system in concert with the DCS plan.

The conversion to the UNIX environment is anticipated to utilize Sybase for the EBT database as has been previously planned. However, if the Texas data centers standardize on another database engine there could be a requirement to convert the EBT application to the new database at the time of the UNIX migration.

#### 2.10.5 Testing and Validation

The UNIX Migration Project will incorporate parallel testing prior to implementation to include Transactions to Processor (TTOPing) or similar validation testing and verification of ported code. Testing and training requirements to validate the UNIX system delivery include the following.

- Unit testing
- Joint system testing to include full integration testing
  - Batch
  - Guiman
  - Posman
  - Reporting
- Transaction processing integration
- Redundancy and contingency failover
- Reconciliation and Settlement
- Volume testing
- Federal acceptance testing (as applicable)
- Support and problem resolution
- Training of Operations staff on application software
- Failover reversion to prior system as required

#### 2.10.6 Plans and Deliverables

The Awarded Vendor must provide the following UNIX Migration Project plans and deliverables. The plans will provide detailed project management requirements and expected milestones.

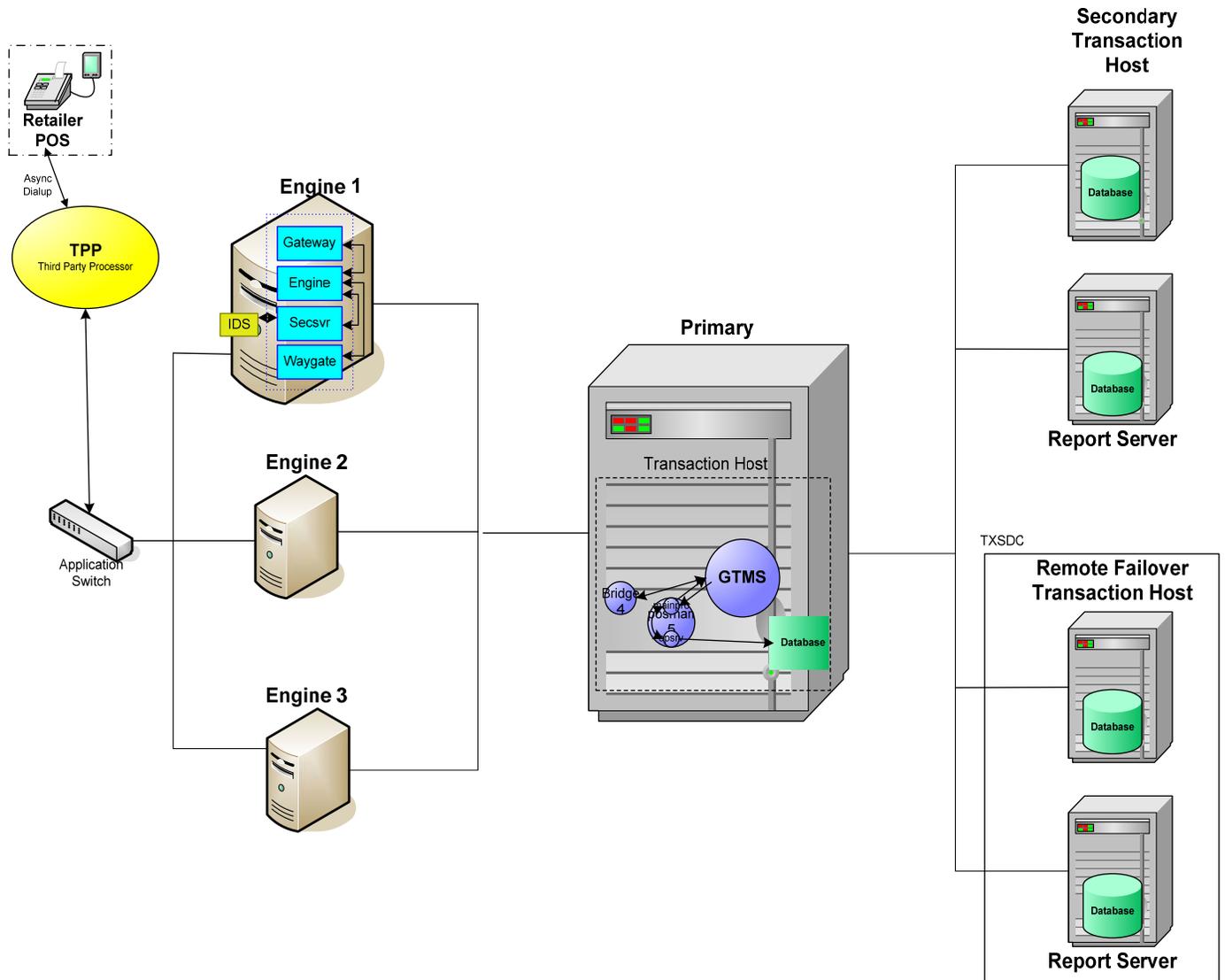
- Project Plan
- System Design Document
- Hardware Plan
- Service Requirements, Maintenance and Support Documentation
- Test Plan with Functionality Test Points (FTP's)
- Quality Assurance Process
- Implementation and Conversion Plan

#### 2.10.7 UNIX Migration Assumptions

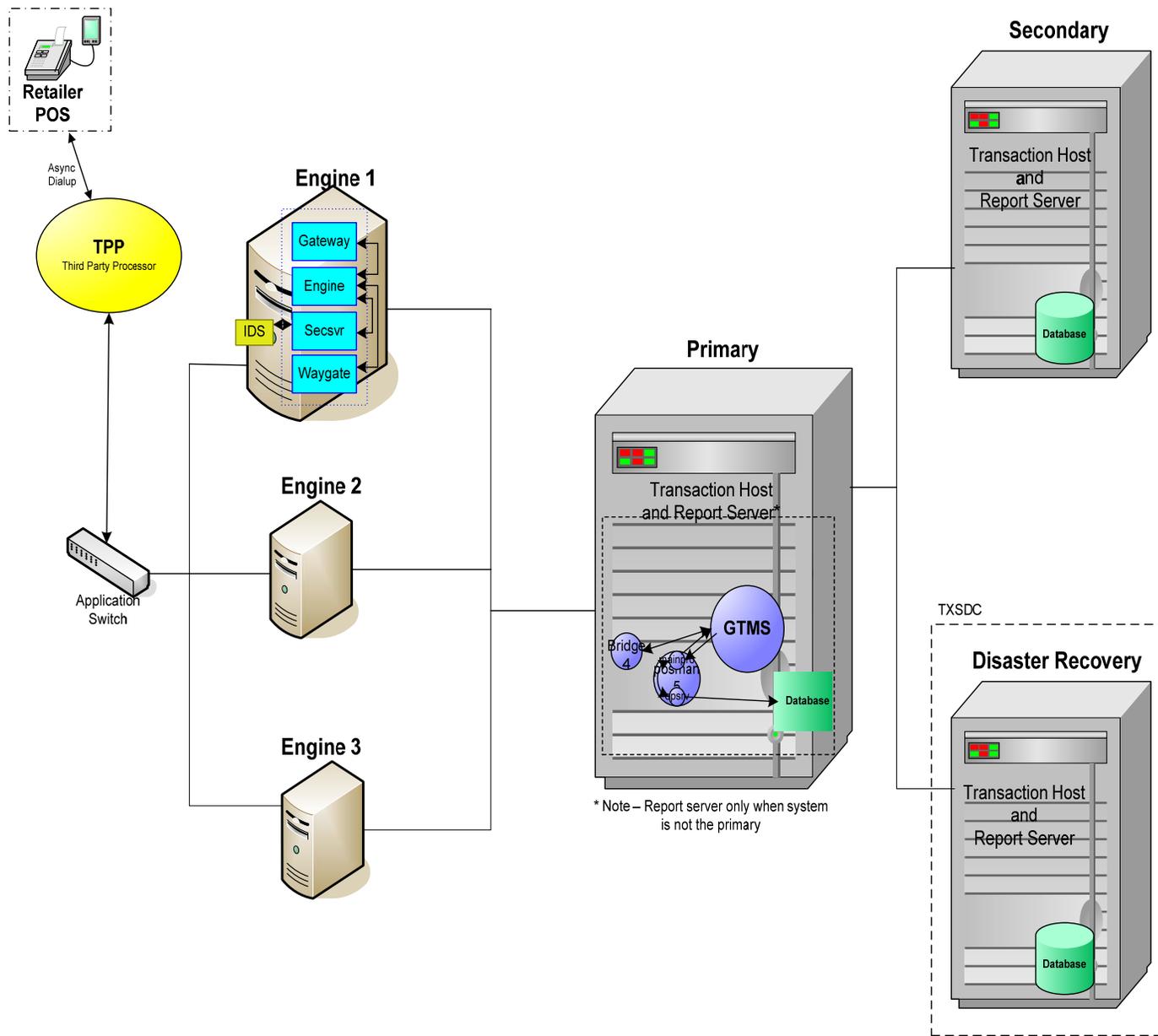
HHSC makes the following assumptions for the UNIX Migration Project.

1. The GTECH GTMS software license agreement for the target UNIX system is established between HHSC and GTECH.
2. A code freeze will be initiated 30 days prior to project start to facilitate software conversion.
3. Quality assurance testing will include one (1) TP Processor.
4. No additional third party software or license agreements will be required.
5. Hardware requirements will be met through the DIR change process.
6. Implementation and conversion will not interfere with known stakeholder or client considerations, including the identified retailer holiday shopping period (November 15 – December 31).

2.10.8 EBT System Transaction Processing Summary Diagram (Current Environment)



2.10.9 EBT System Transaction Summary Diagram (After UNIX Migration)



### **2.11 Management Plans**

Management Plans are operating tools for the life of the contract. The awarded Vendor must have strong management practices. The Vendor must submit, implement and maintain management plans as specified by HHSC. The initial drafts of the plans are due to HHSC with the Respondent's offer. The final drafts of the management plans are to be submitted to HHSC for approval within the timeframes specified below. The awarded Vendor will submit the plans to HHSC in hard copy and in soft copy. The awarded Vendor will review and update the plans as needed, but at least on an annual basis. Final plans and updates to the plans must be completed, submitted, and approved by HHSC prior to being implemented. Additional approval from FNS is required for the Disaster Recovery/Business Continuity Plan and the Transition Plan.

The complete set of management plans include:

- Project Management Plan
- Project Implementation Plan
- Quality Management Plan
- Change Management Plan
- Software Control Management Plan
- Disaster Recovery/Business Continuity Plan
- Disaster Response Plan
- Transition Plan

(A) Project Management Plan

The Vendor must establish a comprehensive Project Management Plan to track the project team's progress regarding project tasks, deliverables, milestones and the management of risks.

The Project Management Plan shall include defined expectations for the content and format of the contract deliverables and a schedule for key activities and milestones associated with all management plans required by HHSC and total staffing and resource allocation by skill set.

The initial draft of the Project Management Plan is to be submitted with the Respondent's offer. The final draft is to be submitted to HHSC for approval within thirty (30) calendar days after contract execution.

(B) Implementation Plan

The Implementation Plan must describe the Respondent's plan for implementing their solution, and describe how the transfer of functions, facilities, and processes will transition from the current contractor to the Awarded Vendor. The Awarded Vendor will be the lead during implementation.

The Implementation Plan must include but is not limited to the following:

- Schedule with key milestones
- Outline of procedures to be followed during the implementation period
- Identification of key issues that need to be addressed during the implementation period (including, but not limited to, meeting performance standards; which vendor operates the primary system; how disputes and issues between the incoming and outgoing vendors will be resolved; liability)
- Identification of roles and responsibilities as they relate to Application Support functions for the incoming vendor, the outgoing vendor, parallel operations, HHSC and additional stakeholders
- Point of contact and procedures for managing problems or issues during the changeover period
- Methodology for working with the incumbent vendor during the transition phase and supporting the incumbent vendor's transition plan
- Implementation test plan which allows for at least two trial conversion tests
- Contingency plan for failed cut over/transition of services to new vendor.

The initial draft of the Implementation Plan is to be submitted with the Respondent's offer. The final draft is to be submitted to HHSC for approval within thirty (30) calendar days after contract execution.

(C) Quality Management Plan

The Quality Management plan provides the framework for a comprehensive, continuous, and measurable quality assurance program. The plan must embody the Respondent's endorsement of the fundamental importance of quality by promoting, reinforcing, and acknowledging quality management activities. The plan must include strategies and processes to promote quality and

procedures to periodically measure and report quality performance to the state throughout the contract period. The plan must specify how often the Vendor conducts internal audits and engages external auditing firms to conduct audits of its operations, and must include a requirement that the Vendor shall supply to HHSC, as and when received by the Vendor, copies of all internal and external quality assurance audit reports.

The following requirements must be incorporated into the Quality Management Plan:

- Unit Testing
- Joint Testing
- Issue Tracking
- Software Hours Reporting
- Methodology for meeting or exceeding service level agreements (Section 2.12 (A) ii).

The initial draft of the Quality Management Plan is to be submitted with the Respondent's offer. The final draft is to be submitted to HHSC for approval within thirty (30) calendar days after contract execution.

(D) Change Management Plan

The awarded Vendor must use an automated Change Management Progress Utility to log and track all requests for system changes, both internal and external. This includes all changes to system software, hardware, and/or application software. All requests for change must be submitted in writing to the SIMS Unit Project Manager, or the appointed representative. This request will be entered into the system for tracking purposes where it will be given a priority. For example, the following are currently use by HHSC.

Priority 1 – Critical for system operation and accuracy

Priority 2 – System enhancements needed for ongoing maintenance

Priority 3 – Cosmetic changes, non-critical

All Priority 1 items are expedited, and worked on immediately, or as agreed to by the SIMS Unit.

All Priority 2 items are worked on once all Priority 1 items have been completed, or as directed by the SIMS Unit.

All Priority 3 items are worked on when manpower is available, or as directed by the SIMS Unit.

The Change Management Plan must provide a comprehensive strategy to manage change and control scope of the operation. The plan must provide a formalized methodology including how changes will be proposed, reviewed, tracked, approved, and how much they will cost. The methodology must also address how change requests will be analyzed and presented, identifying the impact of the change to the schedule, quality, and cost structure.

The Awarded Vendor's Change Management Plan must be consistent with the LST Change Management Plan (Appendix D) and include specifics regarding training and communication procedures, protocols, and feedback systems to facilitate coordination of daily operational activities between the state, other Vendors, subcontractors, stakeholders, and trading partners.

The Awarded Vendor and HHSC will comply with DIR's change management process upon implementation.

The initial draft of the Change Management Plan is to be submitted with the Respondent's offer. The final draft is to be submitted to HHSC for approval within sixty (60) calendar days after contract execution.

(E) Software Control

The Software Control Management Plan must document the planned approach for how business activities will be coordinated and managed with the state, other Vendors, subcontractors, stakeholders and/or trading partners.

This plan must include system integration coordination activities to ensure technological compatibilities among hardware, software, system interfaces, and telecommunications infrastructures.

This plan must include processes and procedures to track the software installations and the software residing on each component of equipment, including test equipment. The plan must include procedures and processes for physical and logical software control and distribution between test and production sites, including control during any software development and changes. The approach should use an automated system.

This plan must also include methods for resolving the following major security concerns for each component of the system: environmental security, physical site security, computer hardware security, computer software security, data access and storage, client/user security, telecommunications security, and network security.

This plan must also meet the FNS EBT System Security Guidelines of February 2004, and comply with the current USDA Automated Data Processing (ADP) security regulations found at 7 CFR 277.18(p) and the Computer Security Act of 1987.

- FNS EBT System Security Guidelines of February 2004 can be retrieved online at [http://www.hhsc.state.tx.us/Contract/529060096/FNS\\_Handbook.pdf](http://www.hhsc.state.tx.us/Contract/529060096/FNS_Handbook.pdf)
- USDA Automated Data Processing (ADP) security regulations can be retrieved online at <http://www.gpoaccess.gov/cfr/retrieve.html>
- Computer Security Act of 1987 can be retrieved online at <http://www.epic.org/crypto/csa/csa.html>

The initial draft of the Software Control Plan is to be submitted with the Respondent's offer. The final draft is to be submitted to HHSC for approval thirty (30) calendar days after contract execution.

(F) Disaster Recovery/Business Continuity Plan

This plan must include processes and procedures for working with the DCS Provider to provide for uninterrupted service delivery. The DCS Provider must maintain a secondary operations site, and this plan must include the methodology for working in compliance with the DCS Provider's Business Continuity Plan, including an annual EBT failover test and/or tests required by FNS or the DCS Provider. Additionally, the plan must include courses of action to address potential and probable issues or problems that could occur during operations, including a disaster at the Awarded Vendor's facility. The Awarded Vendor will be provided with the location of all Disaster Recovery operations facilities and hardware.

The initial draft of the Disaster Recovery Plan is to be submitted with the Respondent's offer. The final draft is to be submitted to HHSC for approval within thirty (30) calendar days after contract execution.

(G) Disaster Response Plan

This plan must include the business processes and methodology for responding to a disaster or emergency that indirectly affects HHSC and its client base. The Respondent must describe its ability to respond to an unforeseen need to increase relevant resources (increase staffing, public information and message control procedures, etc.) in support of the HHSC mission as identified in this RFO. Additionally, the plan must include procedures and preparedness for implementing emergency changes in coordination with HHSC disaster assistance efforts.

In the event of a disaster, extended hours of operation (Vendor's facility) will be required of the Awarded Vendor to support the State's disaster response efforts. The Respondent must describe its ability to support this requirement.

The initial draft of the Disaster Response Plan is to be submitted with the Respondent's offer. The final draft is to be submitted to HHSC for approval within sixty (60) calendar days after contract execution.

(H) Transition Plan

The Transition Plan must describe the Vendor's role and responsibilities during an EBT Transition period to a new vendor at the end of the contract. The incoming software application management vendor will be the lead in coordinating and facilitating all transition activities and the outgoing vendor must be responsive and cooperative.

The Transition Plan must include but is not limited to the following:

- issues that need to be addressed during a transition period
- vendors' roles and responsibilities as they relate to Texas EBT Software Application Management functions
- HHSC's roles and responsibilities as they relate to Texas EBT Software Application Management functions

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- EBT Software Application Management functions
- additional stakeholders’ roles and responsibilities as they relate to the transition of Texas EBT Software Application Management functions
- an outline of key milestones during the transition period
- an outline of procedures to be followed during the transition period
- the Vendor’s method of identifying, documenting and transferring assets developed (nature, type, stage of delivery, location, etc.) during the course of the contract that are subject to the transition plan
- a contact point and procedures for managing problems or issues during the changeover period.
- require support for at least 2 test cycles prior to transition to new vendor
- contingency for failed transition of services to new vendor. Components of this requirement must include the vendor’s decision making process and a plan for continuation of services.

The initial draft of the Transition Plan is to be submitted with the Respondent’s offer. The final draft is to be submitted to HHSC for HHSC and FNS approval within ninety (90) calendar days after contract execution.

(I) Management Plan Due Dates

<b>Management Plan</b>	<b>Initial Draft Due</b>	<b>Final Draft Due</b> Days from contract execution
Project Management	Submitted with offer	Thirty (30) calendar days
Implementation Plan	Submitted with offer	Thirty (30) calendar days
Quality Management	Submitted with offer	Thirty (30) calendar days
Change Management	Submitted with offer	Sixty (60) calendar days
Software Control Management	Submitted with offer	Thirty (30) calendar days
Disaster Recovery/Business Continuity	Submitted with offer	Thirty (30) calendar days
Disaster Response Plan	Submitted with offer	Sixty (60) calendar days
Transition Plan	Submitted with offer	Ninety (90) calendar days

## **2.12 Performance Measures and Associated Remedies**

The state has identified certain instances of default or non-performance that, should they occur or continue to occur over extended periods of time, will cause extreme financial losses to and hardship for the state. Should such conditions of default continue, however, the state intends to pursue recovery of actual losses resulting from the Awarded Vendor's failure to perform, and expressly reserves this right. The state's failure to assess liquidated or actual damages in one or more of the particular instances described below shall in no way modify or waive the right of the state to assess additional liquidated or actual damages relating to other similar occurrences.

### **2.12.1 Liquidated Damages**

The State of Texas expects the Awarded Vendor to perform its responsibilities and tasks as specified in the contract. This expectation is reasonable, within normally acceptable business practices, and in the best interests of the state, its electronic payment beneficiaries, and its citizens. To emphasize this approach, the critical dates for major project milestones and project deliverables specified within the awarded contract will be negotiated with the Awarded Vendor.

The state has chosen to address the majority of the project “risks” related to the Awarded Vendor’s performance through the assignment of liquidated damages. The “liquidated damages” provisions described below represent the projected financial loss and expenditures that may occur as a result of the Awarded Vendor’s non-performance, including financial loss (reduced cost savings) as a result of project delays.

#### **The Awarded Vendor must acknowledge that:**

- If the Awarded Vendor does not fulfill its obligations under the Contract, HHSC will be damaged;
- Establishing the precise amount or value of such damage would be difficult to quantify;
- The liquidated damages provided for in these Terms and Conditions represent a good faith effort to establish a reasonable estimate of the damages that will be incurred by HHSC in the circumstances or situations described;
- Liquidated damages will start to accumulate immediately following the end of the cure period; and cure periods begin upon the Awarded Vendor’s discovery or receipt of notification that a deficiency has occurred.

The time set forth in the Contract for the completion of work is an essential element of the Contract. The Awarded Vendor's failure to complete work within the timeframes prescribed by the Contract will cause damage to the state and possibly to the other EBT contractors. If the Awarded Vendor is responsible for impacting the timelines of the other vendors, the Awarded Vendor will be held accountable as determined by the representative designated by HHSC. Therefore, should the Awarded Vendor fail to complete the work within the agreed upon times, the state will assess and/or collect liquidated damages in the amounts set below. The state's failure to assess liquidated damages in one or more of the particular instances described below shall in no event waive the right of the state to assess additional liquidated or actual damages. HHSC also reserves the right to pursue recovery of actual losses resulting from the failure of the Awarded Vendor to perform, in addition to the specific liquidated damages noted below.

Should any of the following listed landmark events occur during the Contract, HHSC will assess liquidated damages against the Awarded Vendor in the amounts specified below. HHSC shall notify the Awarded Vendor in writing, for any default specified herein, and such liquidated damages will be paid by the Awarded Vendor within thirty (30) calendar days of the HHSC notice. HHSC shall have the right to deduct the amount of any liquidated damages assessed by HHSC against the Awarded Vendor from amounts otherwise payable to the Awarded Vendor under the Contract.

HHSC and the Awarded Vendor shall agree that the Awarded Vendor shall not be subject to liquidated damages for failure to meet a performance standard where said failure is caused by HHSC, another EBT contractor, or another State agency. HHSC's overall EBT system is operated in separate operations, including central processing, retailer management, and call center operations. While each operation is managed separately, it is HHSC's policy and approach in assessing liquidated damages to only assess such damages against the vendor causing the poor performance and HHSC does not intend to assess liquidated damages against the Awarded Vendor when the performance of another vendor for the EBT system causes the Awarded Vendor to miss a performance standard. HHSC reserves the right to make the final determination in the assessment of liquidated damages.

Section 2 – Mission Results/Scope of Work

(A) Service Level Requirements (SLR) and Service Level Agreements (SLA)

Except where noted otherwise, expectations and activities described within this RFO will be evaluated as having the general impact criteria described below for the purposes of liquidated damages. HHSC will evaluate both the accuracy and timeliness of expectations and activities in order to determine potential liquidated damages. HHSC will provide an advance written ten (10) -day notice prior to the assessment of any potential liquidated damages. This notice will allow the opportunity for a written response to HHSC within the ten (10)-day period regarding any considerations that may be applicable to the potential liquidated damages being considered. During the specified “cure period” which is intended to allow corrections of the accuracy and/or timelines deficiency, liquidated damages will not be assessed. The following table of activities and expectations provides additional specific criteria regarding potential liquidated damages. HHSC reserves the right to modify the Monitoring Frequency as needed. All days are defined as calendar days unless otherwise noted.

(i) Service Level Requirements (SLR)

RFO Section	Service Level Requirements (SLR)	Monitoring Frequency	Impact	Cure Period	Liquidated Damage Amount
2.4.1 Staffing Requirements (B)	At least one senior-level staff member must be available daily and when required by HHSC for in-person meetings, technical assistance and guidance in Austin, Texas	Daily	High	1 Day	\$500 Per day
2.4.1 Staffing Requirements (B)	For at the first twelve months of the contract, two senior software engineers (one prime and one backup) must be available to support the Texas EBT Application Software and database	Daily	High	1 Day	\$500 Per day
2.4.1 Staffing Requirements (F)	The Project Manager must be available to HHSC during regular HHSC business hours for the workweek. This will be from 8:00 a.m. through 5:00 p. m. (Central Time), Monday, through Friday	Daily	High	1 Day	\$500 Per day
2.4.2 Texas EBT Application Software (B) 2.7.1 Notification and Response (2)	The Awarded Vendor must both respond to HHSC and begin remediation work within five (5) minutes of an EBT system outage or interruption	Per incident	High	None	\$1000 Per incident

Section 2 – Mission Results/Scope of Work

RFO Section	Service Level Requirements (SLR)	Monitoring Frequency	Impact	Cure Period	Liquidated Damage Amount
2.4.2 Texas EBT Application Software (C)  2.7.2 Incident Reporting <u>Critical Outage</u>	Provide service levels that allow the Texas EBT system to maintain a 99.9% or better uptime	Monthly and as required	High	None	\$1000 Per day
2.4.2 Texas EBT Application Software (I)	The Awarded Vendor must ensure that the EBT software accurately processes, records and reports on all batch transaction files and AT-generated on-line transactions that originate from HHSC's Eligibility system daily	Per incident	High	1 Day	\$500 Per incident
2.4.2 Texas EBT Application Software (J)	The Awarded Vendor must ensure that all required Automated Clearing House (ACH) and EBT retailer settlement functions and services supported by the EBT software are accurately calculated	Daily	High	1 Day	\$1000 Per day
2.4.2 (M) Transaction Response Time Requirements	The Awarded Vendor must not compromise the following performance standards:  98% of all leased line transactions shall be processed within ten (10) seconds or less, measured at the POS device 100% of all leased line transactions shall be processed within fifteen (15) seconds or less, measured at the POS device 95% of all dial-up line transactions shall be processed within 15 seconds or less, measured at the POS device	Daily	High	None	\$1000 Per day
2.7.2 Incident Reporting	Any interruption in RPC processing (GUIMAN). Outage (downtime) determination applied to the expected 98% Texas EBT System availability determined on a monthly basis	Daily	High	None	\$1000 Per day
2.8.1 Application Reporting Requirements (C)	<i>Incident Reports</i> –Initial Incident Reports / Summary Incident Reports / for host downtime, telecommunication failures, and system outages	Per incident	High	1 Day	\$500 Per incident

RFO Section	Service Level Requirements (SLR)	Monitoring Frequency	Impact	Cure Period	Liquidated Damage Amount
2.8.2 Key Financial Reports	Awarded Vendor is responsible for the accuracy of the reports	Daily	High	1 Day	\$500 Per day
2.12 (B) Management Plans	Failure of the Awarded Vendor to submit the required Management Plans in a final version to HHSC will result in liquidated damages	As required	Medium	5 Day	\$500 Per day Per plan

(ii) Service Level Agreements (SLA)

Respondents must describe their methodology for how they intend to provide equal to or better services for the SLAs within the proposed Quality Management Plan (Section 2.11, C). Respondents are encouraged to propose additional SLAs.

RFO Section	Service Level Agreement (SLA)	Monitoring Frequency	Impact
2.4.2 Texas EBT Application Software (E)	The Awarded Vendor must provide electronic copies of software and support documentation to HHSC within 30 days following any changes	As required	Medium
2.4.2 Texas EBT Application Software (H)	The Awarded Vendor must cooperate with and support the Retailer Management contractor and all Third-Party Processors to ensure that the Texas EBT software accurately processes, records and reports on transactions initiated by EBT POS devices daily	Daily	High
2.6 Application Maintenance Requirements	The Software Reporting Log must be submitted to HHSC by the 15 <sup>th</sup> calendar day of every month	Monthly	Medium
2.6 Application Maintenance Requirements	The Awarded Vendor is responsible for creating and maintaining a progress log of all ongoing changes, maintenance projects, enhancements, modifications, and new projects	Weekly	Medium
2.8.1 Application Reporting Requirements (A)	<i>System Availability Report</i> – The EBT System must be available 99.9 % of up time. A service Level Agreement Report documenting all system outages will be due every 5 <sup>th</sup> business day of the month for the previous month of operations	Monthly	Low

RFO Section	Service Level Agreement (SLA)	Monitoring Frequency	Impact
2.8.1 Application Reporting Requirements (B)	<i>System Security Report</i> – Provides audit trail of central processing systems access. A System Security Report will be due every 28 <sup>th</sup> calendar day of the month	Monthly	Low
2.9 Additional Requirements (2.9.3)	The Awarded Vendor must respond to HHSC complaints and inquiries involving the Awarded Vendor's subcontractors in a timely manner. Unless otherwise specified, written responses are due within five (5) business days from the date of HHSC's written complaint or inquiry	As required	Medium

(B) Management Plans

Failure of the Awarded Vendor to submit the following required Management Plans in a final version to HHSC will result in liquidated damages in the amount of \$500 (five hundred) per day after a five (5)-day cure period. Liquidated damages also apply to Management Plans that are changed due to any future updates that may be required by HHSC.

Management Plan	Initial Draft Due	Final Draft Due Days from contract execution
Project Management	Submitted with offer	Thirty (30) calendar days
Implementation Plan	Submitted with offer	Thirty (30) calendar days
Quality Management	Submitted with offer	Thirty (30) calendar days
Change Management	Submitted with offer	Sixty (60) calendar days
Software Control Management	Submitted with offer	Thirty (30) calendar days
Disaster Recovery/Business Continuity	Submitted with offer	Thirty (30) calendar days
Disaster Response Plan	Submitted with Offer	Sixty (60) calendar days
Transition	Submitted with offer	Ninety (90) calendar days

### 2.12.2 Monitoring

HHSC will monitor the contract performance requirements on a regular basis. HHSC will perform on-site and desk reviews to monitor contract requirements on a regular basis. Monitoring will be based upon RFO contract deliverables/requirements and performance measures as defined in the contract. HHSC may use Independent Validation and Verification techniques in addition to monitoring.

#### (A) Project Delays

If the project is delayed through action or inaction by the Awarded Vendor such that the project implementation deadline, outlined in the Contract, cannot be achieved by the Awarded Vendor, the Awarded Vendor will be in material breach of the Contract.

Should a project delay event occur, and not be remedied by the Awarded Vendor, HHSC shall notify the Vendor in writing of the occurrence of a project delay event. After written notice from HHSC of the occurrence or existence of such project delay event, HHSC shall have the right to assess liquidated damages in the amounts specified below for each day that such unremedied project delay event exists.

- Failure to meet the Project Schedule, as identified in Section 2.13 or the Contract, due to the Awarded Vendor's fault, in the amount of \$1,000 (one thousand) per day with a one day cure period.

### 2.13 Project Schedule

The Project Schedule is listed in the following table, including activities, milestones, tasks, and project phases.

Project Schedule Activities/Milestones/Tasks	Calendar Days	Planned Milestone Date *	RFO Section
Tentative Award	0	4/16/2007	Section 1.9
Federal Approval	+60	6/15/2007	Section 1.9
Access to Texas EBT Test Database	+60	6/15/2007	Section 2.5.2
Contract Execution Date	+74	6/29/2007	Section 1.9
Deliverables - Management Plans (30 Day Plans)	+105	7/30/2007	Section 2.11
Acceptance Software Management Plans (30 Day Plans)	+112	8/6/2007	Section 2.11
Execution of Vendor Implementation Plan Start	+112	8/6/2007	Section 2.11
Deliverables - Software Management Plans (60 Day Plans)	+134	8/28/2007	Section 2.11
Concurrent Operations Start	+113	8/7/2007	
Concurrent Operations End	N/A	8/31/2007	
Cutover – Primary Support	N/A	8/31/2007	
Operations start date	N/A	9/01/2007	
Acceptance Software Management Plans (60 Day Plans)	+140	9/3/2007	Section 2.11
Deliverables - Management Plans (90 Day Plans)	+164	9/27/2007	Section 2.11
Acceptance Software Management Plans (90 Day Plans)	+171	10/4/2007	Section 2.11

\* Planned Milestone Dates are estimates based on the date of Tentative Award and expected durations between Tentative Award and Contract execution.

### 2.14 Value Added Enhancements

Respondents are strongly encouraged to include value added enhancements that add additional features and/or exceed the minimum requirements of this RFO. In addition, respondents are invited to propose strategies for long-term evolution of the EBT system to accommodate the addition of new programs in the future.

While plans exist to migrate the existing EBT system hardware and software to a UNIX platform in fiscal year 2008, respondents may propose alternative migration solutions. Note that respondent must fully respond to all requirements of section 2.10, but may offer alternative solutions.

The following two sub-sections offer some reference for understanding the potential for enhancements and future directions for the EBT system.

#### 2.14.1 Texas Electronic Services Delivery (TESD) Report

In January 2001, the Texas Electronic Services Delivery (TESD) report was developed to explore strategies and develop a road map for expanding the state's current Electronic Benefit Transfer (EBT) system leveraging the state's investment in the EBT infrastructure for supporting additional programs. The report made specific recommendations for supporting potential future programs and services including:

- Administrative and Operational Functions
- Women Infants and Children (WIC)
- Medicaid Identification
- Childcare Time and Attendance Tracking
- Child Support Payments
- TANF Access to ATMs
- Foster Care
- Campus Cards
- Driver License
- Inter/Intranet
- Administrative and Operational Structure
- Multiple Technology Cards
- State Employee Card
- Benefits Transfer Card
- Texas Workforce Commission/Unemployment Insurance Direct Deposit

See <http://www.window.state.tx.us/specialrpt/tesd/index.htm> for more details.

#### 2.14.2 Related Projects

HHSC is currently planning and evaluating options for the Medicaid Integrity Pilot (MIP) and the Integrated Benefits Card (IBC) projects and implementing the New Eligibility System solution that have potential for merging technology, contracts and processes in the future.

The **Medicaid Access Card Project (MAC)** replaces the current paper Medicaid identification card (Med ID) with a plastic smart card and provides automated eligibility verification and client authentication with

biometric finger image matching. This project will reduce costs for monthly production and mailing of paper cards, as well as reducing client and provider fraud in the Medicaid program.

See [http://www.hhsc.state.tx.us/OIE/MIP/MIP\\_Updates.html](http://www.hhsc.state.tx.us/OIE/MIP/MIP_Updates.html) for more details.

The **Integrated Benefits Card (IBC)** project will implement an integrated benefits card and system for client authentication and distribution of benefits and access to services for multiple programs. The project will involve integration of benefits and services, programs and consolidated operations utilizing one card to obtain multiple benefits and/or services.

See [http://www.hhsc.state.tx.us/OIE/MIP/MIP\\_Updates.html](http://www.hhsc.state.tx.us/OIE/MIP/MIP_Updates.html) for more details.

Based on these developing projects, the selected vendor will be required to support any necessary changes to software, hardware, networks and/or processes to accommodate the needs of these parallel projects. If additional functional responsibilities need to be added to the selected vendor, the state will negotiate terms and possible pricing for added services. Additional programs may be added to the EBT System in the future.

### **3 GENERAL INSTRUCTIONS AND RESPONSE REQUIREMENTS**

#### **3.1 *Notice of Intent to Offer***

A prospective vendor may submit a Notice of Intent to Offer (see page 2) to the HHSC Point of Contact identified in Section 1.8 no later than December 29, 2006, 5:00 PM CDT. This is not a mandatory requirement. A vendor that does not submit a Notice of Intent to Offer *may* submit an offer; however, a vendor that submits a notice of intent to offer is not required to submit an offer.

#### **3.2 *Vendor Conference***

HHSC will hold a vendor conference on December 21, 2006 from 1:00 PM to 4:00 PM, CST in the Winters Public Hearing Rm. 125, at the HHSC Winters Building, located at 701 West 51st Street, Austin, Texas. Attendance at the conference is strongly recommended, but is not required.

Vendors may e-mail questions for the conference to the HHSC Point of Contact (see Section 1.8) no later than 5:00 PM on December 19, 2006. HHSC will also provide vendors the opportunity to submit written questions at the conference. All questions submitted by email or at the conference must reference the appropriate RFO page and section number. Although HHSC may provide tentative responses to questions at the conference, responses are not official until they are posted on the HHSC website. HHSC reserves the right to amend answers prior to the offer submission deadline.

#### **3.3 *Vendor Questions and Comments***

Except those submitted at the vendor conference, all questions and comments regarding this RFO must be submitted electronically to the e-mail address contained in Section 1.8 (HHSC Point of Contact). All questions must reference the appropriate RFO page and section number. In order to receive a response, vendor questions and comments must be received no later than the deadline set forth in Section 1.9 (Procurement Timeline). Inquiries received after the due date may be reviewed by HHSC but will not receive a response. Any clarifications, addenda, or amendments, whether made as a result of a potential vendor's written question or otherwise, will be posted on the HHSC website.

A respondent must inquire in writing as to any ambiguity, conflict, discrepancy, exclusionary specification, omission or other error in this RFO prior to submitting an offer. If a respondent fails to notify HHSC of any error, ambiguity, conflict, discrepancy, exclusionary specification or omission, the respondent shall submit an offer at its own risk and, if awarded the contract, shall have waived any claim

that the RFO and contract were ambiguous and shall not contest HHSC's interpretation. If no error or ambiguity is reported by the deadline for submitting an offer, the respondent shall not be entitled to additional compensation, relief or time by reason of the error or its later correction.

HHSC will post answers on its website to all written questions received by the deadline for submitting written questions. HHSC reserves the right to amend answers prior to the offer submission deadline.

### **3.4 *Modification or Withdrawal of An Offer***

Offers may be withdrawn from consideration at any time prior to the offer submission deadline. A written request for withdrawal must be made to the HHSC Point of Contact (Section 1.8).

A respondent has the right to amend its offer at any time and to any degree by written amendment to the HHSC Point of Contact prior to the offer submission deadline. HHSC reserves the right to request an amendment to any part of the offer during negotiations.

HHSC reserves the right to waive minor informalities in an offer and award a contract that is in the best interests of the State of Texas. A minor informality may include, but is not limited to, a minor irregularity or error such as a clerical error in the production of copies of the offer. When HHSC determines that an offer contains a minor informality, HHSC shall notify the respondent of the irregularity or error and shall provide the respondent the opportunity to correct.

### **3.5 *News Releases***

A respondent may not issue press releases or provide any information for public consumption regarding its participation in this procurement without specific, prior written approval of HHSC.

### **3.6 *Incomplete Offers***

HHSC will reject without further consideration an offer that does not include a complete, comprehensive, and total solution as requested by this RFO.

### **3.7 *State Use of Vendor Ideas***

HHSC reserves the right to use any and all ideas presented in any offer unless the respondent presents a legal case citing ownership of the respondent's intellectual property. A respondent may not object to the use of ideas that are not the respondent's proprietary information and so designated in the offer that:

- were known to the State before submission of the offer;
- were in the public domain through no fault of the State; or
- became properly known to the State after submission of the offer through other sources or through acceptance of the offer.

### **3.8 Property of HHSC**

All products produced by a respondent as a result of this RFO or a resulting contract, including without limitation, plans, designs, software and other deliverables, will become the sole property of HHSC.

FNS will have a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use for Federal Government purposes, such software, modifications, and documentation.

### **3.9 Additional Information**

By submitting an offer, the respondent grants HHSC the right to obtain information from any lawful source regarding: (i) the past business history, practices, conduct and ability of a respondent to supply goods, services and requirements; and (ii) the past business history, practices, conduct and ability of the respondent's directors, officers and employees. By submitting an offer, the respondent generally releases from liability and waives all claims against any party providing information about the respondent at HHSC's request. HHSC may take such information into consideration in evaluating offers.

### **3.10 Instructions for Submitting Offers**

#### **3.10.1 Number of Copies**

Submit one (1) original and ten (10) copies of the offer. The original must be signed in ink by an authorized representative of the respondent. In addition, submit one electronic copy of the offer on a floppy disk or compact disk compatible with Microsoft Office 2000. If there are any disparities between the contents of the printed offer and the electronic offer, the contents of the printed offer will take precedence.

### 3.10.2 Submission

Submit all copies of the offer to the HHSC Point of Contact (Section 1.8) no later than 4:00 p.m. on February 05, 2007.

### 3.10.3 Additional Requirements

All offers must be:

- Clearly legible;
- Sequentially page-numbered;
- Organized in the sequence outlined in Section 3.11;
- Bound in a notebook or cover;
- Responsive to the requirements of this RFO;
- Typed, double-spaced on 8½" x 11" paper;
- In Arial or Times New Roman font, size 12 for normal text, no less than size 10 for tables, graphs and appendices; and
- Offers should include the respondent's name at the top of each page, and should not include unrequested materials or pamphlets.

### **3.11 Format and Content**

In responding, the Respondent will provide all information that the Respondent believes would be helpful to HHSC in establishing its ability to perform the requirements. In its response, the Respondent must clearly explain how it will fulfill all needs and requirements contained in the specific section to which it is responding. Mere recitation of state and vendor requirements will not be considered an adequate response. Responses that only represent, acknowledge, or reiterate the requirements of the RFO will be considered non-responsive.

The offer must consist of 3 parts:

- Part 1 – Business Proposal;
- Part 2 – Cost Proposal; and
- Part 3 – Identification of Proprietary Information.

3.11.1 Part 1 -- Business Proposal

Part 1, Business Proposal, must include the following:

- Section I – Transmittal Letter;
- Section II – Executive Summary;
- Section III – Corporate Background and Experience;
- Section IV – Project Scope and Requirements;
- Section V – Assumptions;
- Section VI – Appendices;
- Section VII – HUB Subcontracting Plan;
- Section VIII – Certifications and Other Required Forms;
- Section IX – Financial Capacity and Bonding.

**Cross Referencing**

The Respondent must not address any of the requirements from one section in another section of their proposal. All proposals must correspond to and numerically reference the appropriate section.

The proposal must contain a chart of cross-reference identifying where in the proposal HHSC may locate the response to RFO Sections 1 through 3. Inclusion of the specific page number is mandatory.

A commitment made to comply with a specific section of the RFO must not be amended in a later section of the RFO response. Failure to comply with these requirements may result in disqualification of a proposal. Conciseness and clarity of content must be emphasized.

***Section I -- Transmittal Letter***

Respondents must include a transmittal letter printed on official company letterhead. The letter must be signed in ink by an individual authorized to legally bind the respondent.

The transmittal letter must include:

- Disclosure of all pending, resolved, or completed litigation, mediation, arbitration, or other

alternate dispute resolution procedure involving the respondent (including subcontractors, subsidiaries, or affiliates) within the past 24 months.

- A description of any personal or business interest that may present an actual, potential or apparent conflict of interest with the performance of the contract (see Section 1.7.2), and an explanation of how the respondent can assure HHSC that these relationships will not create a conflict of interest.
- A description of the past employment by HHSC or another Texas State agency in accordance with the requirements of Section 1.7.3.
- A complete list of all exceptions, reservations and limitations to the terms and conditions of the RFO, including HHSC's Uniform Contract Terms and Conditions.

### ***Section II -- Executive Summary***

In this section, the respondent should condense and highlight the content of the Business Proposal to provide HHSC with a broad understanding of the respondent's approach to meeting the RFO's business requirements. The summary must demonstrate an understanding of HHSC's goals and objectives for this procurement.

### ***Section III -- Corporate Background and Experience***

This section details the respondent's corporate background and experience. If the respondent proposes to use subcontractor(s), it must describe any existing or ongoing relationships with such subcontractor(s), including project descriptions. The section should include the following information.

#### ***Contact Information.***

- Respondent's full organization, company or corporate name;
- Headquarter address;
- Type of ownership (e.g. partnership, corporation);
- If respondent is a subsidiary or affiliate, the name of parent organization;
- State where the respondent is incorporated or otherwise organized to do business;

- Federal taxpayer identification;
- Name and title of person who will sign the contract; and
- Name and title of person responsible for responding to questions regarding the offer, with telephone number, facsimile number and email address.

***Corporate Background and Experience.***

Describe the respondent's corporate background as it relates to projects similar in scope and complexity to the project described in this RFO. If the offer includes the use of subcontractors, include a similar description of the subcontractor's corporate background.

Include a description and at least three (3) references from projects performed within the last five (5) years that demonstrate the respondent's ability to perform the required RFO services. Include contract dates and customer points of contact, address, telephone number and e-mail, if available, from whom HHSC can obtain confirmation of respondent's performance. The respondent must explain whether work was performed as a prime contractor or subcontractor. If the work was performed as a subcontractor, the respondent must describe the scope of subcontracting activities.

***Resumes.***

Identify and describe the respondent's proposed labor skill set and provide resumes of all proposed Key Personnel (as defined by the respondent). Resumes must demonstrate experience germane to the position proposed. Resumes should include work on projects cited under the respondent's corporate experience, and the specific functions performed on such projects. Each resume should include at least three (3) references from recent projects. References may not be respondent's employees.

***Section IV -- Project Scope and Requirements***

Describe the respondent's proposed processes and methodologies for providing the Mission Results/Scope of Work, including the respondent's approach to meeting the Project Schedule (as fully described in Section 2 of this RFO).

A summary of Section 2 is listed below. However, respondent's proposed processes and methodologies for providing the Mission/Scope of Work must be fully detailed, as fully described within all the Section 2 subsections.

## 2 MISSION RESULTS/SCOPE OF WORK

- 2.1 Texas EBT System Description
- 2.2 Texas EBT Application Functionality Overview
- 2.3 The Current Texas EBT Application Environment
- 2.4 EBT Application Software Requirements
- 2.5 Application Test Environment and Test Participation Requirements
- 2.6 Application Maintenance Requirements
- 2.7 Texas EBT System Availability and Outage
- 2.8 Application Reporting Requirements
- 2.9 Additional Requirements
- 2.10 EBT System UNIX Migration Requirements
- 2.11 Management Plans
- 2.12 Performance Measures and Associated Remedies
- 2.13 Project Schedule

### ***Section V -- Assumptions***

State any business, economic, legal, programmatic, or practical assumptions that underlie the respondent's response to the Business Proposal.

### ***Section VI -- Appendices***

Include any appendices to the respondent's Business Proposal.

### ***Section VII -- HUB Subcontracting Plan***

Attach the respondent's HUB Subcontracting Plan. Instructions for completing this requirement are included in RFO Section 4.

***Section VIII – Certifications and Other Required Forms***

In addition to the HUB Subcontracting Plan, respondents must complete the following required forms:

- Child Support Certification
- Debarment, Suspension, Ineligibility, and Voluntary Exclusion for Covered Contracts
- Federal Lobbying Certification
- Nondisclosure Statement
- Certification Letter

The required forms are located on HHSC’s website, under the “Business Opportunities” link. HHSC will not evaluate offers that do not contain completed copies of the required forms. HHSC encourages respondents to carefully review all of these forms and submit questions concerning their completion prior to the deadline for submitting questions relating to this RFO (see Section 1.9).

Respondents must certify compliance with the following FNS required provisions:

- Compliance with Executive Order 11246 related to “Equal Employment Opportunity”
- Compliance with Copeland “Anti-Kickback Act” (18 U.S.C. 874)
- Compliance with Section 306 of the Clean Air Act
- Compliance with Section 508 of the Clean Water Act
- Compliance with the Anti-Lobbying Act
- Compliance with Union Based Wages
- Compliance with debarment (suspension) requirements
- Compliance with the Drug-free Workplace Act
- FNS has royalty-free rights to use software and documentation developed under this contract

***Section IX – Financial Capacity and Bonding***

Respondents must submit evidence of adequate financial stability. If the Respondent is a subsidiary, affiliate, or creation of one or more entities, and the proposing entity presents or relies upon the experience, financial stability or other qualifications of the parent or other entity(ies), the Respondent

### Section 3 – General Instructions and Response Requirements

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must also include the most recent detailed financial report of the parent or other entity(ies) and a statement that the parent or other entity(ies) will unconditionally guarantee performance by the Respondent in each and every term, covenant, and condition of any contract as executed by the parties.

The Respondent must submit a current financial statement plus the two most recent years of audited financial reports, including the United States Securities and Exchange Commission, Form 10K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, if applicable. If any change of ownership of the company is anticipated during the 12 months following the offer due date, the vendor must describe the circumstances of such change and indicate when the change is likely to occur.

Evidence of Financial Solvency - The Vendor must provide a certified public accountant's statement of tangible net worth during the term of the Contract between September 1 and September 30 of each State Fiscal Year. Included in the statement must be a description of any uncertainties and the potential impact of such uncertainties on tangible net worth. Tangible net worth is defined as net worth less intangible assets. Net worth can include a parent company's assets if these assets have been pledged under the conditions below if a subsidiary is the Vendor.

A contract awarded under this RFO will not be executed until after the Awarded Vendor has submitted, in a timely manner, appropriate assurances acceptable to HHSC that the Awarded Vendor will be able to perform, and that the state will be able to continue to operate and maintain the subject matter of this procurement in the event of a failure to perform. Such assurances may consist of a performance bond or other financial instrument or mechanism to protect the state against losses in the event of the Awarded Vendor's failure to perform. Notwithstanding any other provision of this RFO, failure to timely provide the appropriate assurances may result in HHSC's election to revoke the award.

3.11.2 Part 2 -- Cost Proposal

The Cost Proposal must be placed in a separate, sealed package, clearly marked with the Respondent's name, the RFO number, and the RFO submission date. The Cost Proposal must be signed in ink by an individual authorized to legally bind the respondent.

Respondents must base their Cost Proposals on the Mission Results and Scope of Work described in Section 2, as well as any other functional requirement within the RFO. This section should include any business, economic, legal, programmatic, or practical assumptions that underlie the Cost Proposal.

Respondents may separately identify cost saving and cost-avoidance methods and measures and the effect of such methods and measures on the Cost Proposal and Scope of Work. Respondents are strongly encouraged to suggest value added options that exceed the minimum requirements for this RFO.

Respondents shall propose cost as required by HHSC in the cost table formats presented below. The pricing and cost tables provide the framework for Respondents to input pricing and cost elements within the appropriate Cost Table. A response to each of the following pricing and cost tables is required in order to propose:

1. Table A – Implementation and Start-up
2. Table B – Application Software Monthly Maintenance Cost
3. Table C – UNIX Migration Cost
4. Table D – Post UNIX Migration Application Software Monthly Maintenance Cost
5. Table E – Application Enhancement – Staffing Skill-Set Cost
6. Table F – Value Added Options

**Table A. Implementation and Start-up Pricing Instructions:**

The Implementation and Start-up phase is defined as the contract effective date through the cutover date, at which time the operations phase begins. Refer to the Project Schedule (Section 2.3) for Target Milestones and associated dates.

Implementation and Start-up costs to meet the RFO requirements will be paid on a fixed fee basis. Implementation and Start-up costs in excess of the final fixed price amount(s) included in the contract resulting from this RFO will not be paid by the State. All expenses incurred by the Vendor after the commencement of the operational phase of the contract resulting from this RFO to complete any start-up, implementation, transition activities, to correct any defects from the Implementation and Start-up Phase must not be recorded as an operational expense and will not be considered an allowable expense for the Operational Phase of the contract.

Respondents must propose Implementation and Start-up costs to allow the successful Vendor to assume the responsibilities of each applicable component included in the RFO from the contract execution date through the cutover to operations date. Start-up costs, implementation costs, and any transition costs must be proposed using Table A and will not be paid as an element of operational costs. An evaluation and written acceptance by HHSC of successful performance as required by this RFO and identified during contract negotiation is required for payment.

Table A provides the framework for Respondents to input all cost factors within the appropriate pricing category. If a relevant price factor is not included in the table, Respondents must fully describe and add the item to the appropriate category and subtotal if necessary. If the price item is outside the scope of the predetermined price categories, the Respondent shall add the price item to the price category listed as “other” or “additional expense.” The addition of any price items must be aggregated and subtotaled by price category, and all additions must be accompanied by a narrative section, describing in detail the justification and need for adding items to the pricing table.

The functions and/or sub-functions of Implementation and Start-up, which the Respondent chooses to sub-contract, must be identified by including the pricing for such function(s) in the sub-contractor pricing column.

Upon completion by the Respondent, this table must be a comprehensive pricing list of all the Respondent's Implementation and Start-up costs for supporting the Texas EBT Application Support services only. Proposed Implementation and Start-up costs will be included in the pricing evaluation by HHSC and must be submitted using the Table A pricing format. Respondents shall not deviate from the format provided in the pricing tables.

#### **Instructions for Pass-Through Items**

Actual expenditures for pass-through items made on the state's behalf will be paid without allocation of any indirect charges (general & administrative expenses, overhead, etc.) or profit. The Respondent must utilize Table A to depict the amount of pass-through expenses that will be paid without indirect charges or profit. Items designated as pass-through items include the following:

- Capital expenditures including lease and/or rental payments, depreciation and capital equipment
- Sales taxes on capital expenditures including lease and/or rental payments on capital equipment
- All postage expenses and/or delivery expenses directly related to the operation of the contract resulting from this RFO
- Software license fees and software maintenance fees
- Office rent (including leasehold improvements and lease pass-through expenses)
- All printing costs including client communications, client handouts, provider manuals, handbooks, bulletins, and similar print materials
- All telecommunication lines, including local lines, toll-free lines, electronic communications lines, fiber optic lines, cell phones, internet connections for external staff, etc.

Upon completion by the Respondent, Table A will be a comprehensive price list of all the implementation and start-up costs for Texas EBT Application Software Support only.

**Table A: Implementation and Start-up Pricing**

REQUIRED FORMAT:

					<b>Fixed Pricing</b>	
					<b>Primary Contractor</b>	<b>Sub-Contractor</b>
<b>1</b>	<b>Staff Pricing</b>					
1.1	Salaries					
1.2	Fringe Benefits					
1.3	Subtotal:					
<b>2</b>	<b>Software Pricing</b>					
2.1	Software Programming Tools					
2.2	Software Engineering Tools					
2.6	Other Software Item 1					
2.7	Other Software Item 2					
2.8	Subtotal:					
<b>3</b>	<b>Hardware Pricing</b>					
3.1	Servers	Unit Pricing:	Qty:	Total Pricing:		
3.2	Desktops	Unit Pricing:	Qty:	Total Pricing:		
3.3	Switches	Unit Pricing:	Qty:	Total Pricing:		
3.4	Other Hardware Item 1					
3.5	Other Hardware Item 2					
3.6	Subtotal:					
<b>4</b>	<b>General Pricing</b>					
4.1	Back-up Operations (for Software Maintenance)					
4.2	Bond (if applicable)					
4.3	Subtotal:					
<b>5</b>	<b>Additional Expenses</b>					
5.1	Additional Expense 1					
5.2	Additional Expense 2					
5.3	Additional Expense 3					
5.4	Subtotal:					
<b>6</b>	<b>Pass-Through Expenses Subtotal:</b>					
6.1	Capital expenditures (including lease payments, depreciation, and hardware)					
6.2	Facilities					
6.3	Office Rent (including leasehold improvements & lease pass-through expense)					
6.4	Postage / Delivery expenses					
6.5	Printing expenses					
6.6	Other Pass-through Item 1					
6.7	Subtotal:					
<b>7</b>	<b>GRAND TOTAL (Sum of all Subtotals):</b>					

**Table B: EBT Application Software Maintenance Operations Cost Instructions**

Table B provides the framework for Respondents to input all pricing factors within the appropriate predetermined price category. The type of cost has been predetermined by HHSC, as “F” for fixed cost. Respondents must refer to the corresponding RFO Section as listed within the table for specific details regarding the required services for each price category. The predetermined price category requested in Table B is a fixed monthly price for one-year periods.

**Table B: EBT Application Software Maintenance Operations Cost**

REQUIRED FORMAT:

		RFO Section	Fixed Price (“F”)	Year-1 Monthly Price	Year-2 Monthly Price	Year-3 Monthly Price	Year-4 Monthly Price	Year-5 Monthly Price
1	Software Maintenance	Section 2	F					
Multiplied by 12 Months:				* 12	* 12	* 12	* 12	* 12
Total Yearly Pricing:								

**Table C: UNIX Migration Pricing Instructions**

Table C provides the framework for Respondents to input the proposed cost for the UNIX Migration. Respondents must refer to the corresponding RFO Section as listed within the table for specific details regarding the required services.

Respondents are required to consider all relevant price factors associated with migrating the Texas EBT Applications Software to a UNIX operating environment. Table C requires the total price for the UNIX Migration. **Additionally, Respondents are required to itemize all relevant cost factors to include a comprehensive cost list and include the list with Table C.** Respondents must fully describe each item and the cost for each item as part of their proposal.

HHSC reserves the right to utilize the proposed UNIX Migration solution under the terms of the subsequent contract or outsource this service if deemed in the best interest of the State.

**Table C: UNIX Migration Cost Table**

REQUIRED FORMAT:

		RFO Section	Total Price
1	UNIX Migration	Section 2.10	

**Table D: EBT Post UNIX Migration Application Software Maintenance Operations Cost Instructions**

HHSC anticipates a lower monthly operating cost post UNIX Migration. Table D provides the framework for Respondents to input price factors within the appropriate predetermined price category. The type of cost has been predetermined by HHSC, as “F” for fixed cost. Respondents must refer to the corresponding RFO Section as listed within the table for specific details regarding the required services. The predetermined price category requested in Table D is a fixed monthly price for one-year periods.

HHSC estimates that post Unix migration operations will begin in year 2008. Therefore, respondents must enter monthly pricing beginning “Year-2” in the table below. Monthly price adjustments will be prorated upon an actual migration to a UNIX platform.

**Table D: EBT Post UNIX Migration Application Software Maintenance Operations Cost**

REQUIRED FORMAT:

		RFO Section	Fixed Price (“F”)	Year-1 Monthly Price	Year-2 Monthly Price	Year-3 Monthly Price	Year-4 Monthly Price	Year-5 Monthly Price
1	Software Maintenance	Section 2	F	VMS OS				
Multiplied by 12 Months:				* 12	* 12	* 12	* 12	* 12
Total Yearly Pricing:								

**Table E: Application Enhancement - Staffing Skill-Set Cost Instructions**

As stated in Section 2.6, any authorized enhancements greater than a 40-hour effort per project will be reimbursed by HHSC. Respondents are required to propose their hourly cost by staffing skill-set for Application Software enhancements as defined in section 2.6.

**Table E: Application Enhancement - Staffing Skill-Set Cost**

REQUIRED FORMAT:

		RFO Section	Hourly Cost
1	Senior Level Software Engineer	Section 2.4.1	
2	Junior Level Software Engineer	Section 2.4.1	
3	Senior Level Programmer/Developer	Section 2.4.1	
4	Junior Level Programmer/Developer	Section 2.4.1	
5	Senior Level Database Administrator	Section 2.4.1	
6	Junior Level Database Administrator	Section 2.4.1	
7	Project Manager	Section 2.4.1	
8	Quality Assurance	Section 2.4.1	
9	Other Non-Technical Staff	Section 2.4.1	

**Table F: Value Added Options Instructions**

As stated in Section 2.14, respondents may propose value added options that exceed the minimum requirements of the RFO. For each value added option included in the proposal, respondents must provide a cost estimate. Details and costs for selected value added options will be negotiated prior to contract award.

**Table F: Value Added Options – Cost Estimates**

REQUIRED FORMAT:

	Value Add Option Description	Estimate of Hours	Estimate of Cost
1	Option 1		
2	Option 2		
3	Option 3		

### **3.12 Multiple Responses**

A respondent may submit only one offer. This means that a respondent may submit an offer on its own behalf or submit an offer with one or more respondents as a joint offer (see Section 3.13). If a respondent submits more than one offer, all offers from that respondent may be rejected.

This requirement does not limit a subcontractor's ability to collaborate with more than one respondent.

### **3.13 Joint Offers**

Two or more companies may join together and submit a joint offer in response to this RFO. A joint offer must completely define the responsibilities each company proposes to undertake. Also, the joint offer must designate a primary respondent who will be responsible for the delivery of all goods, services and requirements as specified in the RFO, and a single authorized official from the primary respondent to serve as the sole point of contact between HHSC and the joint proposers. Any contract resulting from a joint offer must be signed by an authorized agent or officer of each company. Each company included in the submission of a joint offer will be jointly and severally liable during the term of the contract.

### **3.14 Texas Public Information Act**

An offer submitted to HHSC in response to this RFO is subject to public disclosure under the Texas Public Information Act (the Act), Texas Government Code, Chapter 552, unless the offer, or any part of the offer, can be shown to fall within one or more of the exceptions to required public disclosure listed in the Act. If a respondent believes that parts of an offer are excepted from required public disclosure under the Act, the respondent must specify those parts and the exception(s) that it believes apply, with specific detailed reasons. HHSC will process any request for information comprising all or part of the respondent's offer in accordance with the procedures prescribed by the Act. A respondent should consult the Attorney General's website ([www.oag.state.tx.us](http://www.oag.state.tx.us)) for information concerning the application of the Act's provisions to proposals and potential proprietary information.

## 4 Historically Underutilized Business Participation

**Note to All Respondents:** Texas law provides that an offer filed in response to this RFO that does not contain a historically underutilized business (HUB) subcontracting plan is non-responsive, in accordance with [Texas Government Code § 2161.252](#).

### 4.1 Introduction

4.1.1 This section sets forth requirements that every offer must meet in order to comply with state laws and HHSC's rules regarding HUBs. Respondents should read HHSC's [Policy on the Utilization of Historically Underutilized Businesses \(HUBs\)](#) and this article carefully before preparing an offer.

HHSC is committed to promoting full and equal business opportunities for all businesses in State contracting in accordance with the goals specified in the State of Texas Disparity Study. HHSC has adopted administrative rules and policies relating to HUBs and encourages the use of HUBs through race, ethnic, and gender-neutral means. Pursuant to HHSC's HUB rules, [Texas Administrative Code Title 1, Chapter 392, Subchapter J](#), and pursuant to [§§2161.181-182, Texas Government Code](#), HHSC is required to make a good faith effort to increase HUB participation in contracts for construction, service (including professional and consulting services), and commodity contracts. HHSC may accomplish the goal of increased HUB participation by contracting directly with HUBs or indirectly through subcontracting opportunities.

4.1.2 In accordance with Texas Government Code, Chapter 2161, Subchapter F, each state agency that considers entering into a contract with an expected value of \$100,000 or more shall, before the agency solicits bids, proposals, offers, or other applicable expressions of interest, determine whether subcontracting opportunities are probable under the contract.

(A) State agencies shall use the following steps to determine if subcontracting opportunities are probable under the contract:

- (iii) Use the HUB participation goals in §111.13 of this title (relating to Annual Procurement Utilization Goals); and
- (iv) Research the Centralized Master Bidders List, the HUB Directory, the Internet, and other directories, identified by the commission, for HUBs that may be available to perform the contract work.

(B) In addition, determination of subcontracting opportunities may include, but is not limited to, the following:

- (i) contacting other state and local agencies and institutions of higher education to obtain information regarding similar contracting and subcontracting opportunities; and
- (ii) reviewing the history of similar agency purchasing transactions.

4.1.3 The statewide HUB participation goals, set by the Texas Building and Procurement Commission (TBPC) as a result of the State of Texas Disparity Study are classified under the following categories:

- (4) Heavy construction other than building contracts 11.9%;
- (5) Building construction 26.1%;
- (6) Special trade construction contracts 57.2%;
- (7) Professional services contracts 20%;
- (8) All other services contracts 33%; and
- (9) Commodities contracts 12.6%.

HHSC and its contractors shall make a good faith effort to meet or exceed the HUB participation goals listed above for each fiscal year by maximizing the inclusion of certified HUBs in the procurement process.

The goods and/or services requested under this RFO are classified under **“Other Services Contract” and the HUB participation goal is 33.0%.**

4.1.4 HHSC’s policy on the utilization of HUBs is related to all **“Other Services”** contracts with an expected value of \$100,000 or more. HHSC may, at its discretion, require contractors to report HUB utilization in contracts with an expected value of less than \$100,000.

#### **4.2 HUB Subcontracting Plan (HSP) Procedures**

- 4.2.1 The following procedures are specified by HHSC’s administrative rules relating to HUBs, which adopt the TBPC’s HUB rules. If there are any discrepancies between HHSC’s administrative rules and this RFO, the rules shall take priority.
- 4.2.2 HHSC has determined that subcontracting opportunities are probable under this RFO. Therefore, HHSC requires the submission of a HUB Subcontracting Plan (HSP), at the same time as the RFO response, as a part of each offer. The HSP, if accepted by HHSC, will become a provision of any contract awarded as a result of this RFO. Offers that do not include a HSP, or offers that contain a HSP that HHSC determines was not developed in good faith, shall be rejected as a material failure to comply with the specifications set forth in this [RFO \(as related to the Texas Administrative Code, Title 1, Part 5, Chapter 111, Subchapter B, Rule 111.14, \(a\) \(2\)\(B\)](#).
- 4.2.3 To search for potential HUB vendors who may perform subcontracting opportunities, Respondents may refer to the TBPC Centralized Master Bidders List (CMBL) HUB Directory, which is found at [www.tbpc.tx.us/cmb/cmbhub.html](http://www.tbpc.tx.us/cmb/cmbhub.html). Class and item codes for potential subcontracting opportunities under this RFO, include, but are not limited to:

Class Number and Commodity Descriptions:

Class 920 – Data Processing, Computer, Programming, and Software Services

Item Number and Item Descriptions:

- 14 Applications Software (For Minicomputer Systems)
- 15 Assessment and Profiling Services of Software
- 22 Data Preparation and Processing Services
- 23 Data Recovery Services
- 24 Data Conversion Services
- 40 Programming Services, Computer
- 45 Software Maintenance/Support
- 46 Software Updating Services

- 4.2.4 In order for HHSC to determine that a good faith effort was made, each Respondent shall send notices to three (3) or more HUBs for each area that the Respondent plans to subcontract. Respondents are not limited to the list of subcontracting opportunities identified above, and may identify additional areas of subcontracting.
- 4.2.5 Upon request, HHSC will provide Respondents with a list of HUB vendors from the TBPC's CMBL or other related listings that may perform the subcontracting opportunities. The listing of potential subcontractors is for informational purposes only. HHSC does not endorse, recommend nor attest to the capabilities of any company or individual listed. This listing of certified HUBs is subject to change, therefore Respondents are encouraged to use the TBPC's website to find the most current listing of certified HUBs. A complete and more updated list of all TBPC certified HUBs or registered bidders may be electronically accessed through the Internet at <http://www.tbpc.state.tx.us>. HHSC may provide additional information concerning HUB certified vendors at the vendor conference.
- 4.2.6 As part of the HSP, HHSC requires each Respondent to state in writing whether the Respondent itself is a Texas certified HUB. This information is collected for the purpose of reporting HHSC's HUB utilization. However, being certified as a HUB does not exempt any Respondent from complying with the required HSP.

**4.3 *If the Respondent Intends to Subcontract Portions of the "Other Services" Contract***

- 4.3.1 Because HHSC has determined that subcontracting opportunities are probable, a Respondent who intends to subcontract any part of the work must include a HSP with its response. For each area identified, the Respondent should provide documentation of the notices sent to three or more HUBs in each of the areas the Respondent plans to subcontract.
- 4.3.2 HHSC's review of a Respondent's HSP will include evidence of good faith effort in developing a HSP for "Other Services" Contracts, which includes, but is not limited to the following procedures:
- (A) Divide the contract work into reasonable lots or portions to the extent consistent with prudent industry practices. The Respondent should identify each area of the contract work the Respondent plans to subcontract.
  - (B) Notify HUBs of the subcontracting opportunities that the Respondent intends to subcontract. The method of notification shall be in writing. The notice shall, in all instances, include 1) the scope of the

work; 2) specifications; and, 3) identify a contact person. The notice shall be provided to potential HUB subcontractors prior to submission of the Respondent's response.

- (i) The Respondent shall provide potential HUB subcontractors reasonable time to respond to the Respondent's notice. "Reasonable time to respond" in this context is no less than five working days from receipt of notice, unless circumstances require a different time period, which is determined by the HHSC and documented in the contract file.
- (ii) The Respondent shall use the commission's Centralized Master Bidders List, the HUB Directory, Internet resources, and/or other directories as identified by the commission or HHSC when searching for HUB subcontractors. Respondents shall rely on the services of minority, women, and community organizations, contractor groups, local, state, and federal business assistance offices, and other organizations that provide assistance in identifying qualified applicants for the HUB program who are able to provide all or select elements of the HUB subcontracting plan.
- (iii) The Respondent shall provide the notice described in this section to three or more HUBs per each subcontracting opportunity that provide the type of work required for each subcontracting opportunity identified in the contract specifications or any other subcontracting opportunity the Respondent cannot complete with its own equipment, supplies, materials, and/or employees. The Respondent must document the HUBs contacted on the forms provided by the TBPC which is part of this RFO (See Attachment "D")

(C) Provide written justification of the selection process if a non-HUB subcontractor is selected.

(D) Provide notice to a minority or women trade organization or development center to assist in identifying HUBs by disseminating subcontracting opportunities to their membership/participants.

Examples of minority or women trade organization websites are, but not limited to:

- (i) Texas Women's Chamber of Commerce - [www.womenschambertexas.com](http://www.womenschambertexas.com);
- (ii) Texas Asian Chamber of Commerce - [www.txasianchamber.org](http://www.txasianchamber.org);
- (iii) Texas Association of Mexican American Chamber of Commerce  
<http://www.tamacc.org/chambers/index.html>; and
- (v) Texas Association of African American Chamber of Commerce <http://www.taaacc.org>

(E) The Respondent must notify HUBs of the subcontracting opportunities that the respondent intends to subcontract. The preferable method of notification shall be in writing. The notice shall, in all instances, include the scope of the work, information regarding the location to review plans and specifications, information about bonding and insurance requirements, and identify a contact person. The notice shall be provided to potential HUB subcontractors prior to submission of the respondent's response.

4.3.3 In making a determination if a good faith effort has been made in the development of the required HUB subcontracting plan, **HHSC requires the Respondent to submit supporting documentation explaining how the Respondent has made a good faith effort. The documentation shall include the following:**

- (A) Evidence that, for each area the Respondent plans to subcontract, the Respondent provided the notice described above to three or more HUBs that perform the type of work. Evidence of notice should include official written documentation, (i.e. phone logs, fax transmittals confirmations, e-mail correspondence confirmation, certified mail receipts, etc) to demonstrate compliance with the notice required in this subsection.
- (B) how the Respondent provided notice to a minority or women trade organization or development center to assist in identifying HUBs by disseminating subcontracting opportunities to their membership/participants; and
- (C) how the Respondent's notices contain adequate information about bonding, insurance, the availability of plans, the specifications, scope of work, required qualifications and other requirements of the contract allowing reasonable time for HUBs to participate effectively;

**When requested, additional documentation shall include at least the following:**

- (A) how the Respondent divided the contract work into reasonable lots or portions consistent with prudent industry practices identifying each area the Respondent plans to subcontract.
- (B) how the Respondent negotiated in good faith with qualified HUBs, not rejecting qualified HUBs who were also the best value responsive bidder;

- 4.3.4 A Respondent's participation in a Mentor Protégé Program under the Texas Government Code §2161.065, and the submission of a protégé as a subcontractor in the HSP constitutes a good faith effort for the particular area to be subcontracted with the protégé. When submitted, state agencies may accept a Mentor Protégé Agreement that has been entered into by the Respondent (mentor) and a certified HUB (protégé). The HHSC shall consider the following in determining the Respondent's good faith effort:
- (A) if the Respondent has entered into a fully executed Mentor Protégé Agreement that has been registered with the commission prior to submitting the plan, and
  - (B) if the Respondent's HUB subcontracting plan identifies the areas of subcontracting that will be performed by the protégé.
- 4.3.5 In developing the HSP, Respondents are encouraged to identify, as part of the HSP, multiple subcontractors who are able to perform the work in each area that the Respondent is planning to subcontract. Selecting additional subcontractors for each area may assist the awarded contractor in making changes to its original HSP, when needed, and will allow HHSC to approve any necessary changes expeditiously.
- 4.3.6 The HSP shall include the responses to Section 4.3 and **Attachment "D" which includes the following:**
- (i) certification that respondent has made a good faith effort to meet the requirements of this section;
  - (ii) identification of the subcontractors that will be used during the course of the contract;
  - (iii) the expected percentage of work to be subcontracted; and
  - (iv) the approximate dollar value of that percentage of work. The plan shall include goals established pursuant to §111.13 of this title (relating to Annual Procurement Utilization Goals).

4.3.7 A Respondent's participation in a Mentor Protégé Program under the Texas Government Code §2161.065, and the submission of a protégé as a subcontractor in the Respondent's HSP constitutes a good faith effort for the particular area(s) to be subcontracted with the protégé. **When applicable, the Respondent must attach a copy of its Mentor Protégé Agreement that has been approved by a sponsoring state agency and identify each protégé on Attachment "D". (See Sections 4, 8, and 10 on Attachment "D")** This form is available through the HHSC website as an HHSC Required Form under the heading HUB Subcontracting Plan Forms (Pre-Award Submissions). Visit the HHSC website at: [http://www.hhsc.state.tx.us/about\\_hhsc/Contracting/rfp\\_attch/attach.html](http://www.hhsc.state.tx.us/about_hhsc/Contracting/rfp_attch/attach.html)

**4.4 If the Respondent Does Not Intend to Subcontract**

4.4.1 If the Respondent is able to fulfill any of the potential subcontracting opportunities identified with its own equipment, supplies, materials and/or employees, the Respondent must sign an affirmation and provide a statement explaining how the Respondent intends to fulfill each subcontracting opportunity. The Respondent must include a HSP with its response. The Respondent's HSP shall include responses to section 4.4 and **Sections 9 and 10 on Attachment D** attesting that the Respondent does not intend to subcontract any of the services identified by HHSC in this RFO. The Respondent shall provide supporting documentation to substantiate the statement. The Respondent must agree to provide the following if requested by HHSC:

- (A) agree to produce evidence of existing staffing to meet contract objectives'
- (B) agree to supply monthly payroll records showing company staff fully engaged in the contract;
- (C) agree to periodic on site reviews of company headquarters or work site where services are to be performed; and
- (D) agree to produce documentation proving employment of qualified personnel holding the necessary licenses and certificates required to perform the work.

#### **4.5 *Evaluation of the HSP***

4.5.1 The HUB subcontracting plan shall be reviewed and evaluated prior to contract award and, if accepted, shall become a provision of HHSC's contract. Revisions necessary to clarify and enhance information submitted in the original HUB subcontracting plan may be made in an effort to determine good faith effort. HHSC shall review the documentation submitted by the Respondent to determine if a good faith effort has been made in accordance with this section. If HHSC determines that a submitted HUB subcontracting plan was not developed in good faith, HHSC shall treat the lack of good faith as a material failure to comply with advertised specifications, and the RFO shall be rejected as a material failure to comply with the advertised specification. The reasons for rejection shall be recorded in the procurement file.

#### **4.6 *Changes to the HSP After a Contract Has Commenced***

4.6.1 If the Respondent is selected and decides to subcontract any part of the contract after the award, as a provision of the contract, the Contractor must comply with provisions of this section relating to developing and submitting a subcontracting plan before any modifications or performance in the awarded contract involving subcontracting can be authorized by HHSC. If the selected Contractor subcontracts any of the work without prior authorization and without complying with this section, the Contractor would be deemed to have breached the contract and be subject to any remedial actions provided by Texas Government Code, Chapter 2161, state law and this section. HHSC may report nonperformance relative to its contracts to the commission in accordance with Chapter 113, Subchapter F of the TAC Code (relating to the Vendor Performance and Debarment Program).

4.6.2 If at any time during the term of the contract, a Contractor desires to make changes to the approved subcontracting plan, proposed changes must be received for prior review and approval by HHSC and FNS before changes will be effective under the contract. The HHSC shall approve changes by amending the contract or by another form of written HHSC approval. The reasons for amendments or other written approval shall be recorded in the procurement file.

4.6.3 If HHSC expands the original scope of work through a change order or contract amendment, including a contract renewal that expands the scope of work, the HHSC shall determine if the additional scope of work contains additional probable subcontracting opportunities not identified in the initial solicitation. If the HHSC determines additional probable subcontracting opportunities exist, the HHSC

will require the Contractor to submit a HSP/revised HSP for the additional probable subcontracting opportunities.

4.6.4 The HSP/revised HSP shall comply with the provisions of this section relating to development and submission of a subcontracting plan before any modifications or performance in the awarded contract involving the additional scope of work can be authorized by the HHSC. If the Contractor subcontracts any of the additional subcontracting opportunities identified by the HHSC without prior authorization and without complying with this section, the Contractor would be deemed to have breached the contract and be subject to any remedial actions provided by Texas Government Code, Chapter 2161, state law and this section. HHSC may report nonperformance relative to its contracts to the commission in accordance with Chapter 113, Subchapter F of the TAC Code (relating to the Vendor Performance and Debarment Program.)

#### **4.7 Reporting and Compliance with the HSP**

4.7.1 After a contract between HHSC and the awarded prime vendor has been executed, HHSC will coordinate a post award meeting with the awarded vendor to discuss the HSP reporting requirements.

4.7.2 The contractor/vendor shall maintain business records documenting its compliance with the HUB subcontracting plan and shall submit a compliance report to the HHSC monthly and in the format required by the Texas Building and Procurement Commission and HHSC. **The compliance report submission shall be required as a condition for payment.** During the term of the contract, the HHSC shall monitor the HUB subcontracting plan monthly to determine if the value of the subcontracts to HUBs meets or exceeds the HUB subcontracting provisions specified in the contract.

4.7.3 HHSC staff will monitor the Contractor for compliance from the date of award to the completion of the contract. The Contractor shall report HUB subcontracting information to HHSC on a monthly basis (5<sup>th</sup> day of each month), or as requested. Accordingly, HHSC shall audit and require a Contractor to whom a contract has been awarded to report to the HHSC the identity and the amount paid to its subcontractors in accordance with 111.16 of this title related to State Agency reporting requirements.

4.7.4 HHSC shall maintain documentation of the Contractor's efforts in HHSC's contract compliance file. The Contractor shall provide Attachment "E" HSP Prime Contractor Progress Assessment Report". Attachment "E" is the Contractor's Progress Assessment Report (HUB-PAR) Documentation of Work

Subcontracted during the reporting period. This attachment is used to report to the Contractor's identification of its subcontractors and the amount paid to certified HUB subcontractors, in accordance with the HSP. Include a copy of the Texas Building and Procurement Commission (TBPC) HUB Certificate. **(This form is for reporting purposes only after award of the contract. Do not submit this document with the HSP.) Form is located at the following URL:**

**[http://www.hhsc.state.tx.us/about\\_hhsc/Contracting/rfp\\_attch/attach.html](http://www.hhsc.state.tx.us/about_hhsc/Contracting/rfp_attch/attach.html)**

- 4.7.5 If the Contractor is meeting or exceeding the provisions, HHSC shall maintain documentation of the contractor's/vendor's efforts in the contract file. If the contractor/vendor fails to meet the HUB subcontracting provisions specified in the contract, HHSC's contract management division shall notify the Contractor of any deficiencies. The HHSC shall give the Contractor an opportunity to submit documentation and explain to the HHSC why the failure to fulfill the HUB subcontracting plan should not be attributed to a lack of good faith effort by the Contractor.
- 4.7.6 In determining whether the Contractor made the required good faith effort, HHSC may not consider the success or failure of the Contractor to subcontract with HUBs in any specific quantity. HHSC's determination is restricted to considering factors indicating good faith including, but not limited to, the following:
- (A) Whether the Contractor gave timely notice to its subcontractors regarding the time and place of the subcontracted work.
  - (B) Whether the Contractor facilitated access to the work-site, provided electrical power and other necessary utilities.
  - (C) Whether documentation or information was provided that included potential changes in the scope of contract work.
- 4.7.7 If a determination is made that the Contractor failed to implement the HSP in good faith, HHSC, in addition to any other available remedies, may report nonperformance to the Texas Building and Procurement Commission in accordance with 1 Texas Administrative Code, Chapter 113, Subchapter F (relating to "Vendor Performance and Debarment Program"). In addition, if the contractor/vendor failed to implement the subcontracting plan in good faith, the agency may revoke the contract for breach of contract and make a claim against the contractor/vendor.

## Section 4 – Historically Underutilized Business Participation

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- 4.7.8 If the Contractor is a HUB, it must perform at least 25% of the total value of the contract with its own or leased employees, as defined by the United States Internal Revenue Service, in order for HHSC to receive 100% HUB credit for the entire contract. The HUB Contractor may subcontract up to 75% of the contract with HUB or non-HUB subcontractors.
- 4.7.9 If a HUB Contractor's HSP identifies that it is planning to perform less than 25% of the total value of contract with its employees, the HUB Contractor must report, to HHSC, the value of the contract that was actually performed by the Contractor and its HUB subcontractors.
- 4.7.10 The Contractor must rectify any deficiencies of the HSP prior to the next reporting period.
- 4.7.11 HHSC shall review their procurement procedures to ensure compliance with this section. In accordance with Texas Administrative Code 111.26 (relating to HUB coordinator responsibilities) HHSC's HUB coordinator and contract administrators should facilitate institutional compliance with this section.

## **5 Evaluation**

### **5.1 Evaluation of Offers**

HHSC will select the successful vendor through a formal evaluation process. HHSC will consider capabilities or advantages that are clearly described in the offer, which may be confirmed by oral presentations, site visits or demonstrations if required, and verified by information from reference sources contacted by HHSC. HHSC reserves the right to contact individuals, entities, or organizations that have had dealings with the respondent or staff proposed for this effort, whether or not identified in the offer.

HHSC will more favorably evaluate offers that offer no or few exceptions, reservations, or limitations to the terms and conditions of the RFO, including HHSC's Uniform Contract Terms and Conditions.

### **5.2 Evaluation Criteria**

The EBT Application Software Support proposals will be evaluated by the following criteria:

- Meeting RFO requirements
- Cost
- Experience
- Best value to the State of Texas

### **5.3 Initial Compliance Screening**

HHSC will perform an initial screening of all offers received. Offers that do not include all required forms and sections are subject to rejection. This is a pass/fail evaluation.

Additionally, offers that do not demonstrate a good faith effort to comply with the HUB Subcontracting requirements, if applicable, will be rejected without further consideration.

In accordance with Section 3.4, HHSC reserves the right to waive minor informalities in an offer and award a contract that is in the best interests of the State of Texas.

### **5.4 Oral Presentations and Site Visits**

HHSC may, at its sole discretion, request oral presentations, site visits, and/or demonstrations from one or more respondents admitted to the field of competition. HHSC will notify selected respondents of the

time and location for these activities, and may supply agendas or topics for discussion. HHSC reserves the right to ask additional questions during oral presentations, site visits, and/or demonstrations to clarify the scope and content of the written offer, oral presentation, site visit, or demonstration.

The respondent's oral presentation, site visit, and/or demonstration must substantially represent material included in the written offer, and should not introduce new concepts or offers.

### **5.5 *Competitive Field Determinations***

HHSC may determine that certain offers are within the field of competition for admission to discussions. The field of competition consists of the offers that receive the highest or most satisfactory ratings. HHSC may, in the interest of administrative efficiency, place reasonable limits on the number of offers admitted to the field of competition.

### **5.6 *Discussions with Respondents***

HHSC may, but is not required to, conduct discussions with all, some, or none of the respondents admitted to the field of competition for the purpose of obtaining the best value for HHSC. HHSC may conduct discussions for the purpose of:

- Obtaining clarification of ambiguities in an offer;
- Requesting modifications to an offer; or
- Obtaining a best and final offer.

HHSC may make an award prior to the completion of discussions with all respondents admitted to the field of competition if HHSC reasonably determines that the award represents best value.

### **5.7 *Best and Final Offers***

HHSC may, but is not required to, permit respondents admitted to the field of competition to prepare best and final offers. For this reason, respondents are encouraged to submit original proposals/offers as best and final offers.

**6 Appendix**

**6.1 Appendix A – Glossary of Terms**

Term	Definition
Acceptance Testing	The process of testing system components and system functionality to determine whether the system conforms to and operates in accordance with all applicable specifications, requirements and documentation and is ready for implementation. This process includes: functional requirements testing; error condition testing; destructive, stress, and capacity testing; and regression testing to ensure testing deficiencies are resolved without new deficiencies.
Access Month	The month when benefits are available for clients to use.
Accounts	Financial balances and transaction records that are maintained through the EBT System. Currently, the Lone Star System includes two (2) types of accounts: Food Stamps and Temporary Assistance to Needy Families (TANF) cash.
ACF (Administration for Children and Families)	A federal agency within the Department of Health and Human Services (HHS) responsible for the supervision of the Temporary Assistance to Needy Families (TANF) Program.
ACH (Automated Clearing House)	Electronic clearing and settlement system for exchanging electronic transactions among participating depository institutions; such electronic transactions are substitutes for paper checks and are typically used to make recurring payments such as payroll or loan payments. The Federal Reserve Banks operate an automated clearinghouse, as do some private-sector firms.
Acquirer	An acquirer is the financial institution that establishes an account with a merchant and processes payment card

Term	Definition
	authorizations and payments. In the context of this RFO, it also refers to the TP Processor that accepts transactions from the retailer and routes them to the EBT host processor.
Active Account	An account that has had client debit activity recorded within the last three (3) months.
Adjustment	A financial transaction that corrects the amount of a previous financial transaction and results in a debit or credit to the client/retailer's account. Adjustments are manually initiated to correct a problem and are subject to audit and special controls.
AG (Office of the Attorney General)	The legal representative and counsel of all boards and agencies of Texas state government as provided by Texas statutes. It also sits as an ex-officio member of the state committees and commissions, and defends challenges to state laws and suits against both state agencies and individual employees of the State. It is also the child support enforcement agency in the state.
ALERT (Anti-Fraud Locator of EBT Retailer Transactions)	The USDA FNS subsystem that utilizes data provided by the EBT systems to identify and investigate suspected fraudulent retailer activity.
AMA (Account Management Agent)	An automated application that supports the activities of the Federal Reserve Bank of Richmond's operations in providing Automated Standard Application for Payments (ASAP) account management activities to the Food and Nutrition Service (FNS) for the EBT Food Stamp program.
ANSI (American National Standards Institute)	The organization responsible for approving U.S. standards in many areas, including computers and communications. ANSI is a member of ISO. ANSI sells ANSI and International Standards Organization (ISO) standards.
APD (Advanced	The State's request to the federal government for written

Term	Definition
Planning Document)	approval of and Federal Financial Participation (FFP) in automation projects.
Applicant	A person who has completed an application for food stamps or TANF benefits.
AR (Authorized Representative)	Any person or agent authorized by a food stamp household or client to receive and expend food stamp benefits on behalf of the household or client.
ASAP (Automated Standard Application for Payments System)	An electronic payment and information system developed jointly by the U.S. Treasury Department Financial Management Service (FMS) and the Federal Reserve Bank of Richmond. The latter, in its capacity as Treasury's fiscal agent, operates the system. ASAP is a system through which grantee organizations receiving Federal funds can draw from accounts pre-authorized by Federal Agencies.
ATM (Automated Teller Machine)	A device used by bank customers to process account transactions. Typically, a user inserts into the ATM a special plastic card that is encoded with information on a magnetic strip. The strip contains an identification code that is transmitted to the bank's central computer by modem. To prevent unauthorized transactions, a personal identification number (PIN) must also be entered by the user using a keypad. The computer then permits the ATM to complete the transaction. Most machines can dispense cash, accept deposits, and provide information on account balances. Banks have formed cooperative, nationwide networks so that a customer of one bank can use an ATM of another for cash access. Some ATMs will also accept credit cards for cash advances.
Authorization	An affirmative response by, or on behalf of, the Host to a request to permit an EBT Card to be used in a transaction.

Term	Definition
Authorized Retailer	Any merchant who has been approved by the FNS to accept Food Stamp benefits as payment for eligible food items and has completed a Retailer Agreement. Authorized retailers include, but are not limited to, retail grocery stores, food chains, farmers markets, roadside vendors, delivery services, and cooperatives.
Availability Date	The date the benefit can be accessed by the household to withdraw cash or purchase goods.
AVR (Automated Voice Response system)	A dial-in inquiry system, which provides access to account information via a digital telephone with voice response. Also referred to as an Automated Response Unit (ARU), Voice Response Unite (VRU) or Interactive Voice Response (IVR) system or application.
Balance Inquiry	A non-financial transaction that permits a Client to obtain available balance information.
Banking Holiday	A holiday observed by the Federal Reserve Board and its members.
BIN (Bank Identification Number)	A Bank Identification Number (BIN) is the first six digits of a credit card, debit card, charge card, etc. These digits identify which network the card belongs to as well as which bank issued it. These numbers are carefully controlled and appear on the card and in every transaction involving the card.
Benefit Month	The month that benefits placed in a client account become accessible to that client. Same as Issuance Month.
Business Day	Any day of the week except Saturday, Sunday, or a Banking Holiday.
Cancel	The termination of a Transaction prior to Authorization of the Transaction Request.
Card	A system entry device, usually made of plastic and meeting carefully defined standards for size, magnetic

Term	Definition
	coding, etc.
Cardholder	An individual who is authorized to access benefits in the EBT System.
Case	One or more eligible individuals usually sharing family membership and eligibility classification. For the TANF and Food Stamp eligibility category, it includes the eligible parent(s) and children.
Case Month	One TANF or Food Stamp case's participation in the respective program for one month.
Case Number	The unique nine (9)-digit number assigned by the HHSC eligibility system to each TANF and Food Stamp case.
Cash Back	The disbursement of funds from a Cash Benefit Account transacted through a POS or ATM terminal.
Cash Benefits	Annuity and public assistance benefits to a household or individual. This includes, but is not limited to, TANF, child support payments, and unemployment benefits.
Check Digit	The final digit of a series of numbers that may be used to test the validity of the series.
Client	Any person who receives TANF or Food Stamp benefits in accordance with the program eligibility requirements.
CMIA (Cash Management Improvement Act)	The CMIA of 1990 calls for efficiency, effectiveness, and equity in the transfer of funds between the federal and state governments. Under CMIA, federal funds drawn before they are required to meet obligations will be subject to interest liabilities. Should states utilize their funds to meet federal obligations, the federal government may be held liable for interest.
Concentrator Bank	A financial institution or other entity approved by the Federal Reserve Board, designated by the EBT Vendor for settlement via the ACH network.
Contract	A promise, or a set of promises, for breach of which the

Term	Definition
	law gives a remedy, or the performances of which the law in some way recognized as a duty. It is an agreement between two or more parties creating obligations that are enforceable or otherwise recognizable at law. The term also encompasses the written document that describes the terms of the agreement. For the state contracting purposes, it generally describes the terms of a purchase of goods or services from a vendor or service provider; however, the term also encompasses grant arrangements.
Contract Execution	The performance of all acts necessary to render a contract complete and legally binding between two or more parties.
Contract Management	Contract management is a core function that involves the continual monitoring of a contractor's performance to ensure its compliance with terms and conditions of a contract.
Contractor	The firm selected, and awarded a contract, to provide the services contained in this RFO and as contracted.
Correction	A credit or debit transaction intended to rectify an error in connection with a prior transaction that covers all or part of the amount of such prior transaction.
Credit Transaction	A transaction that places funds into an account.
CSA (Call Center Service Associate)	A live person who provides assistance to an EBT client or retailer, via a dial-up to a Call Center. Examples of assistance include access to account information, action on reports of lost and stolen cards, and PIN packet requests, as well as voice authorization of manual vouchers.
Cure Period	Time period following notification of a deficiency when the Vendor implements a correction.

Term	Definition
Cutoff	The time of day established by the EBT Central Processor in which a Business Day is established for Settlement and Reconciliation.
DEA (Data Encryption Algorithm)	See Data Encryption Standard (DES).
Debit Transaction	A transaction that removes funds from an account.
DES (Data Encryption Standard)	An ANSI-approved algorithm promulgated by the National Bureau of Standards, for encryption of data to allow secure transmission of information between points. The standard employs a 56-bit key, PIN, and Primary Account Number (PAN).
Debit Card	A card that resembles a Credit Card but which debits an account, usually a checking account, with transfer occurring simultaneously with the cardholder's purchase. A debit card may be machine readable, allowing for the activation of an ATM, POS, or other automated payments equipment. The card may be proprietary (issued solely by an entity such as a financial institution), or it can be a regionally or nationally accepted card.
Decline	The denial of a transaction by the Host.
DIR (Department of Information Resources)	The State agency responsible for the procurement of all data processing equipment and services in Texas.
Dormant Account	An account that has had no client debit activity recorded within the last ninety (90) days.
Downtime	The time interval during which an EBT functional unit or the EBT system is unavailable to users and/or stakeholders, due to a failure or maintenance.
EBT (Electronic Benefit Transfer)	An electronic payments system that uses electronic funds transfer, automated teller machines, and point-of-sale technology for the delivery and control of public assistance benefits.

Term	Definition
EBT Card	A plastic card issued to Clients, Secondary Cardholders, and Authorized Representatives, which allows them access to benefits in the EBT System.
EBT Contract Management	The process by which the covenants and agreements contained in the EBT vendor contract(s) are monitored and evaluated to ensure that they are met.
EBT Contract Manager	The HHSC staff person assigned to manage the EBT contracts.
EBT Project Manager	The person assigned by HHSC with overall responsibility for managing the EBT-2 project.
EBT Project Team	HHSC staff charged with developing and implementing the EBT System including defining functional requirements and developing relevant policies, standards, and operational guidelines.
EFT (Electronic Funds Transfer)	The use of techniques and terminals, such as the ACH, ATM, POS terminals, and Fedwire to transfer funds electronically.
EFT Act	The 1978 law that spells out the rights and responsibilities of users and providers of EFT services (except Fedwires).
EFT Network	An interactive combination of Issuers, Acquirers, and a network facility developed for the purpose of completing EFT transactions. Networks have defined participation, liabilities, operations, and operating standards.
EFT Network Bylaws	The document that defines the legal aspects of an EFT Network and sets out requirements for participation, access, and direction of the network.
EFT Network Operating Rules	The guidelines and requirements that describe the day-to-day functions of an EFT Network and the placement of liabilities and responsibilities among the participants.

Term	Definition
EFT System	The system designated to facilitate the exchange of monetary value via electronic means. Objectives include expansion of time and location availability of basic financial services, and reduction of the present growth of paper transactions.
Electronic Voucher Clear	The electronic submission of a Manual Voucher. Voice Authorization must be obtained with respect to each Manual Voucher.
Emergency and Supplemental Issuances	Any payment to a household that is made outside the routine benefit issuance schedule.
Emergency AR	Any person or agent, who is authorized temporarily on a one-time basis by the Client to receive and expend Food Stamp benefits on behalf of the household.
Encryption	A data security technique used to protect information from unauthorized inspection or alteration. Information is encoded so that data appears as a meaningless string of letters and symbols during delivery or transmission. Upon receipt, the information is decoded using an encryption key.
Encumbrance	An event when a telephone authorization puts a designated amount of the benefits in an EBT account on hold for future payment.
Expungement	Texas EBT food stamp and TANF accounts are closed after one year of inactivity according to federal regulations and state statutes. Remaining balances (if any) are no longer accessible to EBT cardholders.
Fair Hearing	A meeting conducted by HHSC staff with any applicant or Client who disagrees with and wishes to appeal some action taken on his or her case, or a retailer who wishes to appeal a vendor action.

Term	Definition
FAMIS (Family Assistance Management Information System)	The automated state system, meeting federal requirements for automated TANF systems that contain TANF, Food Stamp, and Medicaid Client eligibility, financial, and demographic information.
Federal Reserve System	The system in which the Federal Reserve Board operates. The central bank of the United States, created by Congress and made up of a seven (7) member Board of Governors in Washington, DC, twelve (12) regional Federal Reserve Banks, and their twenty-five (25) Branches.
Fedwire	Electronic funds transfer network operated by the Federal Reserve. Fedwire is usually used to transfer large amounts of funds and U.S. government securities from one institution's account at the Federal Reserve to another institution's account. It is also used by the U.S. Department of the Treasury and other federal agencies to collect and disburse funds.
FFP (Federal Financial Participation)	The federal share of matching funds for a particular benefit program. The FFP matching rate varies depending on which Federal Title applies. HHSC has an approved cost allocation plan that allocates expenses to the appropriate Federal Title and the matching rate applicable for the type of service being performed. These rates change periodically.
Field Testing	The process of testing system components and system functionality in order to validate the installation and implementation of a system.
Financial Management System (FMS)	The disbursement division of the U.S. Treasury.
Float	The dollar gain or loss an entity incurs when funds are received early or late.

Term	Definition
Floor Limit	A monetary limit placed on a manual voucher that is processed during a period in which the system is offline and the help desk is not accessible for voice authorization. Limit amount is set by the State and is in effect for the term of contract.
FNS (Food and Nutrition Service)	An agency of the United States Department of Agriculture, which is responsible for administering the Food Stamp Program.
FNS Authorization Number	The seven digit number assigned by FNS to a retailer who is certified to participate in the Food Stamp Program.
FNS Regulations	The final rules and regulations as published by the FNS.
Food Stamp Coupons	Federal government printed substitutes for currency with limited use for the purchase of eligible food-related products.
Food Stamp Program	A federal assistance program that issues food stamp benefits to eligible households. Benefits shall be used solely for eligible food items. Eligibility is determined and benefits are issued by the state.
Formal Qualification Test	A process, which allows HHSC to determine whether a software item complies with the requirements of that item.
Functional Testing	The process of testing system components and system functionality in order to validate the separate areas within a given system.
FRB (Federal Reserve Bank)	The central bank of the United States, created by Congress and made up of a seven (7) member Board of Governors In Washington, D.C., twelve (12) regional Federal Reserve Banks, and their twenty-five (25) branches. The Richmond, VA branch of FRB has been delegated by FNS to perform as an Account Management Agent for the federal Food Stamp Program funding accounts.

Term	Definition
GWS (Generic Work Sheet)	An automated eligibility certification system within HHSC.
HBO (Human Services Benefit Office)	State office where clients apply for benefits in person.
HHSS (Health and Human Services System)	<p>The Health and Human Services System is composed of five agencies.</p> <p>Texas Health and Human Services Commission (HHSC)</p> <p>Texas Department of Aging and Disability Services (DADS)</p> <p>Texas Department of State Health Services (DSHS)</p> <p>Texas Department of Family and Protective Services (DFPS)</p> <p>Texas Department of Assistive and Rehabilitative Services (DARS)</p>
HHSC (Texas Health & Human Services Commission)	The state agency with statutory authority for administering public assistance programs authorized by state and federal laws and regulations.
HHSCN (Health and Human Services Consolidated Network)	A statewide telecommunications cooperative between State agencies and private enterprise that connects and manages networks from the data center to the desktop, driven by the requirements of high service levels and the entities' need to share data, network costs, and services. DIR is the managing partner of HHSCN.
Hold	A temporary restriction placed on all or part of the funds in an account as a result of a manual voucher authorization or adjustment. The amount of funds on hold becomes unavailable to the client.
Host	The central EBT processing system (hardware, software, and data) that processes transactions and maintains client and retailer accounts.
"Hot Carding"	The process of deactivating an EBT card that a client or

Term	Definition
	authorized cardholder has reported lost or stolen.
Household	An entity in the Food Stamp benefit system for whom eligibility is determined. A Household may consist of one or more Clients.
IBC (Integrated Benefits Card)	HHSC's effort to establish a method for integrating benefits issuance and recipient identification for Health and Human Services programs into a single integrated benefits issuance card.
IEE (Integrated Eligibility and Enrollment)	New Eligibility System --HHSC eligibility system that allows Texans to apply for state services in person, through the Internet, over the phone and by fax or mail. Four call centers have been established to receive and process applications, and consumers will be able to track the progress of their applications through an automated phone system.
IIN (Issuer Identification Number)	The number assigned by the American Bankers Association that identifies a specific Issuer for the purpose of interchange of transactions.
Inactive Account	An account that has had no client debit activity recorded within the last three (3) months.
Inquiry	A request for information pertaining to an Account.
Interchange	The passage of authorization requests, transaction records, or information between an Issuer and an Acquirer through an Intermediate Network Facility (INF).
Interchange Fee	The money paid to an Intermediate Network Facility/Switch for its services. Services include passage of authorization requests, transaction records, or information between an Issuer and an Acquirer through the Intermediate Network Facility. The term is also used for the Acquirer Fee (money paid to the Acquirer for use of its terminals and services).

Term	Definition
Interface	The data transfer between two (2) or more System Components.
Interface Testing	The process of testing system components and system functionality in order to validate the data transfer between two (2) or more system components.
Intermediate Network Facility (INF)	See Switch.
Interoperability	A system that enables a Food Stamp benefit, other public assistance benefit (for example, TANF) or payment issued through an Electronic Benefit Transfer Card to be redeemed in any of the fifty (50) states.
ISO (International Standards Organization)	The organization responsible for coordinating international standards, including those used for financial processing.
Issuance Month	The month when benefits placed in an EBT Client Account are accessible to the client.
Issuer	A depository institution that has entered into an agreement with a government entity or prime contractor to undertake the responsibilities of an Issuer under the Quest Operating Rules.

Term	Definition
IVR (Interactive Voice Response)	Interactive Voice Response (IVR) is a software application that accepts a combination of voice telephone input and touch-tone keypad selection and provides appropriate responses in the form of voice, fax, callback, e-mail and perhaps other media. IVR is usually part of a larger application that includes database access. An IVR application provides pre-recorded voice responses for appropriate situations, keypad signal logic, access to relevant data, and potentially the ability to record voice input for later handling. Using computer telephony integration (CTI), IVR applications can hand off a call to a human being who can view data related to the caller at a display.
Key Entry	The manual entry of data via a data entry device.
LAN (Local Area Network)	A LAN is a network of interconnected workstations sharing the resources of a single processor or server within a relatively small geographic area. Usually, the server has applications and data storage that are shared in common by multiple workstation users.
LAR (Legislative Appropriation Request)	The HHSC formal request for funding for a biennium. The document is submitted to the Legislative Budget Board (LBB) and the Governor's Budget and Planning Office.
Leased Line System	Leased lines are telecommunications network links between two or more points that are leased by an organization, from a telecommunication service provider. Leased lines are permanently open connections, unlike conventional telephone connections, which are not open unless a call is manually initiated.
LBB (Legislative Budget Board)	A ten (10)-member board composed of the Lieutenant Governor as the chairperson, the Speaker of the House as the vice-chairperson and four (4) members each of the Texas Senate and House of Representatives.

Term	Definition
Live Demonstration	A system presentation utilizing production data, to demonstrate the accuracy and completeness of a system.
Magnetic Stripe	A stripe of magnetic material affixed to the back of a Credit or Debit Card at the time of its manufacture. When encoded, it contains cardholder and account information to facilitate completion of financial transactions.
Manual Voucher	A paper document used to execute an offline EBT transaction. The document contains client and retailer information and client signature.
Manual Voucher Transaction	An EBT program transaction affected manually (that is, not via a POS Terminal), and includes a Manual Voucher.
Medicaid	A program of medical care authorized by Title XIX of the Social Security Act and the Texas Human Resources Code. Medicaid is a state-administered program utilizing a combination of state and federal dollars to purchase medical care of categorically needy and medically indigent individuals.
Medicaid Access Card (MAC)	Pilot program to test fraud reduction in addressing provider fraud, abuse and waste, as well as appropriate cases of third party and recipient fraud or abuse.
NACHA (National Automated Clearing House Association)	The national association that establishes the standards, rules, and procedures that enable depository financial institutions to exchange ACH payments on a national basis.
Non Traditional Retailers	A person, company or organization authorized by FNS to accept food stamp benefits in exchange for eligible food items that does not operate like a normal retail enterprise. Usually this means that the retailer does not have access to a phone line or electricity at the point of sale and therefore is unable to use a standard POS device to authorize the transaction (e.g., farmers' markets and route

Term	Definition
	vendors). Others, such as group homes, treatment centers, food cooperatives and communal dining facilities have special circumstances that require a variety of unique accommodations in order to continue FSP participation in the EBT environment.
NPA (Non-Public Assistance) Household	A food stamp household in which no one receives TANF or only some of the members receive TANF.
NSF (Non-Sufficient Funds)	When client funds are not enough to satisfy the payment or draft attempt on a particular account.
Object Code	Programs assembled or compiled in magnetic or electronic binary form on software media, which are readable and usable by machines, but not generally readable by humans without reverse assembly, reverse compiling or reverse engineering
ODFI (Originating Depository Financial Institution)	A participating financial institution that originates ACH credit and debit entries, at the request of, and by agreement with, its customers. These institutions must abide by the provisions of the NACHA Operating Rules and Guidelines. In EBT, an ODFI refers to the Concentrator Bank when originating credits to the Authorized Retailer Bank accounts or the State bank when the Texas State Treasury originates credits to the Concentrator Bank.
On-Line	An EBT transaction in which authorization of individual purchases requires telecommunication between the POS/ATM and a central database in which data on account balances is maintained. Interactive as opposed to batch. Accessible via a computer (or terminal), rather than on paper or other medium.
OIG (Office of Inspector General)	The division within HHSC responsible for monitoring benefit program integrity and investigating fraud.

Term	Definition
Originator	An entity that has authorized an ODFI to initiate ACH credit or debit entries to the account of a receiver with an RDFI. In EBT, an Originator refers to the EBT Vendor when authorizing the Concentrator Bank (ODFI) to initiate credits to the Authorized Retailer Banks (RDFIs) or the Texas State Treasury when authorizing the State bank (ODFI) to initiate credits to the Concentrator Bank (RDFI).
PA (Public Assistance) Household	A Food Stamp household in which all members receive TANF or SSI and TANF.
PAN (Primary Account Number)	A number that identifies the Issuer and the cardholder, which is fully embossed and encoded on a card.
PMS (Payment Management System)	The grant payment system, operated by the HHS and utilized by the ACF and various federal agencies ordinarily through the ACH system, which provides funds the next business day following the day of funds request.
PIN (Personal Identification Number)	A four (4)-digit alphanumeric code selected by or assigned to the Client and used to verify identity of a cardholder when performing an on-line transaction at ATMs or POS terminals.
PIN Pad	A device that enables the Client to enter a PIN at a POS or ATM terminal to initiate an EBT transaction.
Plucker	An electronic queuing system used by HHSC in which transactions are placed in a queue and processed in the order in which they were received.
Point-Of-Sale (POS) Terminal	A range of devices deployed at Authorized Retailers and used to initiate the electronic debit of Client accounts and credit to retailer accounts as a purchase is being made or credit to the client account and debit to the retailer account for a return.
Positive File	A file containing, at a minimum, the current balance for each active Client account. Depending on the specific

Term	Definition
	system, it may also contain Client privileges, PINs, etc.
Posting Date	The date that a transaction is “posted,” or reflected, on an account.
Pre-Notification (Prenote)	A zero-dollar entry sent through the ACH network by the ODFI to the Receiving Depository Financial Institution (RDFI). It contains the same information, with the exception of the dollar amount and transaction code, that will be carried on "live" entry and it allows the RDFI to verify the accuracy of the account data.
Presentment	Approval by Issuer of authorization requests and settlement of that transaction.
Proposal	Binding offer submitted by a respondent in response to a Request for Offers (RFO).
Protective Payee	A person appointed by HHSC to receive TANF benefits on behalf of the household or client.
Quality	The degree to which a system, component, process, or service meets a user’s specified requirements and user’s needs or expectations.
QUEST	Operating rules for interoperable EBT transactions, as developed by NACHA, the National Automated Clearing House Association.
Quest Mark	The Quest design mark and such other service marks as may be adopted from time to time in accordance with the Quest Operating Rules.
QUEST Operating Rules	Set of rules developed by the NACHA Electronic Benefits and Services (EBS) Council that set forth the requirements for the distribution of government benefits under the Quest service mark
RDFI (Receiving Depository Financial Institution)	Any financial institution qualified to receive ACH debit and credit entries through its regional ACH. All RDFIs agree to abide by the NACHA Operating Rules and Regulations

Term	Definition
Receipt	A hard copy description of an EBT transaction that took place at an ATM or POS terminal.
Receiver	An entity that has authorized an Originator/ODFI to initiate ACH credit or debit entries to the Receiver's account with an RDFI. In EBT, a Receiver refers to the Authorized Retailers, via the Retailers' banks, when receiving credits initiated by the Concentrator Bank (ODFI) or the EBT Vendor, via the Concentrator Bank.
Reconciliation	Activities in the EBT System for the: accountability for the movement of funds; complete balancing of all credits and debits in the system; reporting of transaction data; proof and verification of audit trail(s); and validation of internal HHSC control.
REDE (Retailer EBT Data Exchange)	The automated exchange of retailer data between FNS and EBT processors for notification of additions, deletions, and changes affecting retailers participating in the Food Stamp Program.
Refund	The return of the value of a transaction to a customer.
Regulation E	The regulation, all amendments thereto and official interpretations thereof (12 CFR Part 205) promulgated by the Federal Reserve Board implementing Title IX (EFT Act enacted in 1978 by the Congress) of the Consumer Credit Protection Act. It establishes the basic rights, liabilities, and responsibilities of the consumers who use EFT services and financial institutions that offer these services. The regulation is intended to carry out the purposes of the Act, including, primarily, the protection of individuals engaging in EFT transactions. The Act dictates such requirements as mandated disclosures, receipt requirements, and dispute resolution time frames, etc.
Respondent	The Vendor submitting a preliminary proposal in response

Term	Definition
	to a Request for Offer (RFO). See RFO.
Retailer Agreement	A written agreement between a retailer and the entity designated by HHSC (for example, an EBT-2 Vendor) to participate in the EBT program. The agreement defines operational and legal relationships between the parties.
Retailer Bank	A financial institution designated by the Authorized Retailer for the purpose of EBT Settlement.
Return	A refund for the value of merchandise, originally purchased with EBT benefits, brought back by a customer for a credit from the retailer.
Reversal	A transaction that revokes the full amount of a previously authorized transaction and contains data elements referencing the original transaction.
RFO (Request for Offer)	A solicitation for catalog information systems and/or services requesting the submittal of an offer in response to the required scope of services, including a cost proposal. Negotiations are allowed between Respondents and the issuing agency.
RPC (Remote Procedure Call)	Database query integrated with the main processing system.
SAVERR (System for Application, Verification, Eligibility, Referral and Reporting)	The computer system operated by HHSC that maintains all Client- and Case-related data records and case actions and information; and produces Client notices. The system includes the Client database used by all other sub-systems operated by HHSC.

Term	Definition
Settlement	The exchange of information that results in the transfer of funds from one entity to another to complete a financial transaction. In EBT, these include the flow of funds between the EBT Vendor/Concentrator Bank and Authorized Retailers/Retailer Banks; the U.S. Treasury/Federal Reserve and the Texas State Comptroller Treasury/State Bank; and the Texas State Comptroller Treasury/State Bank and the EBT Vendor/Concentrator Bank.
Settlement Day	The day on which Settlement occurs.
SIMS (Systems Integration and Management Services)	HHSC staff responsible for planning, organizing, directing, and controlling all activities that are required to implement Texas EBT. The SIMS unit is responsible for ensuring that the functional areas are integrated.
Smartlink	The front-end communication linkage to the Payment Management System (PMS).
Source Code	The human readable programming code for any software.
SSI (Supplemental Security Income)	A needs-tested program administered by the Social Security Administration providing monthly income to aged, blind, and disabled individuals.
Staggered Issuance	The formula by which HHSC issues Food Stamp benefits across each calendar month.
Stakeholders	Parties who have an interest in EBT programs.
STARS (Store Tracking and Redemptions Subsystem)	The FNS database of retailers participating in the Food Stamp Program. STARS supports FNS field offices, regional offices, and the national office to assure conformance to regulations by stores.
State Auditor's Office	The agency responsible for monitoring compliance and accountability for the State of Texas under the Federal Single Audit Act.
State Bank	The financial institution that the Texas State Comptroller

Term	Definition
	designates for the purpose of Settlement.
Store and Forward	Texas EBT Retailers may be certified for Store and Forward (Back-Up System) approvals an alternative to manual vouchers. Also known as 'standin' processing, retailers provide approvals during temporary outages and then submit these transactions electronically when online service is restored. Retailers assume the liability for denied and/or rejected Store and Forward transactions.
Subcontractor	Any person not in the employ of the contractor or any organization not owned by the contractor, performing work that is the responsibility of the contractor under a contract resulting from this RFO.
Switch	A computer and associated software that allows completion of interchange transactions in an EFT Network. It keeps track of all transaction activity, the flow of funds among participants, and access to the network. It keeps track of all Issuers and sends their transactions to the proper EBT Processor of each Issuer.
Switch Fee	The money paid to the Switch for its services. The term Interchange Fee is also used. The Switch Fee is a portion of the Interchange Fee.
System Certification	The point at which a system receives approval to move from the development to implementation phase.
TANF (Temporary Assistance for Needy Families)	A state-federal public assistance program that issues cash benefits to eligible households with minor and dependent children. Eligibility is determined and benefits are issued by the State.
TBPC (Texas Building and Procurement Commission)	Agency commissioned to procure services and issue purchase orders for the State of Texas.

Term	Definition
TCP/IP (Transmission Control Protocol /Internet Protocol)	The suite of communications protocols used to connect hosts on the Internet. TCP/IP uses several protocols, the two main ones being TCP and IP. TCP/IP is built into the UNIX operating system and is used by the Internet, making it the de facto standard for transmitting data over networks. Even network operating systems that have their own protocols, such as NetWare, also support TCP/IP.
Texas Comptroller of Public Accounts (Comptroller's Office)	The office responsible for maintaining the State's central fiscal accounts for requesting payments into and out of the funds held by the Texas State Treasury.
Texas Workforce Commission (TWC)	The State employment security agency that provides employers with assistance in locating employees, provides the public with assistance in locating employment, handling unemployment insurance, and provides various special programs for target populations.
Third Party (TP) Processor	An entity that drives and maintains Authorized Retailer POS terminals, routes EBT transactions to the Host EBT System, and settles Authorized Retailer accounts.
TP Processor Certification	A determination made through a series of tests concerning a Third-Party Processor's fitness to participate in the Texas EBT Project and interface with the Host.
TIERS (Texas Integrated Eligibility Redesign System)	The Texas Integrated Eligibility Redesign System (TIERS) is a multiyear project designed to create a state-of-the-art, web-based eligibility determination system for HHS programs. TIERS will provide HHS eligibility workers with a single, integrated system that will be used in delivering food, cash assistance, medical, and community care services to Texans in need. It also will support data sharing with 20 state agencies.
Transaction	The set of input data that initiates a specific action, such as a debit or inquiry, in the EBT System. A type of

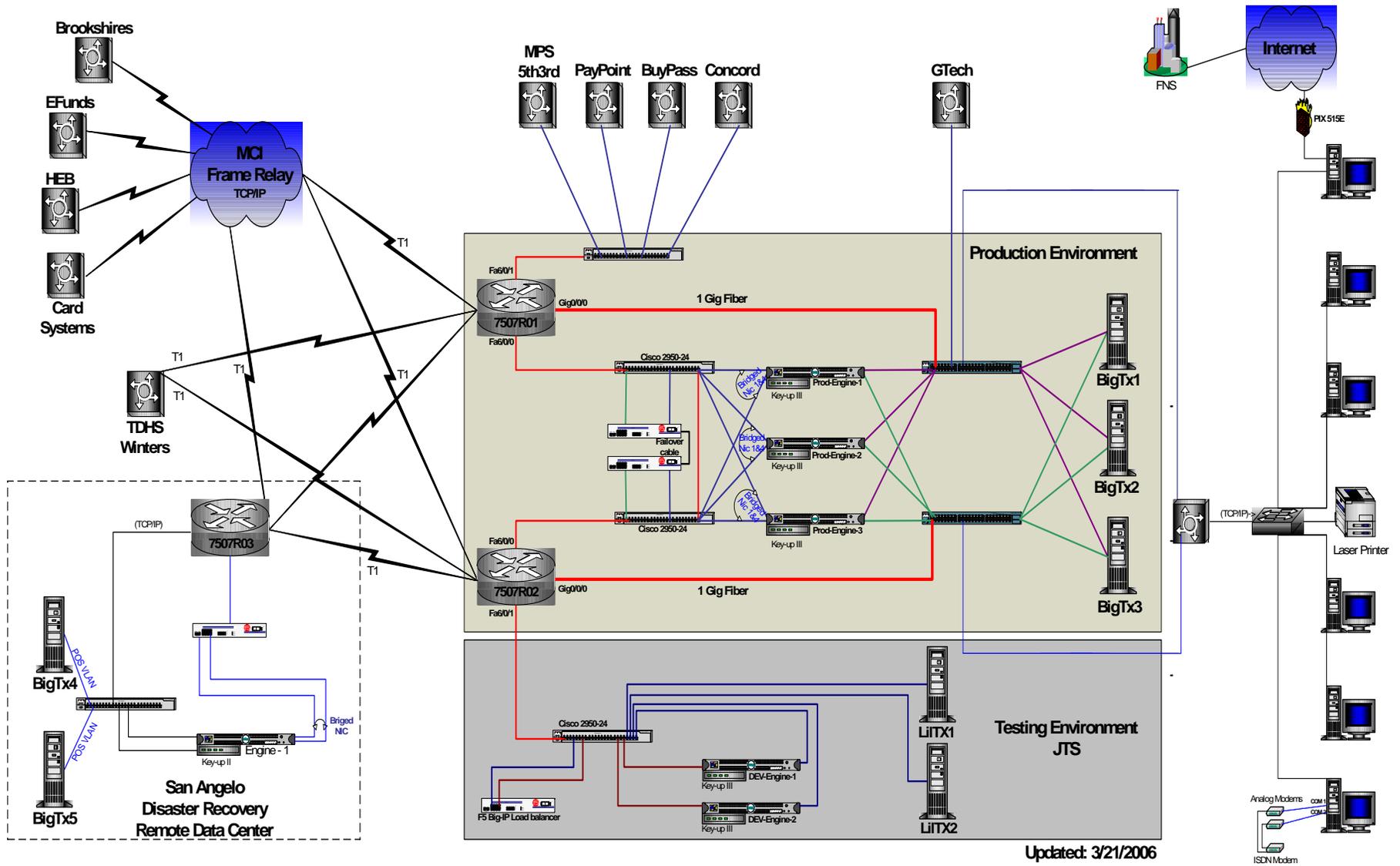
Term	Definition
	computer processing in which the computer responds to user requests. Each request is considered to be a <i>transaction</i> . Automatic teller machines for banks are an example of transaction processing.
Transaction Audit Trail	Detailed record of a Transaction from origin to Settlement.
Transition Plan	A written plan for the transition from the current organizational structure to MEO, contract, or performance designed to 1) minimize disruption and preclude adverse impacts, and 2) establish capitalization and EBT start-up requirements.
Transit/Routing (ABA) Number	A set of numbers, consisting of eight digits and a check number that identifies a specific financial institution.
Triple DES Encryption (TDES)	The triple Data Encryption Standard (DES) algorithm is used with two or three randomly generated keys to protect the personal identification number (PIN) utilized by cardholders. The National Institute of Standards and Technology (NIST) recommends the Triple Data Encryption Algorithm (TDEA) at a minimum for the protection of Federal information.
UCC (Uniform Commercial Code)	A set of laws governing financial contracts adopted, with or without modification, by individual states. It is designed to provide some consistency among the states' commercial laws.
U.S. Treasury	The federal government's fiscal agent for establishing and managing federal accounts.
USDA (United States Department of Agriculture)	The cabinet level department, which oversees the Food Stamp Program.
Vendor	An entity that may be selected through state's procurement and solicitation process to perform EBT-related services.

Term	Definition
Voice Authorization	An affirmative response to a Retailer request for approval of a Manual Voucher Transaction. This request is made via the EBT Help Desk.
Void	The cancellation of an erroneous transaction.
WEB AT (Administrative Terminal Application)	Through internet access authorized staff issue and replace Lone Star cards and PIN packets, issue priority benefits, update client biographical data, perform client and TP Processor transaction inquiry functions, and perform client and TP Processor account adjustments.
WIC (Women, Infants, and Children)	A federally funded program administered in Texas by the Department of State Health Services designed to provide food supplements for women, infants, and children.
Wire Transfer	The term that generally refers to large dollar, instantaneous, electronic funds transfers.

**6.2 Appendix B – Texas EBT Software Licenses**

Respondents who indicate in writing their **desire** to review a Texas EBT Software License will be allowed to do so at an HHSC facility in Austin, Texas. Respondent must contact the HHSC Point of Contact for this RFO at least 45 days prior to the proposal due date as defined in Section 1.9, and **must execute a Confidentiality and Nondisclosure Agreement to be provided by HHSC**. HHSC staff will schedule and manage software license reviews by vendors on a first-come-first-serve basis. Respondents that schedule time for code reviews and license reviews will not be allowed to remove documents from the resource room or to make copies of any information provided for review. Cameras of any type, including camera phones, will not be permitted during the review.

6.3 Appendix C – Texas EBT Operating Environment Diagram



**6.4 Appendix D – LST Change Management Plan**



**Lone Star Technology**  
Health and Human Services Commission

(A) INTRODUCTION

This Change Management Plan describes the process that the Lone Star Technology (LST) follows for managing changes associated with the EBT-2 system.

(1) Purpose

The purpose of this plan is to provide a description of the formal change process that LST uses with its EBT-2 Contractors. This plan allows proposed changes to be evaluated, facilitates the efficient implementation of changes, provides a history of proposed and accepted changes, improves communication regarding changes, and minimizes disruptions to the project and environment.

(2) Scope

All changes will be tracked through the change management process described in this plan. This process addresses all types of changes, which are defined as corrections, enhancements, modifications, additions, and replacements to software, hardware, network, infrastructure, policies, procedures, training, management, facilities, or Contractors, whether or not the change directly impacts (positively or negatively) EBT stakeholders, including retailers, clients, state or local offices, or any EBT-2 Contractor. In addition, this process may also be used to address any activity that requires additional costs, contract modifications, or amendments to the way HHSC does business, as well as changes to state or federal policies, regulations, or statutes.

This plan defines the LST change management process, which includes the following steps:

- proposing changes
- communicating changes to impacted parties
- assessing/testing changes, including estimating the associated costs
- planning for the implementation of changes
- prioritizing and scheduling changes
- documenting changes
- approving changes

The change management procedures in this plan are designed to address all changes that materialize during current operations as well as during the implementation of new programs under the EBT-2 contracts. New program integrations and other high-impact changes will also require preliminary and final approval from the LST Change Management Board. Any changes to the EBT-2 system, hardware, software, data, operational procedures or processes must be approved by LST. LST also evaluates and establishes priorities for all changes.

In the event of emergency situations, the EBT-2 Contractor may not be able to follow the change management process in its entirety. In these cases, the EBT-2 Contractor will act as deemed necessary to support essential EBT-2 operations with appropriate efforts to contact LST personnel; however, notification and review of the emergency change will be conducted as soon as possible and comprehensive documentation will follow.

The change management process at times intersects the problem management process, which is documented in the Problem Management Plan.

## (B) ROLES AND RESPONSIBILITIES

### EBT-2 Contractor Responsibilities

The EBT-2 Contractor Change Manager manages the Contractors change management team. As the Contractor Change Manager, this person is responsible for monitoring the progress of each change through the entire process. The Contractor Change Manager is responsible for the following specific tasks:

- Assigning a contractor tracking number to change requests and matching to LST change request number
- Coordinating assessment/testing of the change, including estimation of the associated costs, and documenting the results
- Communicating the potential change to all impacted parties
- Documenting the implementation methods and requirements
- Coordinating and documenting the proposed implementation date/window
- Completing appropriate change management forms
- Coordinating approval of the change from LST and all impacted parties

- Maintaining a change management history
- Reviewing the Change Management Plan annually and providing assistance in updating the plan as needed throughout the life of the EBT-2 project

Other EBT-2 Contractor Change Management Team members share responsibilities in the change management process, including the Project Manager, the section leads, subcontractors, other EBT-2 Contractors, and the HHSC SIMS Unit. These team members assist as appropriate in documenting, assessing, testing, scheduling, approving, and implementing changes.

### LST Responsibilities

The LST Change Manager leads the LST Change Management Team. As the LST Change Manager, this person is responsible for monitoring the progress of each change through the entire LST process. The LST Change Manager is responsible for ensuring the completion of the following specific tasks:

- Assigning an LST change number to change requests
- Assigning an LST project manager to the change request
- Routing change request through the LST Change Board
- Providing written request for estimate/proposal for change
- Communicating the potential change to all impacted parties via a Project Alert
- Documenting requirements for change
- Coordinating and documenting the proposed implementation date/window
- Completing appropriate change management forms
- Coordinating approval of the change from LST Change Board
- Acknowledging completion of a change and authorization for payment, if billable
- Maintaining a change management history
- Reviewing the EBT-2 Contractor Change Management Plan annually and updating the plan as needed throughout the life of the EBT-2 project

Other LST Change Management Team members share responsibilities in the change management process, including Project Managers, SIMS Leads, operations, business development, contracts and budget. These team members assist as appropriate in documenting, assessing, prioritizing, testing, scheduling, approving, and implementing changes.

(C) CHANGE MANAGEMENT PROCESS

(1) Overview

The change process begins with an EBT stakeholder making a request for a change or enhancement to the Texas EBT-2 system, processes or procedures. The process ends with implementation and evaluation of the change to the system, processes or procedures. If a change request is denied, then the process ends with the documented decision not to implement the change.

The following is a high-level description of the LST change process:

(2) Change Initiation

- Change Request Submitted
- LST Change Board Initial Review
- Internal LST Stakeholder Meetings
- Contractor consultation (optional)
- External Stakeholder Meeting
- Posting and notification of Project Plan
- Project notification broadcasts
- HHSC Project Filter Board Review (if necessary)
- Project Alert
- Project Requirements Document (PRD)
- Contractor Proposal/Quote
- Change Request Authorization (LST Change Board authorization to start development)

(3) Change Development

- Contractor Develops Design Document
- LST SIMS and Project Manager approves the contractor Design Document
- Contractor begins development/work

- Contractor Unit Testing
- Joint Testing (Contractor & LST SIMS)
- Federal Acceptance Testing if required
- Implementation Approval
- Implementation
- Acknowledgement of completion

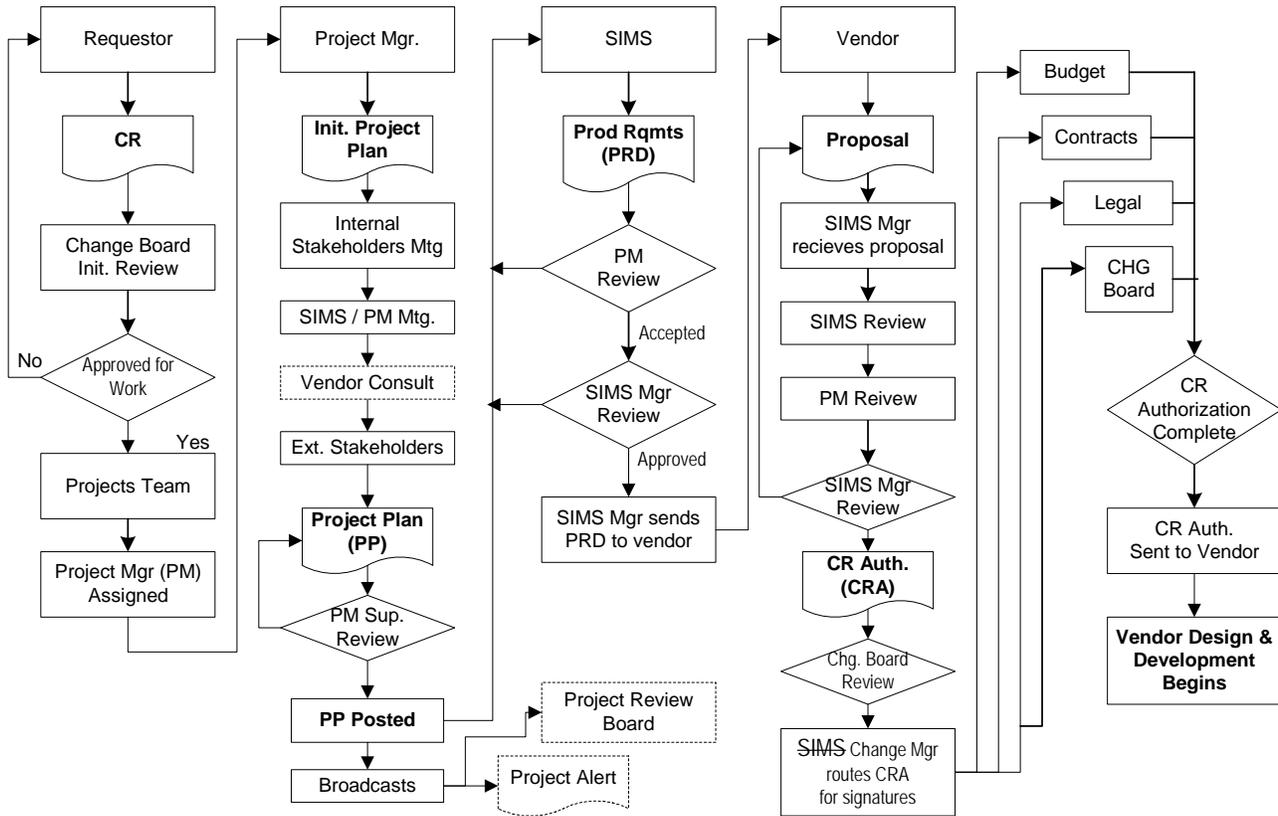
(4) Change Evaluation

- Evaluation Criteria is analyzed by LST Project Manager (PM)
- PM gathers feedback from stakeholders
- PM documents project evaluation results

(5) LST Change Board

- SIMS Manager
- SIMS Lead
- Financial Manager
- Contract Manager
- Project Manager
- HHSC Legal
- LST Director
- Change/Risk Manager

(D) Change Initiation Process



(1) Change Request Submitted

The formal change process begins when a Change Request (CR) is submitted to LST Change Manager in paper or electronic form capturing the basic description of the change. Some proposed changes enter the change management process through the problem management process. The HHSC SIMS Manager may initiate other changes, particularly high-impact changes such as new program integration. The Business Development team may also initiate change requests as new business opportunities arise describing the new business opportunity and high-level requirements in a Business Requirements Document (BRD). The LST Change Manager assigns a change management number to the change and inserts the CR number into the change management form. (See the Appendix for the established change management form.)

(2) Change Board Initial Review

The LST Change Manager will present changes to the LST Change Board for initial review and request approval to initiate project. Once approval is received, a LST PM is assigned and an initial project plan is developed.

(3) Internal Stakeholders Meeting

The LST PM Lead will setup an Internal Stakeholders meeting to review change requests and request input on change requests being reviewed. This meeting provides an opportunity to gather input from internal stakeholders on proposed changes. From this meeting the following should be identified for each change request being reviewed:

Identification of impacted external stakeholders

Goals, purpose and benefits of implementing change

Possible policy, rules and handbook issues and strategies for overcoming issues

Potential risks and risk mitigation strategies

Integration considerations and strategies for external interfaces and processes

The LST PM Lead may call these meetings on an ad-hoc basis or establish a regular schedule. The LST PM Lead will invite LST staff including projects, systems integration, policy, budget, contracts and operations and business development to participate in the internal stakeholders meeting. Other LST resources may be included as appropriate.

(4) SIMS / PM Meeting

The LST PM will have a meeting with the appropriate SIMS Lead to discuss project plan, stakeholder requirements, technical solution options and identification of any technical limitations. The LST PM and the SIMS L will determine if there is need to schedule a contractor conference.

(5) Contractor Consultation Meeting

The LST PM and the SIMS Lead may determine that a consultation meeting is needed with an EBT Contractor and/or subcontractor to discuss the technical and functional aspects of a particular project. The purpose of this meeting is to provide an opportunity for the contractor's early input into the development of the project by providing solution options and identifying technical considerations. This is

an optional meeting that the SIMS Manager will request and setup between the LST PM, SIMS Lead, SIMS manager and vendor team members.

(6) External Stakeholders Meeting

The LST PM Lead will setup and lead a meeting to present the proposed project and gather input from external stakeholders. This is the official meeting with external stakeholders prior to finalizing the project plan. Note that the external stakeholders may be contacted on an individual as needed basis in developing the preliminary project plan.

(7) Project Plan

The LST PM will finalize and post the project plan to the LST Intranet server and then send a broadcast to internal stakeholders that the Project Plan has been posted. The primary purpose of the project plan is to describe the goals, purpose and timelines for the project. Based upon the complexity of the project, the project plan may also include business level requirements, interfaces, timelines, potential contracts or agreements that may be necessary, related regulations, mandates, standards, potential risks and risk mitigation strategies.

(8) Project Alert

The LST PM will create a project alert that is sent by the LST Change Manager to all project stakeholders. The timing for this notification is up to the discretion of the LST PM based on the requirements of the project.

**Agency Project Filter Board Review (if necessary)**

For projects that may have a TIERS/SAVERR impact or impact to other agency areas, projects may require submittal to the HHSC project filter board. The HHSC filter board will assist in coordinating the project across various areas and/or departments of HHSC. If a project requires agency filter board approval, then the LST project will follow appropriate protocols and processes for communication and approvals.

(9) Project Requirements

The SIMS Lead is responsible for developing the Project Requirements Document (PRD), which will clarify the project by defining functional, procedural, interface and technical requirements for the project. The PRD will also identify any implementation constraints or considerations that must be considered. The SIMS Lead is responsible for working with the LST PM in considering solution options. The SIMS Lead may consult with a contractor regarding resources for preliminary feedback on the project. The PRD is the official primary document by which the goals, purpose and expected outcomes are communicated to the contractor for the project. Note that the PRD's level of detail may vary based on the nature of each project.

The SIMS Lead must meet with the LST PM to get consensus on the proposed PRD. If there are unresolved issues with the PRD, the SIMS Manager will be contacted to resolve the issues.

The SIMS Manager is responsible for sending the contractor the official PRD and requesting the corresponding proposal.

(10) Vendor Proposal

The contractor assesses the PRD and develops a Proposal/Quote for the change. The EBT-2 Contractor may coordinate the development of the proposal with the appropriate approved subcontractors.

(11) LST Review and Contract Management Approval of Vendor Proposal/Quote

The SIMS Manager shall provide the contractor's Proposal/Quote to the LST Contract Manager for review and approval. If appropriate, the LST Contract Manager shall notify FNS regarding the proposed change.

(12) LST Change Board Approval

The LST Change Board includes the following LST staff members, SIMS Manager, SIMS Lead, Project Manager, Financial Manager, Risk Manager, and Contract Manager. HHSC Legal is also a member of

LST Change Board. Should the LST Change Board deem it necessary, other EBT stakeholders as appropriate will review the change request. The LST Change Board may also choose to place the request on hold until a later specified time. Upon CR approval, the LST PM will manage the project through completion.

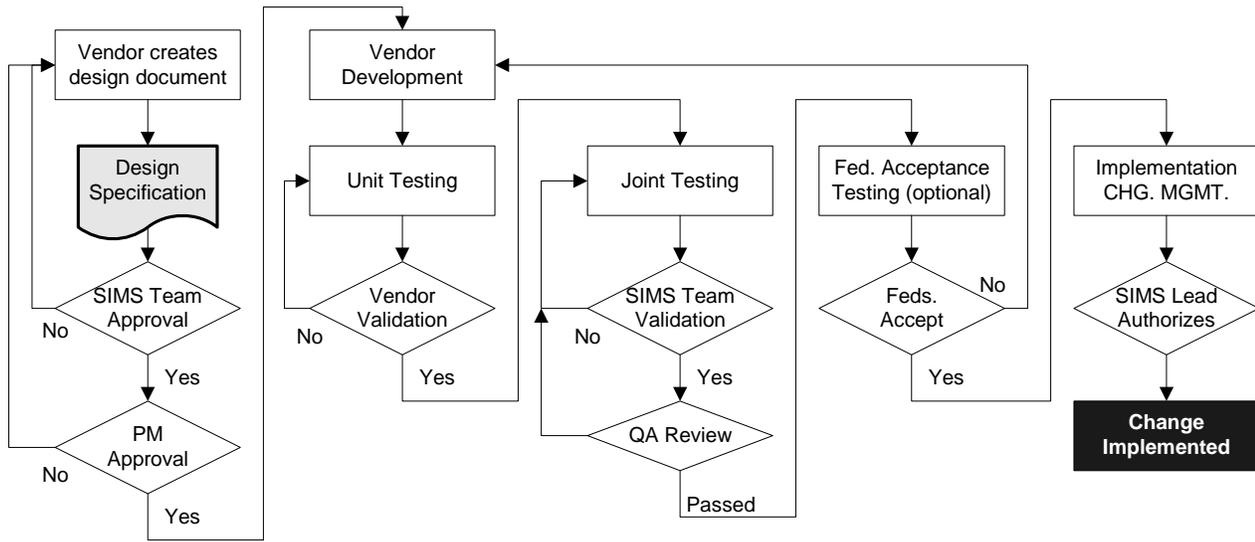
The LST Change Board will also be responsible for assessing and setting priorities for changes requests.

The membership of the LST Change Board is dynamic based on the needs of the department as accessed by the LST Director. The LST Change Board is composed of the LST Director and any other members appointed by the LST Director. Note that the board may consist of only the LST Director.

#### Change Request Authorization

If LST Change Board approves the Proposal, the LST Change Manager will route a Change Request Authorization (CRA) form for signatures within LST. Upon LST approval, the LST Contract Manager will route the CRA to HHSC Legal for review and approval. The SIMS Manager will then provide a signed Change Request Authorization to the EBT-2 Contractor which grants the contractor authorization to start development.

(E) Change Design and Development



(1) Contractor Develops Design Document

A design document is required for all major development projects unless the LST SIMS Manager waives this requirement in writing.

(2) Design Document Approval

The LST SIMS Lead, the LST PM and the LST SIMS Manager must approve and accept the design document in writing. If the design document is not approved, the Contractor will make the necessary changes and resubmit the design document for approval.

(3) Contractor begins development/work

Contractor begins development after the LST SIMS Manager approves the design document. If there is a needed variance in the design, then the change must be approved by LST SIMS Manager prior to the development of the change.

(4) Contractor Unit Testing

The EBT-2 Contractor is responsible for unit testing of all development changes prior to Joint Testing.

(5) Joint Testing

The contractor's Project Manager and the SIMS Lead will coordinate joint Testing. The LST Quality Manager will validate all changes. The SIMS Lead is responsible for notifying LST PM of the status and results of joint testing. Depending on the project the LST PM may request to be involved in Joint Testing if appropriate.

(6) Quality Review

After successful joint testing, but before implementation, the contractor will facilitate a quality review of software, hardware, interfaces and processes associated with a change. The LST Quality Manger will complete the quality review. The quality review methodology and results must be presented to and accepted by the SIMS Lead and SIMS Manager.

(7) Federal Acceptance Testing if required

Major changes to the EBT-2 system, may require federal acceptance testing. The appropriate LST SIMS Lead(s) will be responsible for coordinating and scheduling the necessary LST, EBT Contractor, and federal partner resources required for acceptance testing..

(8) Implementation Approval

When a change is ready for implementation, the Contractor's Change Manager will provide the completed change management form to the SIMS Lead. This form authorizes the contractor to implement the change. This form will include at least the following: a description of the change being implemented, the date and time for implementation and back-out procedures. The SIMS Lead will notify the LST PM that a change is ready for implementation. The SIMS Lead and the LST PM will agree upon and set the implementation date based upon implementation considerations identified in the PRD.

(9) Implementation

After the appropriate LST Contract Manager has signed the change management form, then the contractor is authorized to implement the change at the time designated. The contractor will coordinate the implementation date with the SIMS Lead. If problems arise which prevent implementation from occurring at the designated time, the contractor will notify the SIMS lead. Written notification (i.e. email) should also be provided to the SIMS lead for successful implementation as well. The SIMS Lead will then notify the LST Change Manager and the LST PM of the success or failure of implementation of the change.

(10) Acknowledgement of Completion

Upon validation of completion of a change, the LST SIMS Manager will sign the bottom of the Change Request Authorization form acknowledging that the change has been completed and is accepted. This signature indicates that the change is complete and is eligible for payment, if billable.

LST Change Manager files the Acknowledgement of Completion in the central repository and updates the CR log with date completed.

(F) Project Evaluation

Evaluation Criteria is analyzed by LST Project Manager (PM)

After a change has been implemented, the LST PM will evaluate the success/effectiveness of the change based upon the evaluation criteria identified in the Business Requirements Document for the project.

PM gathers feedback from stakeholders

The LST PM is responsible for gathering feedback from stakeholders as to the success of meeting the previously identified needs and requirements.

PM documents project evaluation results

The LST PM will document evaluation of a change based upon the evaluation criteria and feedback from affected stakeholders. Based upon this evaluation, the LST PM may submit a new Change Request to make further improvements to the implemented change.

(G) Key Documents

(1) Change Request (CR)

The Change Request is the initial request for a change, enhancement or identification of a problem. LST has a standard change request form that captures the basic details of the request. However, a change request may be submitted to LST by email, phone, executive mandate, etc. When a new change request is received, the LST Change Manager assigns a CR number and adds the item to the CR Log. The LST Change Manager files the Change Request and the CR log in a central repository that is available to all LST staff. A copy of a change request form is included in the Appendix section A.

(2) Project Plan (PP)

The PM is responsible for developing the Project Plan, which captures the high-level functional requirements and goals for the change requestor and affected stakeholders. The project manager will work closely with the Business Development team to develop the functional requirements for new business projects. This document should identify the primary purpose and goals, stakeholders, specific high-level functional requirements, identify interfaces with other systems, user interface requirements, risks, regulations, assumptions and any scheduling requirements. This document will provide the foundation for information used to develop the Project Requirements Document.

The PM will gather the needed resources from all areas of the department to develop the Project Plan. The Project Plan will be reviewed and accepted by the PM Lead, the SIMS team and the SIMS Manager. Upon completion, the project plan will be posted and a notification will be sent to internal stakeholders.

(3) Project Alert

The Project Alert is primarily a tool for communicating to all stakeholders about a new project that is starting. The PM is responsible for creating the Project Alert and forwarding to the LST Change Manager

for distribution . If a project affects SAVERR or TIERS, it must be sent to the DHS Project Filter Board via the LST liaison to the board. The Project alert should include: the goals and objectives of a project, schedule requirements/deadlines, regulations, and general business requirements for the project.

(4) Project Requirements Document (PRD)

The PRD defines the goals and objectives of a change, stating the interests of the stakeholders/customers, and clearly defining any specific business requirements for the project. The PRD will also identify the desired implementation date and any related milestones that are required for the change. The PRD is the vehicle for LST to request a proposal/quote from a contractor or vendor for a potential change.

(5) Contractor Proposal

The contractor will evaluate and assess the change based upon the PRD. The contractor may develop the proposal with its approved subcontractors. The proposal must include: the proposed solution, itemized pricing details by function for each contractor and/or subcontractor, hardware/software costs, level of effort, and proposed timelines for delivery of a design document (if applicable), development, testing and implementation schedules for the required change. The contractor will submit the proposal to the SIMS Manager for approval. LST Contract Manager may request further clarifications as necessary.

(6) Change Request Authorization (CRA) Form

When the LST team (SIMS Lead, Project Manager and SIMS Manager) accepts a proposal, then the LST Change Manager will route a Change Request Authorization (CRA) form for signatures. Note: prior to routing the CRA, LST contracts will provide contract citation for inclusion on the form. The CRA is routed for signature from the Budget, Contracts, Project Manager, SIMS Lead and the SIMS Manager. Final signature is required from the LST Director. The signed CRA form will be provided by LST to the contractor stating the approved pricing, schedule and any other special considerations for development, testing and implementation.

After a change is completed, has been validated by SIMS, the SIMS Manager will sign the acknowledgement of completion on the bottom of the CRA form. This signature indicates that the change is complete and is eligible for payment, if billable.

(7) Design Document

A design document describes the contractor's implementation plan for the approved proposal. The design document should include detailed descriptions of creation or modification of user interfaces, database scripts (SQRs, SQT's, etc.), stored procedures, remote procedure calls, database tables, reports, data files, processes and/or procedures. The design document must be delivered to the SIMS Lead prior to commencement of development. For small or simple projects, the Change Manager may waive the requirement for a design document.

(8) Change Implementation Authorization (CIA) Form

The Change Implementation Authorization (CIA) form authorizes the implementation of a change to software, hardware, data or operational procedures to the production environment.

(H) FORMS

**LSTD Change Request Form**



<b>Name of Requestor:</b>	<b>Date:</b> 4-24-2002
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**Change Description:**  
 \_\_\_\_\_

**Expected Benefit(s):**  
 \_\_\_\_\_

**Risk(s) Associated with the Change (+/-):**  
 \_\_\_\_\_

**Change Request Initiated as a Result of:**

<input type="checkbox"/> Legislative Mandate	<input type="checkbox"/> Policy Clarification	<input type="checkbox"/> Field Request
<input type="checkbox"/> Vendor Request	<input type="checkbox"/> Executive Directive	<input type="checkbox"/> Lawsuit
<input type="checkbox"/> Advisory Council	<input type="checkbox"/> Other: _____	

**Affected Areas (mark all that apply):**

<input type="checkbox"/> Software	<input type="checkbox"/> Hardware	<input type="checkbox"/> Network	<input type="checkbox"/> Infrastructure
<input type="checkbox"/> Policy	<input type="checkbox"/> Training	<input type="checkbox"/> Vendors	<input type="checkbox"/> Procedures
<input type="checkbox"/> Facilities	<input type="checkbox"/> Management		

**Type of Change** (\*indicate type of software/hardware change, if applicable):

<input type="checkbox"/> Software* <input type="checkbox"/> Correction <input type="checkbox"/> Enhancement <input type="checkbox"/> Modification <input type="checkbox"/> Addition <input type="checkbox"/> Replacement	<input type="checkbox"/> Policy	<input type="checkbox"/> Hardware* <input type="checkbox"/> Addition <input type="checkbox"/> Replacement	<input type="checkbox"/> Training
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**Impact** (indicate subcontractor, if applicable):

<input type="checkbox"/> TDHS	<input type="checkbox"/> GTECH	<input type="checkbox"/> Client	<input type="checkbox"/> Retailer
<input type="checkbox"/> TPP	<input type="checkbox"/> NG TSI <input type="checkbox"/> TPS	<input type="checkbox"/> ACS <input type="checkbox"/> Card Services <input type="checkbox"/> Hypercom <input type="checkbox"/> Horizon <input type="checkbox"/> Personix	

**Priority** (use scale below to set priority rating):

<input type="checkbox"/> <b>5</b> – Critical (Legislative Mandate, Lawsuit, System Down/No Work Around)
<input type="checkbox"/> <b>4</b> – Semi-Critical (Some Areas of System/Offices are Down, Transactions Cannot be Processed through PDS or Service is Degraded/No Work Around, Major Field Workload Impact, Major Client Service Impact)
<input type="checkbox"/> <b>3</b> – Severe (Manual Workarounds are Available, Significant Policy Correction, Significant Field Workload Impact)
<input type="checkbox"/> <b>2</b> – Moderate (Automated Workarounds are Available, Policy Clarification, Field Staff Request, Minor Client Service Impact)
<input type="checkbox"/> <b>1</b> – Non-Critical (Enhancements, Cosmetics, Minor Policy Corrections)

**Change Request Authorization Form**

<b>EBT-2 CHANGE REQUEST AUTHORIZATION</b>					
<b>GENERAL INFORMATION</b>					
<b>CR#:</b> 03-000025	<b>ITS#:</b> 2003-00447	<b>Requestor:</b> Name	<b>Priority:</b> High	<b>Date Submitted:</b> 06/11/2003	<b>Due Date:</b> 7/25/2003
<b>Change Title:</b>		<b>Title</b>			
<b>Change Description:</b>		Description...			
<b>Reason for Change:</b>					
<b>Affected Areas:</b>		<input type="checkbox"/> Engines <input type="checkbox"/> Database <input type="checkbox"/> GTMS <input type="checkbox"/> Operations <input type="checkbox"/> NCRPM <input type="checkbox"/> ATA <input type="checkbox"/> Other			
<b>Special Requirements:</b>					
<b>Comments:</b>					
<b>Contract References:</b>					
<b>APPROVAL</b>					
<b>Approval Date:</b> 6/19/2003		<b>Hours Maximum:</b> 0		<b>Expense Maximum:</b> \$0	
<b>Signatures</b>					
<i>All signatures must be dated.</i>					
<b>LSTD Change Board:</b>		<b>LSTD SIMS Manager:</b>		<b>LSTD SIMS:</b>	
<b>LSTD Project Manager:</b>		<b>LSTD Contract:</b>		<b>LSTD Budget:</b>	
<b>Vendor Rep:</b>  NGTSI				<b>TDHS Legal:</b>	
<b>COMPLETION</b>					
<i>Signature acknowledges the completion and acceptance of change. Signature required for payment.</i>		<b>SIMS Integration Manager</b>			

**6.5 Appendix E – Delineation of Responsibilities**

The delineation of responsibilities table listed herein is solely intended for the purpose of defining the roles and responsibilities between the Awarded Vendor and the DCS Provider. Respondents should refer to Section 2, Mission Results/Scope of Work, for the context of all requirements.

RFO Section / Function	Application Software Awarded Vendor	DCS Provider or WAN Support (DIR)
2.1 System Description Overall system operation and support	<ul style="list-style-type: none"> <li>Logical database maintenance and administration</li> <li>Project management for system enhancements and new features</li> <li>Software design, development, implementation and maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Data center operations</li> <li>24x7 operator support</li> <li>Batch job processing</li> <li>Network management (DIR)</li> <li>Third Party Processor network support (DIR)</li> <li>Physical database maintenance and administration</li> </ul>
2.4.2 (C)	Provide service levels that guarantee 99.9% uptime for the Texas EBT system.	Provide service levels that guarantee 99.9% uptime for the Texas EBT system.
2.8.1 (C)	Processing errors: EBT Central Processing system will permit no more than two (2) inaccurate transactions for every 10,000 EBT transactions.	Processing errors: Operate the EBT Central Processing system consistent with the Application S/W Vendor requirement to permit no more than two (2) inaccurate transactions for every 10,000 EBT transactions.
2.4.2 (A) Texas EBT Application Software	<ul style="list-style-type: none"> <li>Work with HHSC and the DCS Provider to establish procedures supporting all Texas EBT application programs, documentation, database schemas, file layouts, transaction rules, and documentation required</li> <li>Define initial and ongoing staff skills and staffing levels to meet all service level requirements;</li> <li>Develop comprehensive application program maintenance processes;</li> <li>Acquire and manage all workstation hardware and communication lines that may be needed for maintaining the Texas EBT Application Software on development hardware housed at the Consolidated Data Center; and</li> <li>Develop a comprehensive software Implementation and Maintenance Plan.</li> </ul>	<ul style="list-style-type: none"> <li>Work with HHSC and the App. S/W vendor to establish procedures supporting all Texas EBT application programs, documentation, database schemas, file layouts, transaction rules, and documentation required</li> </ul>
2.4.2 (M) Transaction Response Times	Maintain the application software and logical database structures to meet the following transaction processing requirements: (Assuming as many as 1200 transactions per minute and maximum transaction delay of 5 seconds from POS to host) <ul style="list-style-type: none"> <li>98% of all leased line transactions shall be</li> </ul>	Maintain the processing environment and physical database structures consistent with the following transaction processing requirements: (Assuming as many as 1200 transactions per minute and maximum transaction delay of 5 seconds from POS to host) <ul style="list-style-type: none"> <li>98% of all leased line transactions shall be</li> </ul>

RFO Section / Function	Application Software Awarded Vendor	DCS Provider or WAN Support (DIR)
	<p>processed within ten (10) seconds or less, measured at the POS device.</p> <ul style="list-style-type: none"> <li>• 100% of all leased line transactions shall be processed within fifteen (15) seconds or less, measured at the POS device</li> <li>• 95% of all dial-up line transactions shall be processed within 15 seconds or less, measured at the POS device.</li> </ul>	<p>processed within ten (10) seconds or less, measured at the POS device.</p> <ul style="list-style-type: none"> <li>• 100% of all leased line transactions shall be processed within fifteen (15) seconds or less, measured at the POS device</li> <li>• 95% of all dial-up line transactions shall be processed within 15 seconds or less, measured at the POS device.</li> </ul>
2.4.2 (D) S/W Version Control	Establish procedures and utilize the software version control methodology adopted by the DIR data center.	Establish and manage a software version control system & methodology
2.4.2 (E)	The Awarded Vendor must provide electronic copies of software and support documentation to HHSC within 30 days following any changes.	
2.4.2 (F)	The Awarded Vendor must ensure that the Texas EBT Call Center contractor can interface with the EBT system through the use of Interactive Voice Response (IVR) software. The Awarded Vendor must modify the EBT applications software as necessary to ensure that the IVR software can perform its functions via Remote Procedure Calls (RPCs) and/or other methods to communicate with the EBT system and database. The IVR software will be supplied and maintained by the Call Center contractor.	
2.4.2 (G)	The Awarded Vendor must maintain the web-based Administrative Terminal (AT) application, which provides all necessary functionality to ensure that the Texas EBT Retailer Management Contractor can perform all required settlement and reconciliation functions.	
2.4.2 (H)	The Awarded Vendor must cooperate with and support the Retailer Management contractor and all Third Party Processors (TPP) to ensure that the Texas EBT software accurately processes, records and reports on transactions initiated by EBT POS devices and meet or exceed established service levels.	
2.4.2 (I)	The Awarded Vendor must ensure that the EBT software accurately processes, records and reports on all batch transaction files and AT-generated on-line transactions that originate from HHSC's Eligibility system, while meeting or exceeding established service levels. Batch files are currently transmitted from HHSC system using file transfer protocol (FTP) standards.	See entry for section 2.8.2
2.4.2 (J)	The Awarded Vendor must ensure that all required Automated Clearing House (ACH) and EBT retailer settlement functions and	

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	<p>services are fully supported by the EBT software and meet all established service levels. The rules, procedures, and information flow between the EBT system and the ACH service provider is defined by the National Automated Clearing House Association (NACHA).</p>	
<p>2.4.2 (K) Software Development Environment</p>	<p>The Awarded Vendor must manage the software development environment used to properly store, secure, test and execute all applicable applications programs.</p>	<p>Provide the hardware and systems software for the development environment.</p>
<p>2.4.2 (K) (1)</p>	<p>The Awarded Vendor must use change management, version control and other applicable tools and techniques as required by HHSC and the DIR DCS Provider. The EBT production software library contains the source programs, sub-routines, procedures, and other application software needed to operate the EBT System. This library will be secured, and only personnel with a need to access the library will have access to the source code.</p>	<ul style="list-style-type: none"> <li>The DCS Provider will be responsible for compiling, production testing and installing the object code into the production library. All production execution for the EBT System will be from this library</li> </ul>
<p>2.4.2 (K) (2)</p>	<p>For program failures and enhancements, the Awarded Vendor will check out the software that will be changed using procedures established by the DCS Provider.</p> <ul style="list-style-type: none"> <li>All application program modifications and enhancements will be made to the source code in the DCS provided maintenance environment or if necessary on equipment maintained by the Awarded Vendor.</li> <li>Once the application(s) changes have been unit tested, they will be moved to a DCS provided test environment for user acceptance testing. The Awarded Vendor may be given access to compile and assemble programs</li> </ul>	<ul style="list-style-type: none"> <li>The Application source code will be moved from the production code library to the maintenance environment by the DCS Provider at the request of the Awarded Vendor. After the program changes are approved by HHSC and the DCS Provider, they will be moved by the DCS Provider to a staging library. The Data Center operations personnel will use this library for final pre-production testing by appropriate staff. Once approved, DIR DCS Provider staff will move the updated source code into the production library, where it will be compiled or assembled, and the object code will be installed into the production environment. At this point in the process, the Application Software changes are again classified as production ready.</li> <li></li> </ul>
<p>2.4.3 (A) Application Software Components</p>	<p>Support and maintain the Texas EBT Application Software that will be provided by HHSC. Support and maintenance will be defined as any action necessary to ensure that the Application Software accurately and timely processes, records, and reports on EBT data, within agreed-upon service levels.</p>	
<p>2.5.1 Maintenance Environment</p>	<p>Use a development and testing environment that is provided by the DCS Provider. This will include, but may not be limited to, hardware,</p>	<p>Provide the pre-production test environment that will closely simulate the live production environment. This test environment will include</p>

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	system software, communication circuits, system support, and physical Database Administrator (DBA) support needed to modify and certify the supported Texas EBT Application Software.	all hardware, system software, communications, facilities, and personnel to support the different test phases needed to enable HHSC and the the DCS Provider to certify the Application Software prior to installing it in the production EBT System environment.
2.5.1		Verifying the production databases are loaded with the most current, accurate, and complete data as provided by the Application S/W Vendor.
2.5.1 Test Participation	The Awarded Vendor must participate in acceptance testing. Including, but not limited to verifying programs, screens, reports, and data.	
2.5.3 Test Environment and Implementation Schedule	If the Awarded Vendor elects to establish and utilize an initial development and testing environment at its facilities, the operating environment must be fully tested prior to use. Parties must agree to an implementation and testing schedule. Respondents must include their proposed implementation schedule in the Implementation Plan as required in Section 2.11 of this RFO.	
2.7.1 Notification and Response	<p><u>Software Application Support.</u> The Awarded Vendor will establish a primary and secondary on call (24 X 7) support staff notification process.</p> <ul style="list-style-type: none"> <li>• Primary (and secondary) on call support software staff response time is five (5) minutes maximum and will be accountable as an SLA</li> <li>• On call support staff will escalate to acquire additional software assistance to include DBA support assistance as required</li> <li>• Pager notification will be initiated immediately upon problem resolution</li> </ul>	<p><u>Central Processor Operations</u> staff will follow established procedures following system interruptions or other malfunctions to include the following notification requirements.</p> <ul style="list-style-type: none"> <li>• Contact primary on call software application and support staff immediately upon determination that software support is required. [Contact secondary on call software application and support staff if no response from primary within five (5) minutes.]</li> <li>• Contact network or other systems support staff immediately upon determination that their associated support is required</li> <li>• Coordinate with and respond to affected Third Party (TP) Processors</li> <li>• Initiate pager and email notification for all identifiable Texas EBT System interruptions or outages</li> <li>• Disseminate the initial IR unless otherwise notified by LST</li> </ul>
2.8 Application Reporting Requirements	<p>The Awarded Vendor will be held accountable for the accuracy of the reports required in this section, as well as the following high-impact reports and files:</p> <ul style="list-style-type: none"> <li>• Fraud files</li> <li>• Retailer files</li> <li>• Process ad hoc reports, as requested</li> <li>• All state and federal interface files, batch files, and mandatory reports</li> </ul>	<p>The DCS Provider will be held accountable for the timely production and electronic distribution of the reports required in this section, as well as the following high-impact reports and files:</p> <ul style="list-style-type: none"> <li>• Fraud files</li> <li>• Retailer files</li> <li>• Process ad hoc reports, as requested</li> <li>• All state and federal interface files, batch files, and mandatory reports</li> </ul>

RFO Section / Function	Application Software Awarded Vendor	DCS Provider or WAN Support (DIR)
	<p>The Awarded Vendor will be required to provide the following reports and will be held accountable for their accuracy and timeliness:</p> <ul style="list-style-type: none"> <li>• System Availability Report</li> <li>• System Security Report</li> <li>• Incident Report</li> </ul>	
<p>2.8.2 Daily Run-balancing and Key Financial Reports</p>	<p>The Awarded Vendor will be responsible for quickly correcting any software-related problems that are detected during production processing, such as daily run-balancing of control totals, financial reports and related files. Reports and files with suspected inaccuracies will not be distributed until released for distribution by HHSC according to established procedures.</p>	
	<ul style="list-style-type: none"> <li>•</li> </ul>	